



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

## *Information Technology*

# **EPA Needs to Improve Its Information Technology Audit Follow-Up Processes**

Report No. 16-P-0100

March 10, 2016



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## Abbreviations

AFC	Audit Follow-Up Coordinator
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
MATS	Management Audit Tracking System
OARM	Office of Administration and Resources Management
OCFO	Office of the Chief Financial Officer
OEI	Office of Environmental Information
OIG	Office of Inspector General
OMB	Office of Management and Budget

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# At a Glance

## Why We Did This Audit

We sought to determine whether the U.S. Environmental Protection Agency (EPA) implemented the information technology-related audit recommendations issued between fiscal years 2010 and 2012, and those recommendations associated with the fiscal year 2013 management challenges document, to correct identified significant information security deficiencies.

The EPA's mission is to protect human health and the environment. In its fiscal year 2015 budget, the EPA cites effectively leveraging technology as one of the key components central to the agency achieving its strategic goals. Therefore, taking steps to effectively remediate weaknesses in the EPA's information security program—designed to protect the confidentiality, integrity and availability of systems and data—is necessary if the EPA plans to provide stakeholders access to accurate information to manage human health and environmental risks.

**This report addresses the following EPA goal or cross-agency strategy:**

- *Embracing EPA as a high-performing organization.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit [www.epa.gov/oig](http://www.epa.gov/oig).

Listing of [OIG reports](#).

## EPA Needs to Improve Its Information Technology Audit Follow-Up Processes

### What We Found

The EPA's audit follow-up oversight for offices reviewed did not ensure that agreed-to corrective actions were fully implemented, carried out timely, accurately recorded or managed effectively in the agency's Management Audit Tracking System (MATS). In addition, corrective actions were not always verified even though the corrective actions were recorded as completed in MATS. The high rate of unreliable data in MATS and a lack of management follow-through to verify that corrective actions address weaknesses raise significant doubts and questions about the effectiveness and efficiency of the EPA's information security program.

**The EPA's goals to provide its workforce and the public with accurate information about human health and environmental risks—and set a secure foundation for informed decision-making—are undermined when the agency does not timely correct deficiencies weakening the integrity of its computer network.**

### Recommendations and Corrective Actions

We recommend that the Chief Information Officer, Office of Environmental Information, develop and implement formal processes to strengthen internal controls for monitoring and completing corrective actions on all open audits, and maintain documentation to support corrective actions taken. Additionally, we recommend that a workforce study be conducted to determine the knowledge, skills and abilities required to perform the duties of the Audit Follow-Up Coordinator, and appropriately staff the position. We recommend that the Assistant Administrator for Administration and Resources Management implement formal processes to reinforce requirements that action officials comply with intended audit management practices. We recommend that the Chief Financial Officer implement a strategy to ensure personnel understand their audit follow-up responsibilities.

The EPA agreed with Recommendations 2, 3, 4, 5, 6 and 7, and suggested an alternative corrective action for Recommendation 1. We believe the alternative recommendation would address our concerns and the agency provided a date when it would complete the corrective action. The EPA completed corrective actions for Recommendations 4, 5, 6 and 7. Recommendations 1, 2 and 3 are open with corrective actions pending.



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

THE INSPECTOR GENERAL

March 10, 2016

**MEMORANDUM**

**SUBJECT:** EPA Needs to Improve Its Information Technology Audit Follow-Up Processes  
Report No. 16-P-0100

**FROM:** Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

**TO:** Ann Dunkin, Chief Information Officer  
Office of Environmental Information

Donna Vizian, Acting Assistant Administrator  
Office of Administration and Resources Management

David Bloom, Deputy Chief Financial Officer  
Office of the Chief Financial Officer

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. The report represents the opinion of the OIG and does not necessarily represent the final EPA position.

The offices we identified with primary jurisdiction over the audit recommendations are the Office of Environmental Information, Office of Administration and Resources Management, and Office of the Chief Financial Officer.

**Action Required**

You are not required to provide a written response to this final report because you provided agreed-to corrective actions and planned completion dates for the report recommendations. The OIG may make periodic inquiries on your progress in implementing these corrective actions. Please update the EPA's Management Audit Tracking System as you complete planned corrective actions. Should you choose to provide a final response, we will post your response on the OIG's public website, along with our memorandum commenting on your response. You should provide your response as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

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# Chapter 1

## Introduction

### Purpose

We sought to determine whether the U.S. Environmental Protection Agency (EPA) implemented the information technology-related audit recommendations issued between fiscal years (FYs) 2010 and 2012, and those recommendations associated with the FY 2013 management challenges document, to correct identified significant information security deficiencies.

### Background

The EPA's mission is to protect human health and the environment. As noted by the EPA, its FY 2015 budget supports implementation of the EPA's priorities through focused efforts to develop and implement creative, flexible, cost-effective, common sense and sustainable actions to fight climate change, protect public health and safeguard the environment. The EPA cites effectively leveraging technology as one of the key components central to its strategy. Thereby, the agency would be able to provide all parts of society access to accurate information to manage human health and environmental risks. As such, taking steps to effectively remediate weaknesses that impact the effectiveness of the agency's information security program is key to the EPA being able to leverage technology and provide accurate information that supports the agency's strategic goals.

The EPA Office of Inspector General (OIG) identified enhancing information technology security to combat cyber threats as a key management challenge confronting the EPA in its FY 2013 management challenges document, dated July 1, 2013. During FYs 2009 through 2013, OIG audit work disclosed that management needed to take actions to address growing cyber security challenges—such as Advanced Persistent Threats—in defending the agency's network. OIG documents on the EPA's FYs 2014 and 2015 management challenges continued to cite cyber security as a management challenge.

Office of Management and Budget (OMB) Circular A-50 Revised, *Audit Follow-up*, requires each agency to establish follow-up systems that accurately document and record the status of recommendations. OMB Circular A-50 Revised also specifies that:

the audit follow-up official has personal responsibility for ensuring that (1) systems of audit follow-up, resolution, and corrective action are documented and in place, (2) timely responses are made to all audit reports, (3) disagreements are resolved, (4) corrective actions are actually taken, and (5) semi-annual reports required by paragraph 8.a.(8) below are sent to the head of the agency.

