



At a Glance

Why We Did This Review

The Food Quality Protection Act requires that we perform an annual audit of the Pesticide Reregistration and Expedited Processing Fund (known as the FIFRA Fund) financial statements.

The U.S. Environmental Protection Agency (EPA) is responsible for reassessing the safety of older pesticide registrations against modern health and environmental testing standards. To expedite this reregistration process, Congress authorized the EPA to collect fees from pesticide manufacturers. The fees are deposited into the FIFRA Fund. Each year, the agency prepares financial statements that present financial information about the fund, along with information about the EPA's progress in reregistering pesticides.

This report addresses the following EPA theme:

- *Embracing EPA as a high performance organization.*

For further information, contact our public affairs office at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2014/20131217-14-1-0041.pdf

Fiscal Years 2012 and 2011 (Restated) Financial Statements for the Pesticides Reregistration and Expedited Processing Fund

EPA Receives an Unqualified Opinion

We rendered an unqualified, or clean, opinion on the EPA's Pesticides Reregistration and Expedited Processing Fund financial statements for fiscal years (FYs) 2012 and 2011 (restated), meaning they are fairly presented and free of material misstatement.

Internal Control Material Weaknesses Noted

We noted two material weaknesses in internal controls.

- EPA materially overstated the expenses from other appropriations that support the FIFRA fund. This occurred because the agency does not have an effective system to accurately accumulate and report costs incurred by other appropriations in support of FIFRA Fund activities. This overstatement resulted in a material overstatement of the total costs of the FIFRA Fund by \$19.6 million in FY 2012 and \$4.8 million in FY 2011.
- EPA materially understated the FIFRA fund payroll liabilities covered by budgetary resources as well as related payroll expense included in gross costs. The agency's practice of transferring employees and related expenses and liabilities from FIFRA to the Environmental Programs and Management Fund for cash flow reasons led to the understatement. The FY 2011 payroll liabilities covered by budgetary resources for FIFRA was \$1,713,000, while the FY 2012 payroll liabilities covered by budgetary resources was zero.

The agency corrected material misstatements due to weaknesses in internal controls we identified.

Compliance With Applicable Laws and Regulations

The agency was in compliance with applicable laws and regulations.

Recommendations and Planned Agency Corrective Actions

The agency agreed with our findings and our recommendations. The agency corrected the financial statements to reflect the proper expenses paid by other appropriations and to reflect the proper payroll liability amounts. The agency will also develop a process to ensure accurate allocations of expenses from other appropriations and carefully review and comment on the draft and final versions of the FIFRA financial statements prior to their submission to the Office of Inspector General. The agency will also closely monitor the payroll liability amounts.