



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

OFFICE OF
INSPECTOR GENERAL

January 28, 2021

MEMORANDUM

SUBJECT: Notification of Audits:
EPA's Fiscal Year 2020 FIFRA and PRIA Financial Statements
Project Nos. OA-FY21-0082 and OA-FY21-0081

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

TO: Michal Freedhoff, Acting Assistant Administrator
Office of Chemical Safety and Pollution Prevention

David Bloom, Acting Chief Financial Officer

The Office of Inspector General for the U.S. Environmental Protection Agency plans to begin our required audits of the EPA's fiscal year 2020 financial statements for the Pesticide Reregistration and Expedited Processing Fund, which is known as the Federal Insecticide, Fungicide, and Rodenticide Act, or FIFRA, Fund; and the Pesticide Registration Improvement Act, or PRIA, Fund. These audits are statutorily required under these Acts. These audits also address the following top management challenge for the Agency, as identified in our [EPA's FYs 2020–2021 Top Management Challenges](#) report, issued July 21, 2020: fulfilling mandated reporting requirements.

The purpose of this memorandum is to confirm our mutual understanding of the audits' objectives and scope, as well as the responsibilities of the Agency and the OIG during the project. More details about our respective responsibilities are listed in Attachment 1, *Audit Expectations*. Please provide the requested information noted in Attachment 2, *List of Deliverables*, within two weeks of the date of this notification memorandum or by the date indicated in Attachment 3, *Key Milestones*, to Demetrios Papakonstantinou. Attachment 3 highlights critical dates that must be met to complete these audits in a timely manner and prevent delays once the FY 2021 EPA Financial Statement Audit begins in the spring.

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 control over financial reporting is 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 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 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 FY 2020 and FY 2019 (restated) 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 audits.

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 immediately resolve the situation if an Agency employee or contractor refuses to provide requested materials 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*.

We will post this memorandum on our public website at www.epa.gov/oig. I will supervise the audits, and the project manager will be Demetrios Papakonstantinou. Any information related to these audits should be addressed to Demetrios Papakonstantinou or me.

Attachments (3)

cc: Dan Utech, Chief of Staff
Wesley J. Carpenter, Deputy Chief of Staff
Avi Garbow, Special Advisor to the Administrator
Donna Vizian, Acting Assistant Administrator for Mission Support
David Zeckman, Associate Deputy Assistant Administrator for Mission Support
Richard Keigwin, Acting Deputy Assistant Administrator for Chemical Safety and Pollution Prevention
David Fischer, Deputy Assistant Administrator for Chemical Safety and Pollution Prevention
Lynn Dekleva, Associate Deputy Assistant Administrator for New Chemicals, Office of Chemical Safety and Pollution Prevention
Tom Tyler, Chief of Staff, Office of Chemical Safety and Pollution Prevention
Edward Messina, Acting Director, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention

Michael Goodis, Acting Deputy Director for Programs, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention

Arnold Layne, Deputy Director for Management, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention

Charles Smith, Acting Director, Biopesticides and Pollution Prevention, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention

Elissa Reaves, Acting Director, Pesticide Re-Evaluation Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention

Marietta Echeverria, Acting Division Director, Registration Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention

Anita Pease, Director, Antimicrobials Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention

Carol Ann Siciliano, Associate Assistant Administrator, Office of the Chemical Safety and Pollution Prevention

Delores Barber, Director, Information Technology and Resource Management Division, Office of Program Support, Office of Chemical Safety and Pollution Prevention

Hamaad Syed, Deputy Director, Information Technology and Resources Management Division, Office of Program Support, Office of Chemical Safety and Pollution Prevention

Brian Katz, Chief, Budget Management Branch, Information Technology and Resources Management Division, Office of Program Support, Office of Chemical Safety and Pollution Prevention

Mike Burns, Chief, Budget Planning and Performance Assessment Branch, Information Technology and Resources Management Division, Office of Program Support, Office of Chemical Safety and Pollution Prevention

Lek Kadeli, Senior Advisor, Office of the Chief Financial Officer

Carol Terris, Associate Chief Financial Officer

Jeanne Conklin, Controller

Meshell Jones-Peeler, Deputy Controller

Richard Gray, Associate Deputy Controller

Michael Clanton, Director, Office of Technology Solutions, Office of the Chief Financial Officer

