



# At a Glance

## Why We Did This Review

The Pesticide Registration Improvement Act (PRIA) requires that we perform an annual audit of the Pesticide Registration Fund (known as the PRIA Fund) financial statements.

## Background

To expedite the registration of certain pesticides, Congress authorized the U.S. Environmental Protection Agency (EPA) to assess and collect pesticide registration fees. The fees collected are deposited into the PRIA Fund. The Agency is required to prepare financial statements that present financial information about the PRIA Fund. PRIA also requires the establishment of decision time review periods for pesticide registration actions, and requires the Office of Inspector General to perform an analysis of the Agency's compliance with those review periods.

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:  
[www.epa.gov/oig/reports/2012/20120606-12-1-0522.pdf](http://www.epa.gov/oig/reports/2012/20120606-12-1-0522.pdf)

## ***Fiscal Years 2011 and 2010 Financial Statements for the Pesticide Registration Fund***

### **Opinion**

We rendered an unqualified, or clean, opinion on EPA's Pesticide Registration Fund financial statements for fiscal years 2011 and 2010, meaning that they were fairly presented and free of material misstatement.

### **Internal Control Material Weakness Noted**

We noted one material weakness in internal controls. EPA materially understated the PRIA payroll and benefits payable and related payroll expenses included in fiscal year 2011 gross costs. The Agency's practice of transferring employees and expenses and liabilities from PRIA to the Environmental Programs and Management Fund for cash flow reasons led to the understatement. The transfer removed the base upon which the leave accrual and benefits payable amounts are calculated. The fiscal year 2010 accruals for PRIA were \$239,000 while the fiscal year 2011 accruals were \$8,000. Understatements could impact the opinion on the financial statements and reliance on reported PRIA financial information.

### **Internal Control Significant Deficiency Noted**

We noted one significant deficiency in internal controls. EPA did not record accounts receivable for a PRIA fee until the payments were 18 months overdue. During our fiscal year 2011 allowance for doubtful accounts review, we found a PRIA receivable for which the finance center was unable to record an allowance because there was no accounting model for a PRIA allowance for doubtful accounts.

### **Compliance with Decision Time Review Periods**

The Agency was in compliance with the statutory decision time frames.

### **Planned Agency Corrective Actions**

The Agency agreed with our findings and recommendations. The Agency corrected the payroll and benefit payable amounts and indicated it will monitor the PRIA benefit accrual at year-end. The Agency will develop policies and procedures for PRIA accounts receivables and has established general ledger posting models for PRIA allowances. The Agency's complete response is in appendix B to this report. We agree with the Agency's corrective actions.