




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

OFFICE OF  
INSPECTOR GENERAL

February 28, 2019

**MEMORANDUM**

**SUBJECT:** Project Notification:  
Audits of EPA's Fiscal Year 2018 FIFRA and PRIA Financial Statements  
Project No. OA&E-FY19-0122 and OA&E-FY19-0121

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

**TO:** Alexandra D. Dunn, Assistant Administrator  
Office of Chemical Safety and Pollution Prevention

Holly Greaves, Chief Financial Officer

The Office of Inspector General (OIG) plans to begin our audits of the U.S. Environmental Protection Agency's (EPA's) fiscal year (FY) 2018 financial statements for the Pesticide Registration Improvement Act (PRIA) Fund and the Pesticides Reregistration and Expedited Processing Fund, which is known as the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) Fund. These audits are statutorily required and are included in the OIG's Annual Plan.

This memorandum confirms our mutual understanding of the audit objectives and scope, as well as the responsibilities of the agency and the OIG during the project. We include more details about our respective responsibilities in Attachment 1, *Audit Expectations*. To ensure the success and timely completion of these audits, please provide the requested information noted in Attachment 2, *List of Deliverables*, within 2 weeks of the date of this notification memorandum. Your Attachment 2 information should be sent to Sheila May at [may.sheila@epa.gov](mailto:may.sheila@epa.gov) and Demetrios Papakonstantinou at [Papakonstantinou.demetrios@epa.gov](mailto:Papakonstantinou.demetrios@epa.gov).

These audits are being conducted to express an opinion on the financial statements for the FIFRA and PRIA funds. Our objectives are to determine whether:

1. The financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles.
2. The EPA's internal controls over financial reporting are in place.
3. EPA management has complied with applicable laws and regulations.

## Planning and Coordination of Audit Work

We will contact the appropriate personnel to arrange a mutually agreeable time for the entrance conference, and to discuss the objectives and purpose of our audits. We would also be particularly interested in any areas of concern that you may have. We will answer any questions that you may have about the audit process, reporting procedures, methods used to gather and analyze data, and what we should expect of each other during the audits. Throughout the audits, we will provide updates on a regular basis via email and/or meetings as necessary.

Audit work will be performed at all EPA finance centers, as well as at other financial and program offices at EPA headquarters and regions, as needed. We will contact the offices where audit work will be performed to let them know when we will be performing audit work in their offices. We may also contact offices where we do not plan to perform on-site work to obtain information.

We evaluated the EPA's internal controls during the consolidated financial statement audit that we conducted. We may perform additional tests of controls and accounts of the EPA's FIFRA and PRIA funds financial statements. In making our risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, not to express an opinion on the effectiveness of the entity's internal control. However, we will communicate in writing about any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identified during the audit.

We respectfully note that the OIG is authorized by the Inspector General Act of 1978, as amended, to have timely access to personnel and all materials necessary to complete its objectives. We will request that you resolve the situation 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 the projects, and the Project Manager will be Demetrios Papakonstantinou. Please address any questions concerning the projects to me at (202) 566-2523 or [curtis.paul@epa.gov](mailto:curtis.paul@epa.gov), or to Demetrios Papakonstantinou at (617) 918-1451 or [papakonstantinou.demetrios@epa.gov](mailto:papakonstantinou.demetrios@epa.gov).

Attachments (2)

cc: Henry Darwin, Acting Deputy Administrator  
Ryan Jackson, Chief of Staff  
Michael Molina, Special Advisor, Office of Administrator  
Donna Vizian, Principal Deputy Assistant Administrator, Office of Mission Support  
Ken Lapierre, Acting Deputy Assistant Administrator for Administration and Resources Management, Office of Mission Support  
David Bloom, Deputy Chief Financial Officer, Office of the Chief Financial Officer  
Carol Terris, Acting Associate Chief Financial Officer, Office of the Chief Financial Officer  
Nancy Beck, Principal Deputy Assistant Administrator for Programs, Office of Chemical Safety and Pollution Prevention  
Charlotte Bertrand, Deputy Assistant Administrator for Programs, Office of Chemical Safety and Pollution Prevention