David Burkholder, Acting Director, Office of Technology Solutions, Office of the Chief Financial Officer

Maria Williams, Director, Office of Budget, Office of the Chief Financial Officer

Angel Robinson, Acting Deputy Director, Office of Budget, Office of the Chief Financial Officer

Aileen Atcherson, Director, Policy, Training, and Accountability Division, Office of the Controller

Nikki (Wood) Newton, Chief, Management, Integrity and Accountability Branch; Policy, Training, and Accountability Division, Office of the Controller

Renee Miller, Director, Business Planning and Operations Division, Office of the Controller

Dany Lavergne, Director, Accounting and Cost Analysis Division, Office of the Controller

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

Stacey Church, Chief, Fees and Collections Branch, Office of the Controller, Office of the Chief Financial Officer

Brian Webb, Chief, Business Analysis Branch, Office of the Controller

Robin Drury, Special Assistant, Office of the Controller

Sheldonna Proctor, Special Assistant, Office of the Controller
Simranjeet Jassal, Chief, General Ledger Analysis and Reporting Branch, Office of the Controller
Gabrielle Hanson, Team Lead, General Ledger Analysis and Reporting Branch, Office of the Controller
Andrew Sheeran, Team Lead, General Ledger Analysis and Reporting Branch, Office of the Controller
Mara Kamen, Director, Office of Human Resources, Office of Mission Support
Janet Weiner, Senior Audit Advisor, Office of Chemical Safety and Pollution Prevention
Cameo Smoot, Audit Follow-Up Coordinator, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention
Katherine Sleasman, Audit Follow-Up Coordinator, Office of Pollution Prevention and Toxics, Office of Chemical Safety and Pollution Prevention
Andrew LeBlanc, Agency Audit Follow-Up Coordinator
José Kercado, Backup Agency Audit Follow-Up Coordinator
Lindsay Hamilton, Associate Administrator for Public Affairs
Lance McCluney, Director, Office of Administrative and Executive Services, Office of the Administrator
Regional Audit Follow-Up Coordinators, Regions 1–10
Sean W. O'Donnell, Inspector General
Charles J. Sheehan, Deputy Inspector General
Edward S. Shields, Associate Deputy Inspector General
Eric W. Hanger, Acting Counsel to the Inspector General
Benjamin May, Chief of Staff, Office of Inspector General
Katherine Trimble, Assistant Inspector General for Audit
Rashmi Bartlett, Acting Assistant Inspector General for Evaluation
Helina P. Wong, Assistant Inspector General for Investigations
Stephanie L. Wright, Assistant Inspector General for Management
Christine El-Zoghbi, Deputy Assistant Inspector General for Evaluation
James Hatfield, Associate Deputy Assistant Inspector General for Audit
Richard J. Eyermann, Director, Mission Support Directorate, Office of Audit, Office of Inspector General
Jennifer Kaplan, Deputy Assistant Inspector General for Congressional and Public Affairs
Jeffrey Lagda, Congressional and Media Liaison, Office of Inspector General
Demetrios Papakonstantinou, Project Manager, Office of Inspector General

Audit Expectations

We will audit the balance sheet of the EPA for the FIFRA and PRIA Funds as of September 30, 2020, and September 30, 2019; 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 these audit engagements by means of this memorandum. Our audits will be conducted with the objective of our expressing 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, regulations, contracts, and grant agreements.
 - b. Assets are safeguarded 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 has 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 audits in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the comptroller general of the United States; and Office of Management and Budget Bulletin 19-03, *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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by 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 the financial statements, including its Federal Managers' Financial Integrity Act of 1982 process to design audit procedures that are appropriate in the circumstances. We will not express 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 audits will be conducted on the basis that the 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.
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 the laws, regulations, contracts, and grant agreements applicable to its activities.

6. To make sure all financial records and related information are available to us in a timely manner.

We will request that key senior managers provide us with a management representation letter at the conclusion of our fieldwork.

Reporting

We will issue written reports upon completion of our audits of the EPA's FY 2020 FIFRA and PRIA Funds financial statements in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the comptroller general of the United States; and Office of Management and Budget Bulletin 19-03, *Audit Requirements for Federal Financial Statements*.

