



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

Our purpose was to determine whether the U.S. Environmental Protection Agency (EPA) effectively manages funds advanced from federal agencies under interagency agreements (Advance IAs) and federal special accounts (SAs). The objectives of our review were to determine: (a) EPA's policies, procedures, and practices for managing amounts advanced from federal agencies; and (b) the current balances of advances from federal agencies that could potentially be used in lieu of appropriated funds.

Background

EPA receives advance funding from federal sources through Advance IAs and Superfund SAs. Advance IAs and SAs are components of intragovernmental transactions, which occur between EPA and its federal trading partners. Approximately \$60 million in Advance IAs and \$28 million for federal SAs remained outstanding as of September 30, 2009.

For further information, contact our Office of Congressional, Public Affairs and Management at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2010/20100331-10-P-0093.pdf

EPA Should Continue Efforts to Reduce Federal Advances and Federal Special Accounts

What We Found

We found that a \$1.1 million advance from the U.S. Capitol Police remained open because an accounting adjustment had not been completed. The Agency recorded the adjustment in December 2009. In addition, we found three federal SAs that included incorrectly recorded receipts and/or expenditures totaling about \$2.5 million as of February 2009. The Agency corrected \$2 million during the audit in February and April 2009.

EPA issued Superfund Special Account Guidance on July 16, 2002. The guidance provided accounting procedures for recording and tracking special account funds. However, that guidance does not address spending federal versus non-federal special account funds. Without clear guidance, programs expended non-federal funds before federal funds when both SA funds were available. As a result, amounts advanced by other federal agencies remained outstanding after the project was completed and some SA account receipts and/or expenditures remain misclassified. This included \$579,126 in receipts and expenditures for the Johnny Cake Road Farm site being incorrectly recorded as non-federal. Outstanding federal SAs and misclassified SA funds complicate EPA's efforts to reconcile and reduce trading partner differences.

What We Recommend

We recommend that the Office of the Chief Financial Officer record the \$579,126 in SA funds on the Johnny Cake Road Farm site in the correct fund, and request the Office of Solid Waste and Emergency Response and the regional Superfund program offices to verify that special account receipts and expenditures are recorded in the proper fund code. The Agency concurred with our findings and recommendations.