



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

June 26, 2020

OFFICE OF THE
CHIEF FINANCIAL OFFICER

MEMORANDUM

SUBJECT: Response to the Office of Inspector General Final Audit Report, Report No. 20-P-0167, *"EPA Complied with Improper Payments Legislation, but Internal Controls Need Substantial Improvement to Ensure More Accurate Reporting,"* dated May 13, 2020

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

**DAVID
BLOOM**

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DAVID BLOOM
Date: 2020.06.26
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TO: Khadija E. Walker, Director
Office of the Inspector General
Contract and Assistance Agreement Directorate

Thank you for the opportunity to respond to the unresolved recommendation related to the subject audit report. The following is a summary of the U.S. Environmental Protection Agency's overall position, along with its position on the report's recommendation.

AGENCY'S OVERALL POSITION

The Office of the Chief Financial Officer concurs with the Office of Inspector General's recommendation, which relates to the implementation of an annual training requirement for improper payment reviewers and has taken corrective action to address it. The OCFO has implemented an annual training requirement for all grant improper payment reviewers, thereby improving and strengthening its overall improper payment program.

In preparation for the FY 2020 improper payment grant reviews, the EPA updated the Improper Payment Elimination and Recovery Act Standard Operating Procedures to document this annual training requirement for all IPERA grant reviewers. The training requirement consists of completion of the Office of Mission Support Grants Specialist Module, prior to beginning the improper payment reviews. Training is also provided on the IPERA SOPs and the review checklist. Each reviewer must provide written certification to the IPERA Grant Review Lead to confirm completion of the Grants Specialist Module training prior to receiving any sample recipient folders for review.

In the updated SOP, the OCFO has added "Exhibit 4.A – IPERA Review Guide" to provide helpful tips and additional support for reviewers when identifying questioned costs. In addition, the OCFO has provided the OIG several pieces of supporting documentation confirming completion of the corrective action, including copies of the revised SOP, the training materials, and certification that the required training was completed by each of the reviewers. All reviewers completed their required training by January 31, 2020.

In addition, the OCFO has established IPERA grant review Team Leads who have participated in specialized grant training and who have gained prior experience reviewing IPERA grant review supporting documentation. Throughout the FY 2020 IPERA grant review, Team Leads held weekly meetings to discuss the status of their reviews and evaluate grant recipient responses.

The OCFO has taken the below corrective action and believes it has addressed the OIG's interrelated training recommendations from both the audit of EPA's FY 2018 improper payments reporting (Report No. 19-P-0163) and the current audit of EPA's FY 2019 reporting (Report No. 20-P-0167), and the agency is requesting that both recommendations be considered completed.

AGENCY'S RESPONSE TO AUDIT RECOMMENDATIONS

Agreements

No.	Recommendation	Corrective Action	Completion Date
1	Revisit the previous recommendation in EPA OIG Report No. 19-P-0163, <i>EPA Complied with Improper Payments Legislation but Stronger Internal Controls Are Needed</i> , to implement internal controls for training reviewers and annually verifying that reviewers are knowledgeable and proficient in the identification and reporting of improper payments and verify all corrective actions are completed.	The agency has implemented internal controls by updating the IPERA Standard Operating Procedures to reflect an annual training requirement for all IPERA grant reviewers, to include training on the SOP checklist and completion of the Office of Mission Support Grants Specialist Module, prior to beginning their reviews. Completion of this training must be certified in writing to the IPERA Grant Review Lead prior to receiving sample recipient folders for review.	Completed 1/30/2020

CONTACT INFORMATION

If you have any questions regarding this response, please contact the OCFO's Audit Follow-up Coordinator, Andrew LeBlanc, at leblanc.andrew@epa.gov or (202) 564-1761.

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