



At a Glance

Catalyst for Improving the Environment

Why We Did This Audit

We performed this audit in accordance with the Government Management Reform Act, which requires the U.S. Environmental Protection Agency (EPA) to prepare, and the Office of Inspector General to audit, the Agency's financial statements each year. Our primary objectives were to determine whether:

- EPA's consolidated financial statements were fairly stated in all material respects.
- EPA's internal controls over financial reporting were in place.
- EPA management complied with applicable laws and regulations.

Background

The requirement for audited financial statements was enacted to help bring about improvements in agencies' financial management practices, systems, and controls so that timely, reliable information is available for managing federal programs.

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/2011/20101115-11-1-0015.pdf

Audit of EPA's Fiscal 2010 and 2009 Consolidated Financial Statements

EPA Receives Unqualified Opinion

We rendered an unqualified opinion on EPA's Consolidated Financial Statements for fiscal 2010 and 2009, meaning that they were fairly presented and free of material misstatement.

Internal Control Significant Deficiencies Noted

We noted the following four significant deficiencies:

- Further improvements are needed in reviewing the Superfund state contract unearned revenue spreadsheets.
- EPA should assess collectability of federal receivables and record allowances for doubtful accounts as needed.
- EPA needs to improve its controls for headquarters personal property.
- EPA needs to properly close the Fund Balance with Treasury when cancelling treasury symbols.

Noncompliance With Laws and Regulations Noted

We noted one noncompliance issue involving EPA's need to continue efforts to reconcile intragovernmental transactions.

Agency Comments and Office of Inspector General Evaluation

In a memorandum received on November 9, 2010, from the Chief Financial Officer, the Agency generally concurred with the issues raised and indicated it will take corrective actions. The Agency did not concur with two of our draft report recommendations. We have modified these recommendations to reflect information provided by the Chief Financial Officer in response to the draft report. The Agency's full response is included in Appendix II, and our analysis of the Agency's response is included in the body of the report.