OMB Circular A-123 Revised, *Management's Responsibility for Internal Control*, assigns agency managers with responsibility for taking timely and effective action to correct deficiencies identified, and complete actions in a timely manner, on audit recommendations on which agreement with the OIG has been reached.

EPA Manual 2750, *Audit Management Procedures*, based in part on OMB Circular A-50 Revised, prescribes the EPA's audit management and follow-up policies and procedures. It designates the Chief Financial Officer as the agency Audit Follow-Up Official, responsible for ensuring that agencywide audit management, resolution and follow-up policies and procedures are in place. The Office of the Chief Financial Officer (OCFO) relies on program and regional offices to carry out the agreed-upon corrective actions to address audit recommendations and accurately document their activities.

The EPA uses its Management Audit Tracking System (MATS) to record, track and report to Congress on the status of OIG recommendations and agency actions to implement agreed-to corrective actions. The EPA uses MATS data to prepare its report of progress in carrying out audit recommendations in the agency's financial report.

## **Responsible Offices**

The Chief Financial Officer, as the agency's Audit Follow-Up Official, is responsible for agencywide audit resolution and ensuring that action officials implement corrective actions. OCFO administers and uses MATS to prepare semiannual reports identifying when all corrective actions (final actions) have not been taken on recommendations within 365 days after the date of Management Decision (agreement with OIG on intended corrective actions). OCFO's Office of Planning, Analysis and Accountability tracks agency follow-up on OIG recommendations in MATS. The agency's Audit Follow-Up Coordinator (AFC) in OCFO supports the agency Audit Follow-Up Official, monitors the implementation status of corrective actions in MATS, and trains office AFCs in each national program and regional office on audit follow-up procedures.

We reviewed recommendations made to the Office of Environmental Information (OEI) and Office of Administration and Resources Management (OARM). These offices' AFCs are responsible for coordinating audit management activities within their organizations, and maintaining records and entering data on audit follow-up activities in MATS.

## **Scope and Methodology**

We conducted our audit from February 2014 through March 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

We identified the following eight OIG audit reports with information technology security findings that were either issued in FYs 2010–2012, or were reports associated with the FY 2013 management challenge, “Enhancing Information Technology Security to Combat Cyber Threats,” issued July 1, 2013.

**Table 1: OIG audit reports and recommendations**

OIG report no.	Report title	Date issued	No. of recommendations	No. of recommendations reported as completed
09-P-0240	Project Delays Prevent EPA from Implementing an Agencywide Information Security Vulnerability Management Program*	September 21, 2009	5	5
10-P-0028	Improved Security Planning Needed for the Customer Technology Solutions Project	November 16, 2009	4	4
10-P-0058	Self-reported Data Unreliable for Assessing EPA’s Computer Security Program	February 2, 2010	5	5
11-P-0159	Improvements Needed in EPA’s Network Traffic Management Practices	March 14, 2011	6	6
11-P-0277	EPA Has Taken Steps to Address Cyber Threats but Key Actions Remain Incomplete	June 23, 2011	3	2
12-P-0836	EPA Should Improve Management Practices and Security Controls for Its Network Directory Service System and Related Servers*	September 20, 2012	24	20
12-P-0899	Improvements Needed in EPA’s Network Security Monitoring Program*	September 27, 2012	8	6
13-P-0257	Briefing Report: Improvements Needed in EPA’s Information Security Program*	May 13, 2013	10	0
	<b>Total Recommendations</b>		<b>65</b>	<b>48</b>

\* Reports associated with the FY 2013 *OIG Management Challenges*.

Source: OIG analysis.

We reviewed OMB circulars and EPA policies and procedures related to agency audit follow-up requirements. We analyzed OIG recommendations, the corrective actions agreed to between the agency and the OIG, and the status of recommendations recorded in the agency’s audit tracking system to assess the progress of recommendations implemented as of December 2013 in MATS. We selected a judgmental sample of six recommendations out of the 48 for which the associated corrective actions were recorded as completed in MATS as of December 1, 2013. Appendix A provides a detailed listing of recommendations selected. For the sampled recommendations recorded as completed, we reviewed agency-provided documentation to determine whether the supporting

documentation complied with the following six attributes (outlined in Table 2) based on requirements in OMB circulars and EPA Manual 2750.

**Table 2: Six attributes**

Attribute	Title	Criteria
1	The agency completed the agreed-to corrective actions.	OMB Circular A-50 Revised OMB Circular A-123 Revised EPA Manual 2750
2	The agency completed the agreed-to corrective actions by the original agreed-to completion date.	OMB Circular A-123 Revised EPA Manual 2750
3	The agency recorded the completion date accurately within MATS.	OMB Circular A-50 Revised EPA Manual 2750
4	The agency maintained readily available documentation that supports completion of corrective actions.	OMB Circular A-50 Revised OMB Circular A-123 Revised EPA Manual 2750
5	The agency verified that the corrective actions taken actually fixed the deficiency which led to the recommendation.	OMB Circular A-50 Revised OMB Circular A-123 Revised EPA Manual 2750
6	The agency continued the corrective actions as a part of an ongoing process.	OMB Circular A-50 Revised OMB Circular A-123 Revised EPA Manual 2750

Source: OIG analysis.

Some of our attributes were considered met if completed by a specified date. For example, we considered attribute 1 met if the agency provided supporting documentation that showed that the agency completed all of the corrective actions associated with the recommendation by December 1, 2013. We also considered attribute 4 met if the agency provided the supporting documentation for all associated corrective actions within 5 days of our request. Attribute 5 depended upon the EPA taking steps to verify actions. As such, we considered attribute 5 met if the agency provided supporting documentation showing that it verified that the corrective actions taken actually fixed the deficiency that led to the recommendation prior to recording the associated corrective actions as completed in MATS.

We also selected one recommendation from OARM, listed as open, that was recorded in MATS as past due. We interviewed the office's AFC to determine the status of the recommendation.