Erik Baptist, Deputy Assistant Administrator, Office Chemical Safety and Pollution Prevention  
Lek Kadeli, Acting Deputy Assistant Administrator for Management, Office of Chemical Safety and Pollution Prevention  
Arnold Layne, Acting Associate Assistant Administrator for Management, Office of Chemical Safety and Pollution Prevention  
Richard P. Keigwin Jr., Director, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Edward Messina, Acting Deputy Director for Programs, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Wynne Miller, Acting Deputy Director for Management, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Peter Caulkins, Senior Advisor, PRIA Implementation, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Robert McNally, Director, Biopesticides and Pollution Prevention Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Yu-Ting Guilaran, Director, Pesticide Re-Evaluation Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Mike Goodis, Director, Registration Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Anita Pease, Acting Director, Antimicrobials Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Delores Barber, Director, Information Technology and Resources Management Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Jeanne Conklin, Controller, Office of the Chief Financial Officer  
Meshell Jones-Peeler, Acting Director, Office of Technology Solutions, Office of the Chief Financial Officer  
Eva Ripollone, Acting Deputy Director, Office of Technology Solutions, Office of the Chief Financial Officer  
Maria Williams, Acting Director, Office of Budget, Office of the Chief Financial Officer  
Beth Beden, Acting Deputy Director, Office of Budget, Office of the Chief Financial Officer  
Richard Gray, Acting Deputy Controller, Office of the Controller, Office of the Chief Financial Officer  
Renee Miller, Acting Director, Business Planning and Operations Division, Office of the Controller, Office of the Chief Financial Officer  
Judi Doucette, Deputy Director, Accounting and Cost Analysis Division, Office of the Controller, Office of the Chief Financial Officer  
Carmelita Chadwick-Gallo, Director, Research Triangle Park Finance Center, Office of the Chief Financial Officer  
Greg Luebbering, Director, Cincinnati Finance Center, Office of the Chief Financial Officer  
Dany Lavergne, Director, Las Vegas Finance Center, Office of the Chief Financial Officer  
Sherri Anthony, Acting Director, Policy, Training and Accountability Division, Office of the Controller, Office of the Chief Financial Officer  
Lorna Washington, Chief, General Ledger and Reporting Branch, Office of the Controller, Office of the Chief Financial Officer  
Wesley J. Carpenter, Acting Director, Office of Human Resources, Office of Mission Support  
Darlene Dinkins, Special Assistant, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Janice Kern, Special Assistant, Office of the Controller, Office of the Chief Financial Officer

Bob Trent, Agency Follow-Up Coordinator  
Janet Weiner, Audit Follow-Up Coordinator, Office of Chemical Safety and Pollution Prevention  
Cameo Smoot, Audit Follow-Up Coordinator, Office of Pesticide Programs, Office of Chemical  
Safety and Pollution Prevention  
Nancy Grantham, Principal Deputy Associate Administrator for Public Affairs  
Regional Audit Follow-Up Coordinators, Regions 1–10  
Charles J. Sheehan, Acting Inspector General  
Edward Shields, Acting Deputy Inspector General  
Kevin Christensen, Assistant Inspector General for Audit and Evaluation  
Eric Hanger, Acting Counsel to the Inspector General  
Craig Ulmer, Acting Assistant Inspector General for Investigations  
James Nussbaumer, Acting Assistant Inspector General for Management  
Richard Eyermann, Deputy Assistant Inspector General for Audit and Evaluation  
Christine El-Zoghbi, Deputy Assistant Inspector General for Audit and Evaluation  
Jennifer Kaplan, Deputy Assistant Inspector General for Congressional and Public Affairs  
Jeffrey Lagda, Congressional and Media Liaison, Office of Inspector General  
Tia Elbaum, Congressional and Media Liaison, Office of Inspector General  
Rudolph Brevard, Director, Information Resources Management Audits,  
Office of Inspector General  
Demetrios Papakonstantinou, Project Manager, Office of Inspector General

## ***Audit Expectations***

We will audit the balance sheet of the U.S. Environmental Protection Agency (EPA) for the Pesticide Reregistration and Expedited Processing (FIFRA) Fund, and the Pesticide Registration Improvement Act (PRIA) Fund as of September 30, 2018, and September 30, 2017; and the related statements of net cost, changes in net position and budgetary resources for the years then ended, and related notes to the financial statements. We confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objectives to express an opinion on the financial statements and to determine whether:

1. The financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles.
2. The EPA's internal control structure over financial reporting related to the financial statements is in place and provides reasonable assurances that:
  - a. Financial transactions are executed in compliance with applicable laws and regulations.
  - b. Assets are safeguarding against loss from unauthorized acquisition, use or disposition.
  - c. Transactions are properly recorded, processed and summarized to permit the preparation of reliable financial statements.
3. The agency complied with laws and regulations that would have a direct and material effect on the financial statements.
4. Reported accomplishments under applicable performance measures and goals for FIFRA are accurate.
5. The agency complied with the decision time review period requirements for PRIA.
6. The agency complied with specific provisions of FIFRA and PRIA.
7. The information and manner of presentation contained in the Management's Discussion and Analysis, and any other accompanying information, are materially consistent with the information contained in the principal statements.

