



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

OFFICE OF
INSPECTOR GENERAL

December 15, 2022

MEMORANDUM

SUBJECT: Notification of Audit: The EPA Payment Integrity Information Act Reporting for Fiscal Year 2022
Project No. OA-FY23-0041

FROM: Khadija Walker, Director
Business Operations Directorate
Office of Audit

A handwritten signature in blue ink, appearing to read "Khadija Walker", with a long horizontal flourish extending to the right.

TO: Faisal Amin, Chief Financial Officer
Office of the Chief Financial Officer

The Office of Inspector General for the U.S. Environmental Protection Agency plans to begin an audit of the EPA's reporting of improper payments during fiscal year 2022. This audit, which the Payment Integrity Information Act of 2019 requires, is part of the OIG's oversight plan for FY 2023. This audit also addresses the following FY 2023 [top management challenge](#) for the Agency: managing business operations and resources.

The OIG's objectives are to (1) determine whether the EPA complied with the Payment Integrity Information Act of 2019 and related Office of Management and Budget guidance during FY 2022 and (2) determine whether the agency's corrective actions in response to our FY 2021 audit satisfy the recommendations. The OIG plans to conduct work on this audit remotely. Applicable generally accepted government auditing standards will be used in conducting our audit. The anticipated benefit of this audit is to improve compliance with the Payment Integrity Information Act of 2019.

We will contact you to arrange a mutually agreeable time to discuss our objectives. We would also be particularly interested in any areas of concern that you may have. We will answer any of your questions about the audit process, reporting procedures, methods used to gather and analyze data, and what we should expect of each other during the audit. Throughout the audit, we will provide updates on a regular basis.

To expedite our audit, please provide the items listed in the attachment by December 16, 2022. If there are any items that you cannot provide by this date, please respond with the estimated date of delivery and the explanation for the delay.

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. Similarly, EPA Manual 6500, *Functions and Activities of the Office of Inspector General* (1994), requires that each EPA employee cooperate with and fully disclose information to the OIG. Also, Administrator Michael S. Regan, in an April 28, 2021 email message to EPA employees, conveyed his "expectation that EPA

personnel provide OIG timely access to records or other information” and observed that “full cooperation with the OIG is in the best interest of the public we serve.” 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. Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement related to this audit should contact the OIG Hotline at (888) 546-8740 or via an electronic form on the “OIG Hotline” [webpage](#).

Attachment

cc: Janet McCabe, Deputy Administrator
Dan Utech, Chief of Staff, Office of the Administrator
Jon Monger, Associate Deputy Administrator
Wesley J. Carpenter, Deputy Chief of Staff for Management, Office of the Administrator
David Bloom, Deputy Chief Financial Officer
Lek Kadeli, Associate Chief Financial Officer
Meshell Jones-Peeler, Controller
Richard J. Gray, Acting Deputy Controller
Brian Webb, Director, Policy, Training, and Accountability Division, Office of the Controller
Nikki Wood, Chief, Management, Integrity and Accountability Branch; Policy, Training, and Accountability Division, Office of the Controller
Susan Perkins, Agency Follow-Up Coordinator
Andrew LeBlanc, Agency Follow-Up Coordinator
José Kercado, Backup Agency 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
Nicole N. Murley, Acting Deputy Inspector General
Benjamin May, Counsel to the Inspector General
Kellie J. Walker, Chief of Staff, Office of Inspector General
Katherine Trimble, Assistant Inspector General for Audit
Paul H. Bergstrand, Assistant Inspector General for Special Review and Evaluation
Jason Abend, Assistant Inspector General for Investigations
Tom Collick, Deputy Counsel to the Inspector General
Erin Barnes-Weaver, Deputy Assistant Inspector General for Evaluation
Sandra John, Acting Deputy Assistant Inspector General for Audit
Marcus Gullett, Acting Deputy Assistant Inspector General for Audit
James Hatfield, Special Advisor, Office of Audit, Office of Inspector General
Susan Barvenik, Associate Deputy Counsel to the Inspector General
Jennifer Kaplan, Deputy Assistant Inspector General for Congressional and Public Affairs
Lori Hoffman, Congressional and Media Liaison, Office of Inspector General

Requested Information for Payment Integrity Information Act Audit

General

1. List of staff responsible for reporting or consolidating the FY 2022 improper payment and unknown payment information.
2. Identification of any investigations or legal proceedings that are in process and significant to the audit objectives.
3. For those programs which underwent risk assessments in FY 2022 and for which payment streams or programs were reviewed for proper payment compliance, a copy of payment universe and selected samples, as well as the methodology by which the universe was obtained and the samples were selected.
4. Support used to consolidate improper payment and unknown payment totals, such as schedules and system-generated reports.
5. Policy and procedures for retaining, maintaining, and storing all evidence supporting payment compliance and noncompliance termination.
6. Current standard operating procedures regarding unknown payments and improper payment reporting.
7. Review status and conclusions reached for the \$8.15 million in unknown payments reported in the FY 2021 Agency Financial Report.
8. All new policies and procedures adopted for the FY 2022 improper payment review.
9. A schedule of all EPA programs with annual outlay data, and a list of all programs that are included in the ten existing payment streams.
10. Risk methodologies for newly established programs or existing programs that receive funding from appropriations, such as the Bipartisan Infrastructure Law or the Inflation Reduction Act.
11. A list of all programs identified as susceptible to risk under the Office of Management and Budget regulations for Bipartisan Infrastructure Law and Inflation Reduction Act appropriations.