



At a Glance

Audit of the EPA's Fiscal Years 2023 and 2022 (Restated) Consolidated Financial Statements

Why We Did This Audit

To accomplish this objective:

We performed this audit in accordance with the Government Management Reform Act of 1994, which requires the U.S. Environmental Protection Agency 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:

- Financial statements were fairly stated in all material respects in accordance with generally accepted accounting principles.
- Internal control over financial reporting was in place.
- Management complied with applicable laws, regulations, contracts, and grant agreements.

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

To support this EPA mission-related effort:

- *Operating efficiently and effectively.*

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The EPA Receives an Unmodified Opinion for Fiscal Years 2023 and 2022 (Restated)

We rendered an unmodified opinion on the EPA's consolidated financial statements for fiscal years 2023 and 2022 (restated), meaning that 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.

Significant Deficiencies Noted

We noted the following significant deficiencies:

- The EPA did not provide accurate information for its revenue accruals.
- The EPA did not deobligate unneeded funds in a timely manner.
- The EPA operated under an expired Interconnection Security Agreement and Memorandum of Agreement, which could hamper invoice processing.
- The EPA did not review user accounts for EPA contracting personnel every 60 days, as required by its information security procedure.

Compliance with Applicable Laws, Regulations, Contracts, and Grant Agreements

We did not note any significant noncompliance with laws, regulations, contracts, and grant agreements.

Recommendations and Planned Agency Corrective Actions

We make seven recommendations to the EPA, including that the chief financial officer instruct the regions to take action to correct the accrual and to provide information on a quarterly basis, develop and implement plans to deobligate unneeded funds in a timely manner and to ensure that future Interconnection Security Agreement and Memorandum of Agreement documents are reauthorized before the current agreements expire, and determine how to review user accounts in compliance with the EPA's information security procedure. We also recommend that the Great Lakes National Program Office review accrual information to ensure its accuracy. The EPA agreed with all seven recommendations, completed corrective actions in response to one, and provided acceptable planned corrective actions and estimated milestone dates for the others.