Our reports will be addressed to EPA management. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph(s).

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements of our audits of the EPA's FY 2020 FIFRA and PRIA Funds financial statements including our respective responsibilities.

David Bloom
Deputy Chief Financial Officer

Date

List of Deliverables

Information Needed from the Office of Pesticide Programs:

1. Detailed listings of actions for FIFRA performance measures for FY 2020.
2. Excel spreadsheets of PRIA actions due and completed in FY 2020.
3. FY 2020 Reassessment Count listing and supporting documentation.
4. Documentation including Toxicity Batching Appendices, Requirements Status, and Registrant's Responses for Data Call-Ins.
5. Copies of any Reregistration Eligibility Decisions, Interim Reregistration, Eligibility Decisions, and Tolerance Reassessment Eligibility Decisions documents that are not available on the Office of Pesticide Programs website; and signature pages of those on the website.
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 2020 Pesticide Reregistration Performance Measures and Goals.
9. FY 2020 FIFRA Fee Table & Instructions to Registrants for Filing 2020 Pesticide Registration Maintenance Fees.
10. FY 2020 PRIA Fee Schedule Tables or the website to view the FY 2020 PRIA Fee Schedule Tables.
11. FY 2020 Pesticide Registration Maintenance Fee Filing Form (from the Office of Pesticide Programs) (FIFRA).
12. FY 2020 Registration form with the action code (PRIA).
13. Documentation for OIG samples (The 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 items such as registration/reregistration applications or forms, letter with the fee, or decision review code.

Information Needed from the Office of the Chief Financial Officer:

14. FY 2020 FIFRA Financial Statements and footnotes with supporting documentation, including Management's Discussion and Analysis (draft and final). The draft FIFRA Financial Statements and footnotes with supporting documentation, including Management's Discussion and Analysis, are expected to be provided to the OIG by January 29, 2021.
15. FY 2020 PRIA Financial Statements and footnotes with supporting documentation, including Management's Discussion and Analysis (draft and final). The draft PRIA Financial Statements and footnotes with supporting documentation, including Management's Discussion and Analysis, are expected to be provided to the OIG by January 29, 2021.
16. FIFRA and PRIA Collection documentation for the last five days of FY 2020.
17. FIFRA and PRIA Collection documentation for the first five days of FY 2020.
18. Overview of the FIFRA and PRIA Collection Process.
19. Overview of the FIFRA and PRIA Funds Balance with Treasury Process.
20. FY 2020 FIFRA and PRIA Standard Form-224s, Monthly Suspense Reports, and Cash Reconciliation Reports (The OIG will request months needed only if the support was not provided during the FY 2020 Consolidated Financial Statement Audit).
21. FY 2020 FIFRA and PRIA identification code in the Datamart Payroll file covering Pay Periods 1–26 (October 1, 2019, through September 30, 2020).
22. Listing of FY 2020 Pay Period 26 annual leave and compensatory time balance for FIFRA and PRIA employees, showing employee identification, name, base rate, and hours under annual leave and compensatory time.
23. Methodology developed on the computation of (a) accruals for FIFRA and PRIA employees and (b) unfunded annual leave for FIFRA and PRIA employees.
24. Documentation for OIG samples (The 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 items such as correction sheets, refund requests, schedule of collections, and collection logs.
25. Management Representation Letter.

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

Key Milestones

To ensure the success and timely completion of these audits, please see the key milestones below.

Milestones	Date or timeline	Responsible party
Entrance conference	At least 15 business days after notification memorandum issuance date	All
Draft financial statements and footnotes, including support, and Management's Discussion and Analysis. All Agency adjustments are to be included in the draft. No additional adjustments are allowed except from the schedule of audit differences.	2/05/21*	Office of the Chief Financial Officer**
Final financial statements and footnotes, including support, and Management's Discussion and Analysis.	Three business days after receipt of schedule of audit differences	Office of the Chief Financial Officer**
Management representation letter.	Five business days after final financial statements are provided to the OIG.	Office of the Chief Financial Officer**

* To be provided on this date by close of business or before.

** The Office of the Chief Financial Officer to coordinate with the Office of Pesticide Programs.