



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

OFFICE OF
INSPECTOR GENERAL

July 12, 2018

MEMORANDUM

SUBJECT: EPA Complied with the *Statement of Federal Financial Accounting Standards No. 47* and *Treasury Financial Manual*, Part 2, Chapter 4700
Report No. 18-P-0220

FROM: Paul C. Curtis, Director
Financial Directorate
Office of Audit and Evaluation

A handwritten signature in black ink that reads "Paul C. Curtis".

TO: Holly Greaves, Chief Financial Officer

The U.S. Department of the Treasury requested that the Office of Inspector General (OIG) for the U.S. Environmental Protection Agency (EPA) conduct a preliminary review of the EPA's classification in the *Treasury Financial Manual* (TFM), Part 2, Chapter 4700, Appendix 5b, and confirm the agency's classification. Our audit objectives were as follows:

- Identify the determination in the TFM, Part 2, Chapter 4700, Appendix 5b, for the EPA, and confirm whether the OIG agrees with the classification, including consolidation components, disclosure components and related parties as detailed within Appendix 5b.
- Confirm whether such information is complete, and identify and report on discrepancies; and indicate which determination(s) the OIG believes should be different and the corresponding basis.

TFM, Part 2, Chapter 4700, Appendix 5b, contains the reporting entity determinations for inclusion in the *Financial Report for the U.S. Government*. The determination for each entity in Appendix 5b can be a consolidation entity, disclosure entity or related party.

The *Statement of Federal Financial Accounting Standards No. 47, Reporting Entity*, provides guidance to preparers of the general purpose federal financial reports to determine what organization to report on. Organizations under this statement are considered "consolidation entities," "disclosure entities" or "related parties."

We conducted this performance audit from June to July 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on

our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our objectives.

We reviewed the determination of the EPA as a consolidating entity, as identified in TFM, Part 2, Chapter 4700, Appendix 5b. In addition, we examined supporting documentation from the EPA and met with EPA Office of the Controller officials responsible for determining the agency's classification within TFM, Part 2, Chapter 4700, Appendix 5b.

Based on our audit, in our opinion, the EPA's classification as a consolidating entity is proper and complete. We did not identify any discrepancies with the EPA's information in Appendix 5b. We provided the EPA with a draft of our memorandum and the agency concurred.

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

cc: Andrew Wheeler, Acting Administrator
Ryan Jackson, Chief of Staff
Henry Darwin, Chief of Operations
Matthew Leopold, General Counsel
Troy Lyons, Associate Administrator for Congressional and Intergovernmental Relations
Nancy Grantham, Principal Deputy Associate Administrator for Public Affairs
Serena McIlwain, Director, Office of Continuous Improvement, Office of the Administrator
David Bloom, Deputy Chief Financial Officer, Office of the Chief Financial Officer (OCFO)
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