



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

FEB 14 2014

OFFICE OF THE
CHIEF FINANCIAL OFFICER

MEMORANDUM

SUBJECT: Response to Office of Inspector General Audit Report No. 14-1-0039, "Audit of EPA's Fiscal 2013 and 2012 Consolidated Financial Statements," dated December 16, 2013

FROM: Maryann Froehlich
Acting Chief Financial Officer

TO: Arthur A. Elkins, Jr.
Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the subject audit report. Following is a summary of the agency's overall position, along with its position on each of the report recommendations. For those report recommendations with which the agency agrees, we have provided high-level intended corrective actions and estimated completion dates to the extent we can. Several recommended corrective actions have been completed as of this response. Supporting documentation for completed items will be provided upon request.

AGENCY'S OVERALL POSITION

The agency concurs with the 12 recommendations. Below are EPA's intended corrective actions in response to OIG's recommendations.

AGENCY'S RESPONSE TO REPORT RECOMMENDATIONS

Agreements

No.	Recommendation	High-Level Intended Corrective Action(s)	Estimated Completion by Quarter and FY
1	Perform a thorough review of posting models and financial system configurations to ensure the proper accounts are impacted.	Concur. The agency has an established process for regularly reviewing posting models to ensure that the proper accounts are impacted. This year, OFM added an additional review of all JVs that will track which JVs are associated with posting model corrections. This tracking will allow OFM to determine adjustment trends and address any systematic issues. As we	Ongoing activity (9/30/14 for currently identified items)

		review posting models, if we note additional issues, we will expand the scope of our review as deemed necessary. In addition, OFM will also notify the OIG, as soon as practically possible, of the status of updates or changes to posting models.	
2	Perform quarterly analytical reviews of account activity at the transaction level to verify that the activity is reasonable.	Concur. The EPA already performs quarterly reviews at the transactional level.	Complete. (Ongoing quarterly activity)
3	Establish timeframes that property records are to be entered or updated when a new accountable personal property item is received or inventoried, relocated, transferred or no longer in the EPA's custody.	Concur. The Office of Administration and Resources Management will amend the EPA Personal Property Policy and Procedures manual to require posting within 5 days of installation or on-site receipt.	Complete (1/29/14)
4	Determine and resolve the issue of missing personal property records not in agency's official property system.	Concur. 1) Agency property officers are working to identify and update any missing personal property records in the official property system. 2) In addition, EPA Property guidance will be revised to ensure all future reconciliations occur by September 1.	Complete. 1) Updates of property records (ongoing activity) 2) Guidance revision (1/29/14)
5	Verify capital assets are updated in Maximo (including new equipment, surplus and no longer in the EPA's custody).	Concur. Updates of capital asset records are required per the Agency Personal Property Policy and Procedure Manual (4382).	Complete. (Ongoing quarterly activity)
6	Hold a Board of Survey to address missing items.	Concur. 1) A Board of Survey has been identified to address missing items. 2) A report is anticipated by late January 2014. The Agency Personal Property Policy and Procedure Manual will be updated to require BOS reports	Complete. 1) BOS re-established (10/31/13) 2) Manual updates (1/29/14)

		by September 15.	
7	Require the Director, Office of Technology Solutions to work with CGI to correct the FD01 model posting error.	Concur. The FD01 posting model was reviewed by OCFO and the appropriate changes were made to reflect the proper GL accounts. In addition, there was a user error in that the FD01 code was erroneously used. Using FD01 was the process used in the agency's former accounting system. The user should have used the "Fixed Asset Transfer" (FT) document type for this type of transaction, which moves software in development status to production. This is the annual process for software capitalization. To help mitigate the risk of this type of incorrect posting in the future, OFM established a relationship edit for the FT transaction type to ensure the asset is capitalized. OFM will ensure the user is given refresher training for processing these types of transactions.	Complete (2/6/14)
8	Conduct reviews of the access control lists for all agency financial applications under their responsibility to ensure they are up-to-date and reflect the current necessary system privileges of personnel.	Concur. The Office of Environmental Information/ Office of Technology Operations and Planning will conduct the review of access control lists for financial applications under OTOP/National Computer Center's purview.	Complete (1/15/14)
9	Issue a memorandum to personnel responsible for controlling access to financial systems emphasizing the importance of following access control procedures – specifically, periodic access reviews and proper access removal.	Concur. OEI/OTOP will issue a memorandum to responsible personnel regarding adherence to access control procedures.	Complete (1/15/14)

10	Develop a detailed listing of all OCFO information technology assets by IP address, system name and server name. Provide the OCFO staff in charge of receiving and analyzing monthly VM reports with the detailed listing of information technology assets. The detailed listing should include all OCFO information technology assets under OCFO operational control, as well as information technology assets operated on behalf of OCFO within and external to the agency.	Concur. The Office of the Chief Financial Officer will update its detailed inventory of Internet Protocol addresses and system and server names. Information will be provided to appropriate staff.	4/30/14
11	Issue a memorandum to OCFO staff involved in the monthly VM process reiterating the importance of following roles and responsibilities outlined in the VM SOP. Specifically, the memorandum should stress the importance of communicating, to OEI, IP addresses that do not belong to OCFO so they are no longer included in OCFO's monthly reports. The memorandum should also specify timelines when responsible personnel must update the POA&M information in the agency's vulnerability tracking system and report the status of actions taken to OCFO's primary ISO.	Concur. OCFO will issue a memo to the appropriate staff regarding roles and responsibilities related to the Vulnerability Management review process including procedures on handling items that do not belong to OCFO and related timelines.	4/30/14
12	Conduct training for staff in charge of receiving and analyzing monthly VM reports to ensure they are knowledgeable of the agency's remediation process for vulnerabilities.	Concur. OEI will develop training on monthly VM reports and make it available through the agency's enterprise training tool.	9/30/17

CONTACT INFORMATION

If you have any questions regarding this response, please contact Stefan Silzer, Director, Office of Financial Management on (202) 564-5389.

cc: David Bloom
Josh Baylson
Charles Sheehan
Rich Eyermann
Renee Wynn
Stefan Silzer
Jeanne Conklin
Paul Curtis
Raffael Stein
Mel Visnick
Quentin Jones
Robert Hill
Christopher Osborne
Dale Miller
Sherri Anthony
John O'Connor
Istanbul Yusuf
Bridget Shea
John Showman
David Shelby
Anne Mangiafico
Judi Maguire
Meg Hiatt
Wanda Arrington
Art Budelier
Cynthia Poteat
Robert Hairston
Sheila May
Scott Dockum
Barbara Freggens
Sandy Womack
Lorna Washington
Susan Lindenblad
Kyana Bundy-Evans
Janice Kern
Bernie Davis-Ray