### ***Auditor's Responsibilities***

We will conduct our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to the financial audits contained in the *Government Auditing Standards* (2011 Revisions) issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 19-01, *Audit Requirements for Federal Financial Statements*. The standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures that are selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by EPA management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with the standards.

In making our risk assessments, we consider internal control relevant to the EPA's preparation and fair presentation of its financial statements, including its Federal Managers' Financial Integrity Act process to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the EPA's internal control. We will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

### ***Management's Responsibilities***

The financial statements are the responsibility of the EPA's management. Our audit will be conducted on the basis that EPA's management acknowledges and understands that it has responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. To provide the OIG with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.
  - b. Additional information that we may request from management for the purpose of the audit.
  - c. Unrestricted access to persons within the EPA from whom we determine it necessary to obtain audit evidence.
4. For the selection and application of the accounting policies.
5. To identify and ensure that the EPA complies with laws and regulations applicable to its activities.
6. To make sure all financial records and related information are available to us in a timely manner.



## ***List of Deliverables***

### **Information Needed from the Office of Pesticide Programs**

1. Detailed listings of actions for FIFRA performance measures for FY 2018.
2. Excel spreadsheets of PRIA actions due and completed in FY 2018.
3. FY 2018 Reassessment Count listing and supporting documentation.
4. Documentation that includes Toxicity Batching Appendices, Requirements Status and Registrant's Responses for Data Call-Ins.
5. Copies of Reregistration Eligibility Decisions, Interim Reregistration, Eligibility Decisions and Tolerance Reassessment Eligibility Decisions documents that are not available on the Office of Pesticide Programs internet site, and signature pages for those on the internet site.
6. Information on the systems used to track FIFRA performance measures audits, and the controls used to ensure that the data are accurate.
7. Information on the systems used to track PRIA review period compliance, and the controls used to ensure that the data are accurate.
8. Draft Federal Register Notice on FY 2018 Pesticide Reregistration Performance Measures and Goals.
9. FY 2018 FIFRA Fee Table & Instructions to Registrants for Filing 2018 Pesticide Registration Maintenance Fees.
10. FY 2018 PRIA Fee Schedule Tables, or the website to view the FY 2018 PRIA Fee Schedule Tables.
11. FY 2018 Pesticide Registration Maintenance Fee Filing Form (from the Office of Pesticide Programs) (FIFRA).
12. FY 2018 Registration form with the action code (PRIA).
13. Documentation for OIG samples (OIG to provide sample listings):
  - Documentation of product cancellations in the OIG sample.
  - All files requested for PRIA actions in the OIG sample.
  - All files requested for FIFRA performance actions in the OIG sample.
  - Support for collection samples, which could include registration/reregistration applications or forms, letter with the fee, decision review code, etc.

### **Information Needed from the Office of the Chief Financial Officer**

14. FY 2018 FIFRA Financial Statements and footnotes with supporting documentation, including Management's Discussion and Analysis (draft and final).
15. FY 2018 PRIA Financial Statements and footnotes with supporting documentation, including Management's Discussion and Analysis (draft and final).
16. FIFRA and PRIA Collection documentation for the last 5 days of FY 2018.
17. FIFRA and PRIA Collection documentation for the first 5 days of FY 2019.
18. Overview of the FIFRA and PRIA Collection Process.
19. Overview of the FIFRA and PRIA Fund Balance With Treasury Process.
20. FY 2018 FIFRA and PRIA SF-224s, Monthly Suspense Reports, and Cash Reconciliation Reports (OIG will request months needed only if the support was not provided during the FY 2018 Consolidated Financial Statement Audit).



21. FY 2018 FIFRA and PRIA identification code in the Datamart Payroll file covering Pay Periods 1-27 (October 1, 2017, through September 30, 2018).
22. Listing of FY 2018 Pay Period 26 annual leave and compensatory time balances for FIFRA and PRIA employees, showing employee identification, name, base rate, and hours under annual leave and compensatory time.
23. Methodology developed on computation of (a) accruals for FIFRA and PRIA employees and (b) unfunded annual leave for FIFRA and PRIA employees.
24. Documentation for OIG samples (OIG provided sample listings):
  - Source documentation for obligations, disbursements and journal voucher/standard voucher samples.
  - FIFRA and PRIA collection files with payment data (copy of checks, electronic payment or other payment data) for collection samples.
  - Support for collection samples, which could include correction sheets, refund requests, schedule of collections, collection logs, etc.
25. Management Representation Letters dated the same dates as the final audit reports.

Note: This is not an all-inclusive list. Additional documentation may be requested during the audit, as needed.