To determine how they monitor progress made to implement recommendations and maintain the data in MATS, we interviewed the agency AFC; OCFO's Director of the Accountability Staff from the Office of Planning, Analysis and Accountability; office AFCs; and technical staff from OEI and OARM.

# Chapter 2

## Agreed-To Actions Not Timely, Accurately Recorded or Effectively Managed

OEI’s audit follow-up activities were not effectively managed. The agreed-to corrective actions associated with recommendations were not always implemented even though they were recorded as completed in MATS. Additionally, when the corrective actions were implemented, they were not timely or accurately recorded in MATS. Federal and EPA guidance requires agency managers to effectively and timely complete actions on audit recommendations and maintain accurate records and associated supporting documentation of actions taken in such a way that they are readily available upon request. OEI’s audit follow-up oversight did not ensure the agreed-upon corrective actions were carried out and accurately recorded in MATS. As a result, the EPA’s financial and environmental systems that rely upon the agency’s network infrastructure for security are susceptible to attacks that could undermine the integrity of processed data needed for measuring environmental outcomes and decision-making.

### OEI’s Audit Follow-Up Management Is Inadequate

OEI did not (1) effectively and timely implement the agreed-to actions to correct information security deficiencies and (2) maintain accurate records in MATS. OMB Circular A-50 Revised and EPA Manual 2750 provide for the EPA to take timely actions on audit recommendations and maintain documentation of management actions.

As noted in Table 3, the EPA achieved 17 percent compliance for four of the six attributes. The EPA’s overall compliance rate was 11 percent (four of 36).

**Table 3: Analysis of EPA’s actions taken to address recommendations as of December 1, 2013**

OIG Report and Recommendation Reviewed	Agency Completed Agreed-to Corrective Action(s)?	Corrective Action(s) Timely Completed as Agreed-to?	Completion Date Accurately Recorded in MATS?	Documentation Maintained to Support Actions Taken Readily Available?	Agency Verified Action(s) Taken Actually Fixed the Deficiency?	Agency Continued to Implement the Action(s)?
Report 10-P-0058 Recommendation 2-1	No	No	No	No	No	No
Report 11-P-0159 Recommendation 2	No	No	No	No	No	No
Report 11-P-0277 Recommendation 2	No	No	No	No	No	No
Report 12-P-0836 Recommendation 12	No	No	No	No	No	No
Report 12-P-0899 Recommendation 8	No	No	No	No	No	No
Report 13-P-0257 Recommendation 5	Yes	Yes	No	No	Yes	Yes
Compliance Percentage By Element Reviewed	17%	17%	0%	0%	17%	17%
Overall Compliance Percent	11%					

Source: OIG analysis.

EPA Manual 2750 requires the Assistant Administrator for the associated program office to designate a program office's Audit Management Official. OEI was the program office associated with the six recommendations selected. The manual specifies that the Audit Management Official has management responsibility for ensuring that all managers and staff within their office understand the audit management process; are working toward timely, complete and effective audit resolution; are resolving issues; are taking timely and appropriate corrective actions; and are tracking implementation of corrective actions.

The Action Official is the official responsible for implementing the program audited by the OIG. The Action Official may delegate activities but is ultimately responsible for working with the designated Audit Management Official and the office's AFC to ensure that corrective actions are documented, implemented, tracked and reported. The Action Official is a senior official and may be an Assistant Administrator.

## **Lack of Management Oversight Contributes to Agreed-To Corrective Actions Not Being Completed**

OEI lacks internal controls over its audit follow-up process to promote management accountability for ensuring agreed-to corrective actions are completed as specified in management's plans. Our audit disclosed that the following substantially contributed to the findings identified in Table 3: (1) inaccurate reporting on the status of corrective actions, (2) a lack of a process to evaluate supporting documentation and the time to monitor recommendations, (3) a lack of interoffice coordination, and (4) unimplemented agreed-to actions to improve internal controls over audit follow-up.

### ***Action Officials Report Actions Completed Despite No Action Taken***

In many instances, OEI closes audit report recommendations in MATS without completing the associated actions because there is confusion amongst OEI suboffices as to what constitutes completion of a corrective action. The Associate Director for the National Computer Center believed OEI's Immediate Office considered a recommendation as completed once the two offices agreed to a remedy that would resolve the issue that led to the recommendation. The National Computer Center then prepared a certification memorandum for the Director of the Office of Technology Operations and Planning that was sent to the AFC indicating all corrective actions were completed. The office AFC considered the recommendation completed upon receiving the signed certification memorandum from the Director of the Office of Technology Operations and Planning. The AFC then updated MATS with incorrect audit status information by relying upon the suboffice's certification memorandum. This is an underlying reason why MATS data incorrectly reflects corrective actions as completed and recommendations closed. For example:

- In December 2011, the OEI Office of Technology Operations and Planning reported in MATS that it had completed all of the corrective actions associated with Recommendation 2 of OIG Report 11-P-0159 to develop and implement a network traffic analysis methodology that will be used to identify abnormal network traffic. However, our review disclosed the actions were not completed until February 2014, 26 months later than reported.
- In another instance, in February 2013, the OEI Office of Technology Operations and Planning reported in MATS that it had completed all the corrective actions associated with Recommendation 8 of OIG Report 12-P-0899 to develop and implement a process to verify that regions and program office staff address vulnerabilities from National Computer Center scans. Our analysis disclosed that the EPA completed the action in April 2014, more than a year after management reported it had already completed the planned actions.

### ***AFC Lacks a Process to Evaluate Corrective Actions and the Time to Monitor Recommendations***

The OEI AFC did not implement a process to verify that corrective actions were taken. According to the AFC, he believed that he did not possess the technical knowledge to evaluate whether corrective actions were taken as listed in the certification memorandum provided by OEI suboffices. The AFC indicated he relied upon the OEI suboffices to accurately report audit status, and he did not know what actions were taken and did not have time to evaluate corrective actions. We inquired about the amount of data the suboffices provide to support completion of corrective actions. The AFC indicated that he also relies upon the suboffice to maintain the supporting documentation to substantiate that the office took the agreed-upon corrective actions.

