



# At a Glance

## Why We Did This Review

The Pesticide Registration Improvement Act (PRIA) requires that we perform an annual audit of the Pesticide Registration Fund (known as the PRIA Fund) financial statements.

To expedite the registration of certain pesticides, Congress authorized the U.S. Environmental Protection Agency (EPA) to assess and collect pesticide registration fees. The fees collected are deposited into the PRIA Fund. The agency is required to prepare financial statements that present financial information about the PRIA Fund. PRIA also requires the establishment of decision time review periods for pesticide registration actions, and requires the Office of Inspector General to perform an analysis of the agency's compliance with those review periods.

**This report addresses the following EPA goal or cross-agency strategy:**

- *Embracing EPA as a high-performing organization.*

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## ***Fiscal Years 2014 and 2013 Financial Statements for the Pesticide Registration Fund***

### **Disclaimer of Opinion**

We rendered a disclaimer of opinion on the PRIA Fund financial statements for fiscal year (FY) 2014, meaning that we were unable to obtain sufficient evidence to determine if they were fairly presented and free of material misstatement. We had previously rendered an unmodified, or clean, opinion on the EPA's PRIA Fund financial statements for FY 2013, meaning they were fairly presented and free of material misstatement.

**Due to the material weakness in internal controls noted, the agency cannot provide reasonable assurance that financial data provided for the PRIA Fund for FY 2014 accurately reflect the agency's financial activities and balances.**

### **Internal Control Material Weakness Noted**

We noted a material weakness in that the EPA cannot adequately support \$28 million of its FY 2014 PRIA Fund costs. The EPA's Office of Pesticide Programs receives its funding from both fees paid by pesticide manufacturers and amounts appropriated by the Congress. In FY 2014, the EPA allocated its pesticide funding to use appropriated amounts, which would expire, and retained funding received from fees. Therefore, significant payroll amounts paid from appropriations were not charged directly to the PRIA Fund or other pesticide programs. This resulted in the loss of the audit trail for reporting separate costs and liabilities for the PRIA Fund and other pesticide programs.

### **Compliance With Applicable Laws and Regulations**

We did not identify any instances of noncompliance that would result in a material misstatement to the audited financial statements. For compliance with decision time review periods, the agency was in substantial compliance with the statutory decision time frames.

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

The agency agreed with our finding and believes that the PeoplePlus payroll cost allocation enhancement will allow for the creation of an audit trail to capture costs incurred by the PRIA Fund and by other appropriations that support PRIA-related activities. The agency plans to go live with this new enhancement by October 2017.