



Office of Inspector General U.S. Environmental Protection Agency **At a Glance**

22-F-0007
November 15, 2021

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 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, regulations, contracts, and grant agreements.

This 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 audit supports an EPA mission-related effort:

- *Operating efficiently and effectively.*

This audit addresses a top EPA management challenge:

- *Fulfilling mandated reporting requirements.*

Address inquiries to our public affairs office at (202) 566-2391 or OIG_WEBCOMMENTS@epa.gov.

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EPA's Fiscal Years 2021 and 2020 (Restated) Consolidated Financial Statements

EPA Receives an Unmodified Opinion for Fiscal Years 2021 and 2020 (Restated)

We rendered an unmodified opinion on the EPA's consolidated financial statements for fiscal years 2021 and 2020 (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.

Significant Deficiencies Noted

We noted the following significant deficiencies:

- The EPA did not reconcile cash differences with the U.S. Department of the Treasury.
- The EPA did not recognize revenue for the Water Infrastructure Finance and Innovation Act of 2014 fee fund expenses.
- Accounts receivable source documentation was not provided in a timely manner by EPA regions.
- The Office of the Chief Financial Officer needs to conduct periodic reviews of users' accounts within the EPA's Contract Payment System.

Noncompliance with Laws, Regulations, Contracts, and Grant Agreements Noted

We noted the following instance of noncompliance with laws and regulations: the EPA did not comply with Office of Management and Budget Circular A-136 form and content requirements for the balance sheet.

Recommendations and Planned Agency Corrective Actions

The EPA generally agreed with our findings and recommendations but disagreed with some findings. The EPA has already completed corrective actions on several of our findings, and some corrective actions are ongoing.