We believe the OEI AFC would have discovered a lack of documentation and could have ultimately alerted management that questions existed as to whether corrective actions were taken had they implemented a routine file inspection process. We found the office AFC had not created a process to (1) centrally maintain supporting documentation or (2) inspect offices to ensure they maintained the supporting documentation. Upon our request for supporting documentation, it took the agency 8 and 22 calendar days beyond the established deadlines to provide the requested documentation for two recommendations. After our documentation request, in the two cases above, OEI finally completed the corrective actions and provided the supporting documentation.

Furthermore, the OEI AFC believed he did not have enough time to dedicate to the audit follow-up process. The AFC indicated that he split his time between three major functions within the office and dedicated approximately 60 percent of his time conducting audit follow-up activities. We requested documentation to

show the AFC informed management about the need for additional resources for conducting audit follow-up activities. However, the AFC did not provide evidence that he requested and was denied the needed resources to properly perform his assigned responsibilities.

### ***Lack of Interoffice Coordination Causes Weaknesses to Go Unremediated***

A lack of interoffice coordination resulted in OEI not fully addressing the recommendation to establish a policy that sets and enforces an EPA standard for the maximum number of days that an account can remain inactive before the system automatically disables the account. According to MATS, OEI reported this recommendation as completed in March 2012. Upon our inquiry with OEI representatives, they indicated that the responsibilities for taking corrective actions for this recommendation were transferred to another employee. They indicated that this other employee believed the office did not complete all aspects of the corrective actions, although parts of the corrective actions were performed. As of May 2014, OEI indicated it had not completed the corrective actions. Subsequent correspondence from the agency—in June 2014—indicated that the corrective actions associated with this recommendation were implemented but not practiced consistently. We consider the corrective actions associated with this recommendation unimplemented until management puts processes in place to verify actions are implemented as planned and working as intended. We are reissuing the recommendation in this report because this recommendation was improperly closed.

OEI's inability to know when corrective actions are completed stems from a lack of management oversight. As noted in Table 3, based on our sample, the EPA only takes steps 17 percent (one of six) of the time to verify that (1) corrective actions taken fixed the issue(s) that led to the recommendation(s) and (2) the office continued to use the improved processes. Had management been more diligent in overseeing the process for implementing corrective actions, they would have been able to determine that the corrective actions associated with the recommendations were not implemented or working as intended. We believe this would have put management in a position to inquire as to why the new process for managing inactive accounts was not working.

### ***Unimplemented Audit Follow-Up Processes Inhibit Management's Ability to Monitor Corrective Actions***

Our audit disclosed that OEI did not implement the agreed-to actions to strengthen its management control processes for monitoring and completing all open and future audit recommendations, even though OEI reported the action as completed in MATS. OEI representatives stated they adopted the agency's new audit management process, published in September 2012. However, OEI reported in MATS that it implemented its own new management control processes in January 2012, 8 months before the EPA published its new guidance. Our analysis

disclosed the corrective actions associated with the recommendation were recorded as completed in MATS and the recommendation did not receive further management tracking to ensure the new EPA audit management process completely addressed the problem. The new EPA audit management process did not completely address the report recommendation. As such, to date, OEI had not implemented four of the five agreed-to corrective actions to improve its audit follow-up practices. We believe that had OEI implemented the agreed-to management control processes, it would have been in a better position to identify many of the issues identified in this report. We are reissuing the recommendation in this report because this recommendation was improperly closed.

Additionally, our analysis determined that OEI had not completed agreed-to actions associated with Recommendation 2-1 of OIG Report 10-P-0058. OEI was to provide periodic training (at least quarterly) on how to assess and document the implementation of minimum security controls as required by the National Institute of Standards and Technology guidance. On July 16, 2012, the EPA issued CIO procedure CIO-2150.3-P-04-1, *Information Security - Interim Security Assessment and Authorization Procedures V2*. This procedure requires an independent assessor or assessment team to conduct an assessment of the security controls for moderate and high information systems. In response to the draft report, the EPA stated that the training required under Recommendation 2-1 is no longer needed since assessments will be done by third-party assessors that do not require training by the EPA. However, we could not find evidence where the EPA mandated that assessment of security controls could not be performed by EPA employees. As such, the EPA would have to train any employee selected to perform assessments of security controls for an agency system. We are reissuing the recommendation in this report because this recommendation was improperly closed.

Corrective actions taken by management to resolve audit findings and implement recommendations are essential for improving the effectiveness and efficiency of government operations. It is important that management provide adequate monitoring of the agreed-to corrective actions to ensure (1) the identified deficiencies are resolved timely, (2) data are recorded accurately in MATS and (3) actions taken actually fixed the identified deficiencies. Without this process working effectively, the EPA will continue to have significant weaknesses in its information security program, which ultimately places the agency's systems and data at risk.

## Conclusions

The high rate of unreliable data in MATS associated with information technology recommendations we sampled, and a lack of management follow-through to verify that corrective actions address weaknesses, raise significant doubts and questions about the effectiveness of the EPA's information security program. The EPA needs to address weaknesses that place its financial and environmental systems and data at risk. The results of this audit continue to support that

executive management emphasis over audit follow-up is needed and the agency needs to take further steps before the EPA has addressed our concerns raised in OIG reports issued during FYs 2010 through 2012 and in the FY 2013 management challenge, “Enhancing Information Technology Security to Combat Cyber Threats.” These results also highlights that the EPA continues to face challenges with cyber security as indicated in our FYs 2014 and 2015 management challenges to the agency.

