



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

FEB 13 2013

THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: Close-Out of OIG Report No. 13-1-0054, *Audit of EPA's Fiscal 2012 and 2011 Consolidated Financial Statements*, November 15, 2012

TO: Barbara J. Bennett
Chief Financial Officer

Thank you for your memorandum of January 25, 2013, which addresses the Agency's corrective actions on the findings and recommendations in the subject report. We appreciate your efforts to address the recommendations.

We find your proposed corrective actions adequate to address recommendations 1, 2, 3, 4, 5, 6, 9, 10, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, and 26. You indicated that you did not concur with recommendations 7, 8, 11, and 13. We concur that no further action is required on recommendation 7. You proposed corrective actions with target due dates for 8 and 13. These corrective actions involve the Office of Enforcement and Compliance Assurance working with the Cincinnati Finance Center to assess timely transmission of civil judicial orders, making Agency policies consistent, and correcting posting model errors. These corrective actions adequately address our concerns.

You stated that you do not agree with our finding and related recommendation 11 regarding proper segregation of duties. You stated you believe your current process is effective, that you have compensating controls, and received a waiver for interagency agreement staff to input reimbursable and collection documents because the reimbursable collections do not involve cash. The separation of duties is a key concept of internal controls that provides protection from fraud and errors. We disagree that a waiver should be granted.

We are closing all recommendations from this report in our tracking system except for recommendation 11, which remains in an unresolved status. During our Fiscal 2013 Consolidated Financial Statements Audit, we will follow up to determine your progress in implementing the planned corrective actions on the recommendations and the effectiveness of actions taken to correct the deficiencies we found.

If you have any questions, please contact Melissa Heist, Assistant Inspector General for Audit, at heist.melissa@epa.gov or (202) 566-0899; or Paul Curtis, Director of Financial Statement Audits, at curtis.paul@epa.gov or (202) 566-2523.



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