



# At a Glance

## Why We Did This Review

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

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

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

## This report addresses the following:

- *Operating efficiently and effectively.*

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## EPA's Fiscal Years 2017 and 2016 Consolidated Financial Statements

### EPA Receives an Unmodified Opinion

We rendered an unmodified opinion on the EPA's consolidated financial statements for fiscal years 2017 and 2016, meaning they were fairly presented and free of material misstatement.

**We found the EPA's financial statements to be fairly presented and free of material misstatement.**

### Internal Control Material Weaknesses and Significant Deficiencies Noted

We noted the following material weaknesses:

- The EPA's accounting for software continues to be a material weakness.
- The EPA incorrectly recorded unearned revenue for Superfund special accounts and did not reconcile unearned revenue for those accounts.

We noted the following significant deficiencies:

- Additional efforts are needed to resolve the EPA's cash difference with the U.S. Treasury.
- The EPA needs to appoint a Project Manager to oversee the management of Compass Financials, which is the agency's accounting system, and to improve acquisition planning.

### Compliance With Laws and Regulations

We did not note any significant noncompliance with laws and regulations.

### Recommendations and Planned Agency Corrective Actions

The EPA agreed with our findings and recommendation and expects to complete the corrective action in fiscal year 2018.