## Recommendations

We recommend that the Chief Information Officer, Office of Environmental Information:

1. Verify the AFC position has sufficient staffing to be effective and ensure managers and staff understand the process for this function and report concerns with workload.
2. Develop and implement a process that:
  - a. Strengthens internal controls for monitoring and completing corrective action(s) on all open audits.
  - b. Maintains appropriate documentation to support completion of corrective actions. If delegated to sub-offices, the process should include regular inspections by the AFC.
  - c. Specifies when sub-offices must complete corrective actions as completed.
  - d. Requires verification that corrective actions fixed the issue(s) that led to the recommendation.
  - e. Requires sub-offices to continue to use the improved processes.
  - f. Requires OEI managers to update OEI’s AFC on the status of upcoming corrective actions.
3. Establish a policy that sets and enforces an EPA standard for the maximum number of days that an account can remain inactive before the system automatically disables the account.
4. Provide periodic training (at least quarterly) on how to assess and document the implementation of minimum security controls as required by the National Institute of Standards and Technology guidance.

## Agency Comments and OIG Evaluation

The EPA provided a consolidated response from OEI, OARM and OCFO. The EPA response indicated that the draft report did not entirely reflect improvements made to audit follow-up oversight since the initiation of this audit over a year ago.

Upon analysis of the EPA's comments, the OIG modified the report as appropriate.

OEI did not agree with Recommendation 1 in our draft report and suggested an alternative recommendation. We believe OEI's alternative recommendation will address our concerns once the office completes all the corrective actions associated with this recommendation. OEI's response indicated the office completed this recommendation. However, OEI also indicated it tasked a contractor to conduct an analysis of its Audit Management Process. Upon subsequent discussion with OEI, the office indicated the contractor has completed its review and OEI has developed new policy guidance that is under review. OEI indicated the new policy would be implemented by March 31, 2016. As such, we consider Recommendation 1 open with corrective actions pending.

OEI agreed with the original Recommendations 2, 4 and 5 in the draft report, along with the original Recommendation 7 in our Chapter 3, but proposed consolidating these four recommendations into one recommendation. We agreed with OEI's alternative recommendation and updated Recommendation 2 of this final report to reflect the change. OEI provided an estimated completion date and we consider this recommendation open with corrective actions pending.

OEI indicated that it completed Recommendation 3 in July 2012. However, our analysis disclosed that while OEI updated its Local Area Network Operating Procedures - Directory Services to require accounts to be disabled after 90 days of inactivity, OEI did not implement an automated technical control to enforce the policy. In response to our draft report, OEI provided its Interim Access Control Procedure, which states that accounts must be disabled after a maximum of 180 days of user inactivity. Our analysis concluded that there are inconsistencies in these two guidance documents. In addition, although OEI indicated during the audit that it had asked its contractual support to research an automated approach for disabling inactive accounts, OEI had not provided evidence that it implemented the automated technical controls needed to enforce the Local Area Network Operating Procedures. On February 25, 2016, OEI indicated it would complete this corrective action by June 30, 2016. Therefore, we consider this recommendation open with corrective actions pending.

OEI did not agree with the original draft report Recommendation 6 and stated most assessments are conducted by third-party assessors, as most of the systems are moderate- or high-categorized systems. OEI stated that the EPA does not train third-party assessors. Subsequent to issuing the draft report and receiving the agency's response, we met with OEI representatives to discuss our concerns that OEI had not established a policy that requires all third-party assessments to be done by contractors that do not require EPA training. In response to our concerns, on January 4, 2016, OEI sent EPA offices a reminder that EPA employees cannot serve as third-party assessors with respect to accomplishing security assessments

for moderate- and high-categorized systems. We renumbered this recommendation as Recommendation 4 in the final report. We consider this recommendation closed.

# Chapter 3

## MATS Data for Information Technology Audits Insufficient to Ensure Timely Implementation of Recommendations

MATS data quality for information technology audits is unreliable for managing audit follow-up activities to correct cyber security weaknesses. In particular, estimated and actual completion dates within MATS were not current or were never entered. Significant doubt exists as to whether corrective actions were completed as recorded. EPA Manual 2750 provides the processes and procedures that agency personnel follow to track corrective actions from issuance through completion, update estimated completion dates for each corrective action if necessary, and update MATS data at least quarterly. However:

- One EPA representative indicated data quality lapsed because an action official did not provide the AFC the requested estimated completion dates.
- Another EPA representative indicated that he lacked the resources to keep MATS updated and the technical knowledge to evaluate corrective actions.

Subsequent to issuing our discussion document, the OCFO's Office of Planning, Analysis and Accountability announced the availability of new online training to instruct users with audit follow-up responsibilities on how to use MATS and comply with audit management policies in EPA Manual 2750. However, the new training course was not mandated for those with AFC responsibilities; staff were only encouraged to take the training. Without accurate MATS data, stakeholders do not have reasonable assurance that the data can be relied upon for tracking and reporting the progress of corrective actions being implemented to correct cyber security weaknesses that place the EPA's systems and data at risk. Moreover, reporting on environmental results—which relies upon the confidentiality, integrity and availability of the EPA's network—is potentially susceptible to manipulation and could undermine the agency's credibility for reporting achievements in protecting human health and the environment.

### Estimated Completion Dates Were Not Accurate

Seventeen of the 65 recommendations in our universe were not recorded as completed in MATS as of December 1, 2013. Of the 17, only 29 percent (five of 17) contained current estimated completion dates in MATS. The remaining 71 percent (12 of 17) of the estimated completion dates recorded in MATS were past due as of December 1, 2013. EPA Manual 2750 specifies that the office AFC is responsible for managing audit data in MATS, including entering and updating corrective actions and associated due dates. Also, EPA Manual 2750 requires the

office AFCs to update MATS at least quarterly if the program office knows it would miss the estimated completion date.

During audit fieldwork, one office AFC stated the delays for updating MATS were due to insufficient staffing and the government shutdown in October 2013. However, the AFC could not provide evidence that they made management aware that insufficient staffing prevented the office from updating MATS. Furthermore, some actions had estimated completion dates that were more than 6 months overdue as of December 1, 2013. Subsequent to our review, the agency corrected MATS to reflect updated estimated completion dates. OEI's AFC explained that it can be challenging for him to show the corrective actions accurately in MATS because he believed that MATS is a complex system and reports do not show the extension dates—just the original planned completion dates. In response to our discussion draft document, OCFO indicated that MATS functionality allows for all estimated completion dates to be entered into MATS.

