





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

NOV 26 2014

OFFICE OF
RESEARCH AND DEVELOPMENT

MEMORANDUM

SUBJECT: Response to Recommendation No. 8 from the Office of Inspector General (OIG) Final Report titled, *EPA's Alternative Asbestos Control Method Experiments Lacked Effective Oversight and Threatened Human Health*, Report No. 14-P-0359, dated September 25, 2014

FROM:  Lek G. Kadeli, Acting Assistant Administrator 

TO: Arthur A. Elkins, Jr., Inspector General
Office of Inspector General

We have reviewed the OIG's final report entitled, "EPA's Alternative Asbestos Control Method Experiments Lacked Effective Oversight and Threatened Human Health." The Office of Research and Development (ORD) generally agrees with the findings and recommendations contained in the report. However, ORD differs with the OIG on the most effective corrective action to address recommendation #8, "*Obtain and utilize an automated system to track costs (including full time equivalent hours) allocated to each research project.*" We believe that ORD's proposed corrective action achieves effective oversight of our research projects and takes into account the constraints on ORD as well as Agency resources and system limitations.

Background:

We agree that the ultimate measure of whether an agency has good financial management systems is its ability to routinely provide reliable, useful, and timely financial information, not just at year-end or for financial statements, so that federal leaders will be better positioned to invest resources, reduce costs, and oversee programs. Agency systems' compliance with FMFIA, federal financial management systems requirements, applicable accounting standards, and the U.S. government Standard General Ledger are building blocks to help achieve this goal.¹ EPA's financial systems comply with these federal financial management systems requirements, applicable accounting standards, and the U.S. government Standard General Ledger as noted in the *Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements*, November 17, 2014.²

¹ <http://www.gao.gov/assets/100/92576.pdf>

² <http://www.epa.gov/oig/reports/2014/20141117-15-1-0021.pdf>

Proposed ORD Corrective Action to OIG's Recommendation #8: *ORD agrees with the need to enhance internal controls, including allocations, and has addressed this issue with our response and concurrence with OIG Recommendations #1, #7 and #9. The improved internal process outlined under that response ensures that all ORD research projects are being appropriately tracked and planned to prevent similar incidents related to OIG's findings regarding the AACM studies.*

Since the AACM research was conducted, ORD has made significant changes to the research planning process. This process requires all nationally significant research be captured and includes oversight and input from senior managers and others familiar with the regulatory statutes and legal and policy requirements. Throughout the life cycle of research and development, from planning to product delivery, interactions occur between ORD and its partners at every organizational level, to ensure that the products are relevant, responsive, and timely in support of EPA's mission. EPA is now systematically capturing these research products and output commitments, serving as a metric of efficiency to measure whether a program is producing its intended outputs. ORD has improved the transparency and accountability of our research projects, thus enhancing our internal controls and achieving effective oversight of our research activities.

The use of actual cost data as an effective efficiency measure has limitations as reflected in the final report of the workload benchmarking analysis by Booz Allen³. It noted that no benchmark organizations (CDC, NASA, NSF, and NIH) conduct workload analysis on their scientific research functions due to the level of difficulty and time required to quantify work performed as well as concern that the analysis would not provide meaningful results.

ORD maintains our position that our proposed corrective action achieves effective oversight of our research projects and recognizes the constraints on ORD as well as Agency resources and system limitations.

We would also like to note that the OIG lists the agreed-to completion date for Recommendation #9 as November 30, 2015. However, the correct completion date for Recommendation #9 should be December 31, 2015, per ORD's correspondence with the OIG on September 4, 2014.

cc: Ramona Trovato
Robert Kavlock
Amy Battaglia

³ Workload Benchmarking Study, Page 89, September 2011, Booz Allen Hamilton