



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

We conducted this review to determine how EPA's national program manager (NPM) process relates to the internal control framework under the Federal Managers' Financial Integrity Act (FMFIA). We determined whether the U.S. Environmental Protection Agency (EPA) should improve connections between the two processes and whether NPMs and regions coordinate program management and address risks and vulnerabilities.

## Background

FMFIA requires federal agency managers to annually evaluate and indicate whether their agencies' internal controls comply with prescribed standards. NPM guidance sets forth goals and program priorities to support compliance with the Government Performance and Results Act of 1993.

**For further information, contact our Office of Congressional, Public Affairs and Management at (202) 566-2391.**

**To view the full report, click on the following link:**  
[www.epa.gov/oig/reports/2011/20110118-11-P-0067.pdf](http://www.epa.gov/oig/reports/2011/20110118-11-P-0067.pdf)

## ***EPA Should Further Connect the National Program Manager Process With Federal Guidance on Internal Control Risks***

### **What We Found**

EPA has not fully integrated FMFIA and the NPM processes. Activities conducted per the NPM process support internal controls; however, EPA's Office of the Chief Financial Officer did not connect these processes until midway through fiscal year 2009 (in supplemental guidance) and in fiscal year 2010 guidance, and integration efforts are still in their infancy. NPMs already conduct many activities related to internal control, yet national program offices have separate processes and staff responsible for each process. Having national program offices primarily responsible for internal controls over national programs would streamline reporting and lessen confusion among staff involved in both processes.

NPMs have not linked assessing and evaluating relevant risks associated with achieving program objectives to internal control requirements. FMFIA requires managers to define program goals and identify key programs, complete a risk assessment based on their priorities, and then establish controls to mitigate identified program risks. National program offices and regions do not appear to completely understand the risk assessment internal control standard and how to apply it to program operations. Without consistently conducting risk assessments, EPA lacks a sound, documented basis for reasonably assuring that programs implement effective internal controls consistent with federal internal control standards. Additional training on risk assessment, including how to identify weaknesses, determining how to manage risks, and how to conduct necessary internal control reviews, should improve program management.

### **What We Recommend**

We recommend that the Chief Financial Officer assign NPMs primary responsibility for FMFIA reporting on internal controls for national programs and rely on the lead regional coordinator process for input from the regions, and direct regional personnel to report on administrative and financial internal control activities along with unique geographic and programmatic issues in regional assurance letters. We also recommend that the Chief Financial Officer develop a training course on FMFIA and enhance the FMFIA intranet site by providing links to risk assessment guidance and completed products that offices could use as best practices. The Agency agreed with our recommendations and began taking steps to address them.