It appears that the office AFC was confused regarding the agency's and OIG's role in determining revised completion dates when the corrective action would miss the original estimated completion date, as specified in EPA Manual 2750. OARM's AFC indicated that although he requested the information multiple times, the responsible individual did not provide a revised estimated completion date to enter into MATS. The AFC indicated that he was informed by the responsible individual that they were awaiting concurrence by the OIG on a revised date. Therefore, the AFC did not correct the inaccurate estimated completion date. We informed the office AFC that the process for updating MATS is outlined in EPA Manual 2750. During fieldwork, in February 2014, the estimated completion date for this recommendation was more than 4 months past due. Since then, OARM made further updates to the estimated completion date in MATS. Upon our further review in July 2015, the estimated completion date for this recommendation was still outdated and over 9 months past due.

## **Recent Agency Actions Prompted by OIG Work**

During this audit, OCFO developed a new MATS training guide to show AFCs how to use the MATS application and comply with agency audit management policies in EPA Manual 2750. Additionally our discussions with the agency AFC disclosed that OCFO was in the process of developing MATS training and, subsequent to issuing our discussion document, OCFO announced the availability of new MATS online training.

Subsequent to issuing our discussion document, OARM indicated that the office made improvements in its audit follow-up processes. In particular, the office indicated it now has an informal policy for OARM's audit management process derived from EPA Manual 2750, which is housed on an internal website.

## Conclusions

Corrective actions taken by management to resolve audit findings and implement recommendations are essential for improving the effectiveness and efficiency of government operations. To help management monitor the implementation of recommendations, it is important for the EPA to properly record accurate data within MATS. Without accurate MATS data, stakeholders cannot rely on MATS data to assess the progress being made to correct cyber security weaknesses that place the EPA's systems and data at risk.

## Recommendations

We recommend that the Assistant Administrator for Administration and Resources Management:

5. Issue a memorandum requiring all OARM action officials to provide the AFCs with updated estimated completion dates on an ongoing basis (at least quarterly), and be responsive to the AFC's request for audit follow-up information.
6. Formally approve and implement OARM's informal internal audit management processes that systematically detail the office's audit follow-up procedures.

We recommend that the Chief Financial Officer:

7. Develop and implement a formal strategy to train managers and staff on audit follow-up responsibilities to comply with the EPA's audit management policies.

## Agency Comments and OIG Evaluation

The EPA provided a consolidated response from OEI, OARM and OCFO. Upon analysis of agency comments, the OIG modified the report as appropriate.

OEI agreed with original draft report Recommendation 7 and proposed consolidating it with other recommendations in Chapter 2. The recommendation has been incorporated into Recommendation 2 in Chapter 2.

OARM agreed with the original draft report Recommendations 8 and 9. In response to our draft report, OARM indicated it updated its internal audit policy to require all OARM audit points of contact to provide the AFC with updated completion dates on an ongoing basis (at least quarterly), and be responsive to the AFC's request for audit follow-up information. Further, OARM indicated it issued a memo to all OARM Office Directors, action officials and audit points of contact to formally notify them of the internal audit management process and

procedures that OARM has in place. We consider OARM's actions sufficient to address the recommendations, which have been renumbered in this final report as Recommendations 5 and 6. We consider these recommendations closed with all corrective actions completed.

OCFO agreed with the original draft report Recommendation 10, and indicated it completed the following activities:

- Developed a strategy to strengthen the agency's oversight of audit management.
- Developed a SharePoint site for AFCs providing helpful audit follow-up materials and information.
- Developed and launched online MATS training.
- Issued a memorandum to senior managers reaffirming the importance of senior leaders' engagement, reviewing their audit management oversight responsibilities, and directing them to ensure that AFCs and staff with audit follow-up responsibilities complete the MATS training.
- Established audit follow-up as a key area of focus for the EPA's 2015 Management Integrity Program, and required all national program and regional offices to review the internal audit management policies and procedures and randomly select samples of audits to ensure compliance with EPA Manual 2750 procedures.

We consider OCFO's actions sufficient to address this recommendation. In this final report, we renumbered this recommendation as Recommendation 7. We consider this recommendation closed with all required actions completed.

# Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	10	Verify the AFC position has sufficient staffing to be effective and ensure managers and staff understand the process for this function and report concerns with workload.	O	Chief Information Officer, Office of Environmental Information	3/31/16		
2	10	Develop and implement a process that: <ul style="list-style-type: none"> <li>a. Strengthens internal controls for monitoring and completing corrective action(s) on all open audits.</li> <li>b. Maintains appropriate documentation to support completion of corrective actions. If delegated to sub-offices, the process should include regular inspections by the AFC.</li> <li>c. Specifies when sub-offices must complete corrective actions as completed.</li> <li>d. Requires verification that corrective actions fixed the issue(s) that led to the recommendation.</li> <li>e. Requires sub-offices to continue to use the improved processes.</li> <li>f. Requires OEI managers to update OEI's AFC on the status of upcoming corrective actions.</li> </ul>	O	Chief Information Officer, Office of Environmental Information	6/30/16		
3	10	Establish a policy that sets and enforces an EPA standard for the maximum number of days that an account can remain inactive before the system automatically disables the account.	O	Chief Information Officer, Office of Environmental Information	6/30/16		
4	10	Provide periodic training (at least quarterly) on how to assess and document the implementation of minimum security controls as required by the National Institute of Standards and Technology guidance.	C	Chief Information Officer, Office of Environmental Information	1/4/16		
5	15	Issue a memorandum requiring all OARM action officials to provide the AFCs with updated estimated completion dates on an ongoing basis (at least quarterly), and be responsive to the AFC's request for audit follow-up information.	C	Assistant Administrator for Administration and Resources Management	10/31/15		
6	15	Formally approve and implement OARM's informal internal audit management processes that systematically detail the office's audit follow-up procedures.	C	Assistant Administrator for Administration and Resources Management	10/31/15		
7	15	Develop and implement a formal strategy to train managers and staff on audit follow-up responsibilities to comply with the EPA's audit management policies.	C	Chief Financial Officer	8/14/15		

<sup>1</sup> O = Recommendation is open with agreed-to corrective actions pending.  
 C = Recommendation is closed with all agreed-to actions completed.  
 U = Recommendation is unresolved with resolution efforts in progress.

