



At a Glance

Why We Did This Review

The purpose of this audit was to determine whether the U.S. Environmental Protection Agency (EPA) effectively managed the implementation of Compass so that there is a clear cutoff between transactions entered in the Integrated Financial Management System (IFMS) and Compass Financials (Compass). We also sought to determine whether EPA properly migrated financial data to Compass from IFMS.

Background

In October 2011, the EPA's Office of the Chief Financial Officer replaced IFMS with Compass—a new system. All relevant reference and general ledger (GL) data were to be migrated to Compass from IFMS. The conversion and migration strategies included the conversion of the ending balances from IFMS identified during the annual closing into the beginning Compass balances for fiscal year (FY) 2012.

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

The full report is at:
www.epa.gov/oig/reports/2012/20120709-12-P-0559.pdf

EPA Did Not Properly Migrate General Ledger Balances to Compass From the Integrated Financial Management System

What We Found

EPA did not properly migrate GL balances to Compass from IFMS. We found differences in certain FY 2012 beginning balances, abnormal balances, and Agency adjustments to beginning balances. The Federal Managers' Financial Integrity Act requires agencies to provide reasonable assurance that accounts are properly recorded and accounted for to ensure reliability of financial reporting. The errors we found are indicators of internal control and oversight weaknesses in the migration of balances.

The Agency stated that the differences were due to the mapping for vendor code information, trading partner designations, and corrections to budget entries. These errors occurred because EPA did not properly review and populate vendor-type information and ensure proper oversight of the migration plan. The Agency did not provide detailed support for the beginning balances, the abnormal balances, or the adjustments to beginning balances, so we could not fully determine the nature of the errors.

Because of the GL account differences and the lack of supporting details, EPA cannot ensure the reliability of the FY 2012 balances used to generate the financial statements. Without this reliance and proper support for balances, we may not be able to render an unqualified opinion when we audit the FY 2012 financial statements.

Recommendations/Agency Corrective Actions

We recommend that the Chief Financial Officer determine whether the supporting data elements in the beginning balances of the GL account and treasury symbol were properly migrated to Compass from IFMS; adjust the GL accounts with abnormal balances to include accurate activity and reflect the proper balances; and correct the GL Crosswalk and provide the details to the EPA Office of Inspector General.

We informed the Agency of issues identified in this report. The Agency stated it has taken corrective actions and will provide supporting documentation. We will assess the Agency's corrective actions during the FY 2012 financial statement audit.