



# 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/2010/20091116-10-1-0029.pdf](http://www.epa.gov/oig/reports/2010/20091116-10-1-0029.pdf)

## **Audit of EPA's Fiscal 2009 and 2008 (Restated) Consolidated Financial Statements**

### **EPA Receives an Unqualified Opinion**

We rendered an unqualified opinion on EPA's Consolidated Financial Statements for fiscal 2009 and 2008 (restated), meaning that they were fairly presented and free of material misstatement.

### **Internal Control Material Weakness, Significant Deficiencies Noted**

We noted the following three material weaknesses:

- EPA understated accounts receivable for fiscal 2008.
- EPA understated unearned revenue.
- Improvement is needed in billing costs and reconciling unearned revenue for Superfund State Contract costs.

We also noted the following eight significant deficiencies:

- EPA misstated uncollectible debt and other related accounts.
- EPA needs to improve billing and accounting for accounts receivable.
- Headquarters property items were not inventoried.
- EPA should improve its financial statement preparation process.
- Unneeded funds were not deobligated timely.
- Improvement is needed in managing data system's user accounts.
- Las Vegas Finance Center needs improved physical access controls.
- Customer Technology Solutions equipment needs improved planning.

### **Noncompliance With Laws and Regulations Noted**

We noted one noncompliance issue, involving EPA's need to continue efforts to reconcile intra-governmental transactions.

### **Agency Comments and Office of Inspector General Evaluation**

In a memorandum dated November 12, 2009, from the Chief Financial Officer, the Agency recognized the issues raised and indicated it will take corrective actions.