## ***Listing of Recommendations Selected for Detailed Review***

<b>OIG report no.</b>	<b>Sample recommendation</b>	<b>Description of recommendation</b>
10-P-0058	2-1	We recommend that the Director, Office of Technology Operations and Planning, Office of Environmental Information: Provide periodic training (at least quarterly and during the annual Security Conference) on how to assess and document the implementation of minimum security controls as required by National Institute of Standards and Technology guidance.
11-P-0159	2	We recommend that the Director, Office of Technology Operations and Planning, Office of Environmental Information: Develop and implement a network traffic analysis methodology that will be used to identify abnormal network traffic.
11-P-0277	2	We recommend that the Assistant Administrator for Environmental Information and Chief Information Officer: Strengthen management control processes for monitoring and completing all open and future audit recommendations by the agreed-upon milestone date.
12-P-0836	12	We recommend that the Assistant Administrator for Environmental Information and Chief Information Officer: Establish a policy that sets and enforces an EPA standard for the maximum number of days that an account can remain inactive before the system automatically disables the account.
12-P-0899	8	We recommend that the Assistant Administrator for Environmental Information: Develop and implement a process to verify that regions and program office staff address vulnerabilities from National Computer Center scans.
13-P-0257	5	We recommend that the Assistant Administrator for Environmental Information: Update configuration management procedures to define what the program offices and regions should classify as configuration items for information systems, and define when during the system development life cycle the configurable items are to be placed under configuration management.

Source: OIG analysis.

## ***Agency's Combined Response to Draft Report***

### **MEMORANDUM**

**SUBJECT:** Response to Office of Inspector General Draft Report No. OA-FY14-0056”  
*Better Oversight of Audit Follow-Up Activities Needed to Strengthen EPA’s  
Information Security Program,”* dated August 7, 2015.

**FROM:** Ann Dunkin  
Chief Information Officer

**TO:** Arthur A. Elkins, Jr.  
Inspector General

Thank you for the opportunity to comment on the OIG draft report, "Better Oversight of Audit FollowUp Activities Needed to Strengthen EPA's Information Security Program," dated August 7, 2015, identified as Project No. OA-FY14-0056. I am responding on behalf of OEI, OCFO and OARM.

Overall, OEI is disappointed that many comments provided on the discussion draft were not addressed in the draft report. Although we agree with the report recommendations, we feel that the draft report does not entirely reflect improvements made to audit follow-up oversight since the initiation of this audit over a year ago. As OIG develops its final report, we encourage you to reconsider the responses we provided to the discussion draft, along with the attached responses and comments to the draft report.

If you have any questions regarding this response, please contact Judi Maguire, OEI’s Audit Follow-up Coordinator, at [maguire.judi@epa.gov](mailto:maguire.judi@epa.gov) or (202)564-7422.

#### Attachments

cc: Rudy Brevard  
Bettye Bell-Daniel  
Judi Maguire  
Brandon McDowell  
Nicholas Grzegozewski  
Lorna Washington

**EPA Responses to OIG Recommendations to  
OIG Report OA-FY-14-0056, Oversight of Audit Follow-up Activities Needed to Strengthen EPA's Information  
Security Program**

Rec. #	OIG Recommendation	Lead	EPA Response
1.	Conduct a workforce study for the AFC position and staff the position with the appropriate number of individuals with knowledge, skills and abilities capable to perform the required duties.	OEI	<p>OEI does not agree with this recommendation as written. The FTE needed for the AFC position varies throughout the year based on the number of active open audits and the number of corrective actions that are upcoming. All of which are outside of OEI's control. For instance at the end of the FY when OIG is finalizing several reports in a short period of time and other times there is very little activity.</p> <p><b>New Recommendation:</b></p> <p>OEI will verify the Audit Follow-up Coordinator position has sufficient staffing to be effective and ensure managers' and staff understand the process for this function and to report concerns with workload.</p> <p><b>Completed</b></p> <p><b>What we have done:</b></p> <p>AFC attended an OEI managers meeting to walk them through the two spreadsheets for open and closed audits, and informed them of the audit process (3/1/15).</p> <p>AFC briefed new CIO (Action Official) on audit process and determined where in the process the CIO needs or wants to be involved in the process (5/12/15).</p> <p>OEI's AFC currently spends 85 – 90% of her time on audit coordination – more than at any time in the past.</p> <p>OEI is currently going through a reorganization effort which will allow us to vary the amount of FTE based on the workload.</p> <p>OEI has tasked a contractor to do an analysis of our Audit Management Process to help determine where we need to make changes to improve the overall process.</p>

