



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

JAN - 3 2012

**MEMORANDUM**

**SUBJECT:** Evaluation of Agency Response to OIG Report No. 11-P-0687, *EPA Should Improve Timeliness for Resolving Audits Under Appeal*, September 21, 2011

**TO:** Barbara Bennett  
Chief Financial Officer

Craig E. Hooks  
Assistant Administrator for Administration and Resources Management

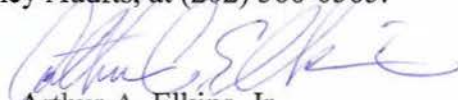
Thank you for submitting your corrective action plan, dated December 19, 2011, for the subject report. This memorandum addresses the extent to which the corrective action plan answers the report recommendations. Your plan is responsive to both recommendations in the report.

In response to recommendation 1, the Chief Financial Officer (CFO) intends to develop resolution procedures for appeals of assistance agreement audits. The plan for those procedures is to address the recipient responsibilities, required communication, and process for timely updating the status of assistance agreement audit appeals in the Agency's Management Audit Tracking System. The CFO plans to include those procedures in the revised Environmental Protection Agency Manual 2750, *EPA's Audit Management Process*, and amend EPA's financial assistance disputes process under Title 40 of the Code of Federal Regulations (CFR), at 40 CFR Part 30, Subpart C, and Part 31, Subpart F.

In response to recommendation 2, the Assistant Administrator for Administration and Resources Management intends to issue a new chapter in the "Assistance Administration Manual" incorporating the audit resolution procedures and reference EPA Manual 2750. Further, the Office of Grants and Debarment internet page will reference EPA Order 5700.6A2, *Policy on Compliance Review and Monitoring*, and show that the *Closeout Policy for Grants and Cooperative Agreements* is "rescinded."

We appreciate your commitment to addressing these recommendations. We will close out the report recommendations in the Office of Inspector General assignment tracking system. However, the Agency should continue to track these corrective actions in the Management Audit Tracking System until completed. If you or your staff have any questions regarding this memo,

please contact Melissa Heist, Assistant Inspector General for Audit, at (202) 566-0899; or Richard Eyermann, Director, Efficiency Audits, at (202) 566-0565.



Arthur A. Elkins, Jr.