



At a Glance

Why We Did This Audit

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.*

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EPA's Fiscal Years 2019 and 2018 (Restated) Consolidated Financial Statements

EPA Receives an Unmodified Opinion for FY 2019 and 2018

We rendered an unmodified opinion on the EPA's consolidated financial statements for fiscal years 2019 and 2018 (restated), 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 needs to improve its financial statement preparation process.

We noted the following significant deficiencies:

- The EPA improperly recorded e-Manifest receivables and earned revenue.
- The EPA misclassified e-Manifest user fee revenue.
- The EPA understated its contract accrued liabilities.
- The EPA needs to improve the process to disable user accounts for financial and mixed financial systems.
- The EPA's Office of the Chief Financial Officer needs to protect personally identifiable information on its server used to transfer data with vendors.

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 all 17 recommendations and has either completed corrective actions or provided an estimated time frame for completion.