2	<p>Develop and implement a process to maintain appropriate documentation to support completion of corrective actions. If delegated to its sub-office's, the new process should include regular inspections of the sub-offices' files by the AFC.</p>	OEI	<p>On the August 26 conference call to go over questions, OEI made the point that Recommendations 2, 4, 5 and 7 should be combined. We agree with the recommendations in principle and simply recommend re-stating these four into one recommendation as follows:</p> <p>Develop and implement a process that:</p> <ol style="list-style-type: none"> <li>1. Maintains appropriate documentation to support completion of Corrective Actions. If delegated to sub-offices, process should include regular inspections by the AFC.</li> <li>2. Specifies when sub-offices must complete corrective actions as completed.</li> <li>3. Requires verification corrective actions fixed the issue(s) that led to the recommendation.</li> <li>4. Requires sub-offices to continue to use the improved processes.</li> <li>5. Strengthens internal controls for monitoring and completing corrective action(s) on all open audits.</li> <li>6. Requires OEI managers to update OEI's AFC on the status of upcoming corrective actions.</li> </ol> <p>Items 1-6 are all important components but of a single process and all need to be considered equally important to contribute to a more effective way of doing business. In addition, having a single recommendation with these components makes more sense than creating several separate recommendations. This is more easily tracked and verified and much less susceptible to transcription errors as our staff makes inputs to MATS and any other internal tracking systems.</p> <p><b>Corrective Action:</b></p> <p>OEI will develop a process that will address the 6 components of the recommendation.</p> <p><b>Estimated Completion Date:</b> June 30, 2016</p> <p><b>What we have done:</b></p> <p>Responses to audits are more formal and at each report stage, the response is reviewed and approved by the Action Official before being sent to OIG.</p> <p>OEI has implemented a new process for ensuring that CA's are completed. Before the AFC will mark a corrective action completed in MATS, a manager is required to send an email to the AFC that includes, that the CA was completed, how it was completed, when it was completed and attach any documentation to show that CA was completed. The AFC files the documentation on the Share drive for OPM.</p> <p>OEI's AFC and Management meet quarterly, at a minimum, to review the status of all corrective actions and discuss follow-up steps.</p> <p>OEI's AFC meets with OPM managers to update them on status of open audits and upcoming corrective actions.</p>
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3	<p>Establish a policy that sets and enforces an EPA standard for the maximum number of days that an account can remain inactive before the system automatically disables the account.</p>	OEI	<p><u>Interim Access Control Procedure:</u>  “Information managers shall review system accounts every 30 days to identify and delete accounts that have been inactive for 180 days or more. “</p> <p><b>Completion date: 7/13/2012</b>  <b>Artifact: Interim Access Control Procedure (CIO-2150-3-P-01-1.pdf)</b></p> <p>  CIO-2150-3-P-01-1.pdf</p>
4	<p>Develop and implement a process that (1) specifies when sub-office managers must report corrective actions as completed, (2) requires verification corrective actions fixed the issue(s) that led to the recommendation and (3) requires sub-offices to continue to use the improved processes.</p>	OEI	<p>OEI does not believe this is a standalone recommendation. See comment for Recommendation 2</p>
5	<p>Establish processes to strengthen internal controls for monitoring and completing corrective action(s) on all open audit recommendations by the agreed-upon completion date.</p>	OEI	<p>OEI does not believe this is a standalone recommendation See comment for Recommendation 2</p>

6	Provide periodic training (at least quarterly) on how to assess and document the implementation of minimum security controls as required by the National Institute of Standards and Technology guidance.	OEI	<p>Non-Concur.</p> <p>Most assessments are conducted by third-party assessors, as most of the systems are moderate or high categorized systems. EPA does not train third-party assessors. For low systems that are done as self-assessments, a NIST guide is available and required for use to conduct the assessment which provides assessment methods. An assessment template is built into Xacta that walks the user through the controls and produces standard reports. Quarterly training on how to use the NIST guide and document within Xacta is not an effective use of training time. The SAISO, working with an ISO workgroup, will define training regimens for roles in EPA that are balanced to address all responsibilities.</p>
7	Issue a memorandum requiring all OEI action officials to provide updated estimated completion dates on an ongoing basis (at least quarterly) to the AFCs.	OEI	OEI does not believe this is a standalone recommendation. See comment for Recommendation 2.
8	Issue a memorandum requiring all OARM action officials to provide the AFCs updated estimated completion dates on an ongoing basis (at least quarterly), and be responsive to the AFC's request for audit follow-up information.	OARM	<p><b>Corrective Action:</b> OARM will update our internal audit policy to require all OARM audit points of contact to provide the AFC with updated completion dates on an ongoing basis (at least quarterly), and be responsive to the AFC's request for audit follow-up information.</p> <p><b>Estimated Completion Date:</b> October 31, 2015.</p>
9	Formally approve and implement OARM's informal internal audit management processes that systematically details the office's audit follow-up procedures.	OARM	<p><b>Corrective Action:</b> OARM management will issue a memo to all OARM Office Directors, action officials, and audit points of contact formally notifying them of the internal audit management process and procedures that OARM has in place.</p> <p><b>Estimated Completion Date:</b> October 31, 2015.</p>

10	Develop and implement a formal strategy to train managers and staff on audit follow-up responsibilities to comply with the EPA's audit management policies	OCFO	<p>OCFO agrees with this recommendation, however, proposes a slight update/modification to make it more reflective of current status: <i>“Develop and implement a strategy to ensure that managers and staff understand and carry out their audit follow-up responsibilities to comply with the EPA’s audit management policies.”</i></p> <p>OCFO Corrective Actions Taken:</p> <p>Develop a strategy to strengthen the agency’s oversight of audit management and ensure that managers and staff understand and carry out their audit follow-up responsibilities in compliance with EPA’s audit management policy, Manual 2750. (Completed February 2015)</p> <p>In addition to maintaining an up-to-date list of agency Audit Follow-Up Coordinators on OCFO’s Intranet website, develop a SharePoint site for AFCs providing helpful audit follow-up materials and information. (Completed December 2014)</p> <p>Develop and launch online MATS training, available agency-wide through Skillport to promote proper use of MATS and timely and effective audit follow-up in compliance with Manual 2750. (Released December 2014)</p> <p>In collaboration with the Office of the Administrator, issue memo from Acting CFO/Agency Audit Follow-up Official to senior managers reaffirming the importance of senior leaders’ engagement, reviewing their audit management oversight responsibilities, and directing them to ensure that AFCs and staff with audit follow-up responsibilities complete the MATS training. (Issued memo, “Strengthening EPA Oversight of Audit Management,” May 12, 2015)</p> <p>Establish audit follow-up as a key area of focus for EPA’s FY 2015 Management Integrity Program, and require all national program and regional offices to review their internal audit management policies and procedures and a randomly selected sample of their audits to ensure compliance with Manual 2750 procedures and report findings in AA/RA FY 2015 FMFIA assurance letters to the Administrator. (FY 2015 Management Integrity Program Guidance issued March 9, 2015; FY 2015 assurance letters submitted August 14, 2015)</p>
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## ***Distribution***

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