



# At a Glance

## Why We Did This Review

We performed this audit in accordance with the Government Management Reform Act of 1994, which requires the U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) 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, regulations, contracts and grant agreements.

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.*

Send all inquiries to our public affairs office at (202) 566-2391 or [www.epa.gov/oig](http://www.epa.gov/oig).

Listing of [OIG reports](#).

## EPA's Fiscal Years 2018 and 2017 Consolidated Financial Statements

### EPA Receives an Unmodified Opinion

We rendered an unmodified opinion on the EPA's consolidated financial statements for fiscal years 2018 and 2017, 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 Weakness and Significant Deficiencies Noted

We noted the following material weakness:

- The EPA's accounting for unearned revenue for Superfund special accounts continues to be a material weakness.

We noted the following significant deficiencies:

- Additional efforts are needed to resolve cash differences with the U.S. Department of the Treasury.
- The EPA misstated uncollectible debt.
- The EPA improperly increased accounts receivable and related revenue.
- The EPA materially overstated earned revenue.
- The EPA improperly processed General Services Administration rent payments.
- The EPA should restrict access to computer rooms with financial and mixed-financial systems.
- The EPA needs to perform a documented evaluation on upgrading equipment used to implement physical environmental controls at the National Computer Center.

### 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 Recommendations 1 through 9 of our report and has either implemented corrective actions or provided an estimated time frame for completion. The agency disagreed with Recommendations 10 through 15, citing the need for clarifying information. EPA management set up a November 26, 2018, meeting with the OIG to discuss these findings. We consider Recommendations 10 through 15 unresolved pending the agency's response to the final report.