



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

Quick Reaction Report:

EPA Did Not Properly Migrate General Ledger Balances to Compass From the Integrated Financial Management System

Report No. 12-P-0559

July 9, 2012



Scan this mobile code
to learn more about
the EPA OIG.

Report Contributors:

Paul Curtis
Meg Hiatt
Arthur Budelier
Gloria Taylor-Upshaw
Catherine Allen
Kelly Bonnette
Robert Hairston
Carol Kwok
Mairim Lopez
Claire McWilliams
Demetrios Papakonstantinou
Denise Patten
Robert Smith
Wendy Swan
Lynda Taylor

Abbreviations

EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GL	General Ledger
IFMS	Integrated Financial Management System
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget

Hotline

To report fraud, waste, or abuse, contact us through one of the following methods:

e-mail: OIG_Hotline@epa.gov
phone: 1-888-546-8740
fax: 202-566-2599
online: <http://www.epa.gov/oig/hotline.htm>

write: EPA Inspector General Hotline
1200 Pennsylvania Avenue NW
Mailcode 2431T
Washington, DC 20460



At a Glance

Why We Did This Review

The purpose of this audit was to determine whether the U.S. Environmental Protection Agency (EPA) effectively managed the implementation of Compass so that there is a clear cutoff between transactions entered in the Integrated Financial Management System (IFMS) and Compass Financials (Compass). We also sought to determine whether EPA properly migrated financial data to Compass from IFMS.

Background

In October 2011, the EPA's Office of the Chief Financial Officer replaced IFMS with Compass—a new system. All relevant reference and general ledger (GL) data were to be migrated to Compass from IFMS. The conversion and migration strategies included the conversion of the ending balances from IFMS identified during the annual closing into the beginning Compass balances for fiscal year (FY) 2012.

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/2012/20120709-12-P-0559.pdf

EPA Did Not Properly Migrate General Ledger Balances to Compass From the Integrated Financial Management System

What We Found

EPA did not properly migrate GL balances to Compass from IFMS. We found differences in certain FY 2012 beginning balances, abnormal balances, and Agency adjustments to beginning balances. The Federal Managers' Financial Integrity Act requires agencies to provide reasonable assurance that accounts are properly recorded and accounted for to ensure reliability of financial reporting. The errors we found are indicators of internal control and oversight weaknesses in the migration of balances.

The Agency stated that the differences were due to the mapping for vendor code information, trading partner designations, and corrections to budget entries. These errors occurred because EPA did not properly review and populate vendor-type information and ensure proper oversight of the migration plan. The Agency did not provide detailed support for the beginning balances, the abnormal balances, or the adjustments to beginning balances, so we could not fully determine the nature of the errors.

Because of the GL account differences and the lack of supporting details, EPA cannot ensure the reliability of the FY 2012 balances used to generate the financial statements. Without this reliance and proper support for balances, we may not be able to render an unqualified opinion when we audit the FY 2012 financial statements.

Recommendations/Agency Corrective Actions

We recommend that the Chief Financial Officer determine whether the supporting data elements in the beginning balances of the GL account and treasury symbol were properly migrated to Compass from IFMS; adjust the GL accounts with abnormal balances to include accurate activity and reflect the proper balances; and correct the GL Crosswalk and provide the details to the EPA Office of Inspector General.

We informed the Agency of issues identified in this report. The Agency stated it has taken corrective actions and will provide supporting documentation. We will assess the Agency's corrective actions during the FY 2012 financial statement audit.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

July 9, 2012

MEMORANDUM

SUBJECT: EPA Did Not Properly Migrate General Ledger Balances to
Compass From the Integrated Financial Management System
Report No. 12-P-0559

FROM: Arthur A. Elkins, Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins, Jr.", is written over the printed name.

TO: Barbara J. Bennett
Chief Financial Officer

This is a quick reaction report on our review of the Fiscal Year 2012 General Ledger beginning balances in Compass conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains time critical issues needing your attention. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

Action Required

In accordance with EPA Manual 2750, please provide a written response to this report within 30 calendar days. You should include a corrective action plan for agreed-upon actions, including milestone dates. Your response will be posted on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal. We have no objections to the further release of this report to the public. We will post this report to our website at <http://www.epa.gov/oig/>.

If you or your staff have any questions regarding this report, please contact Melissa Heist, Assistant Inspector General for Audit, at (202) 566-0899 [or heist.melissa@epa.gov](mailto:heist.melissa@epa.gov); or Paul Curtis, Product Line Director for Financial Statement Audits, at (202) 566-2523 or curtis.paul@epa.gov.

Table of Contents

Purpose	1
Background	1
Scope and Methodology	2
Results of Review	3
Criteria.....	3
Differences Between FY 2011 Ending Balances and FY 2012 Beginning Balances.....	5
Differences Between FY 2011 Ending Balances and FY 2012 Beginning Balances at the Treasury Symbol Level.....	5
Abnormal Balances	6
Beginning Balance Adjustments.....	6
General Ledger Crosswalk Errors	7
Conclusion	7
Recommendations	8
Agency Corrective Actions	8
Status of Recommendations and Potential Monetary Benefits	9

Appendices

A Details on Scope and Methodology	10
B Differences Between FY 2011 Ending Balances and FY 2012 Beginning Balances	12
C Differences Between FY 2011 Ending Balances and FY 2012 Beginning Balances at the Treasury Symbol Level	14
D Abnormal Beginning Balances in Compass	21
E Beginning Balance Adjustments Due to Migration, Mapping Errors, and Budget Corrections	22
F General Ledger Crosswalk Errors	23
G Effect on Audit of Data Requests Not Received	24
H Distribution	25

Purpose

The purpose of this audit was to determine whether the U.S. Environmental Protection Agency (EPA):

- Effectively managed the implementation of Compass so there is a clear cutoff between transactions entered in the Integrated Financial Management System (IFMS) and Compass.
- Properly migrated financial data to Compass from IFMS so that the beginning balances and details of those balances are properly stated in the new system.

Background

In October 2011, EPA's Office of the Chief Financial Officer (OCFO) replaced IFMS with a new system—Compass Financials (Compass). EPA's data migration activities were critical to the implementation of the Compass system. EPA, in conjunction with its contractor, converted and migrated the data to the new Compass financial management system.

The objectives of Compass are to:

1. Achieve or enhance process improvements and cost savings in the acquisition, development, implementation, and operation of financial management systems through shared services, joint procurements, consolidation, and other means.
2. Provide for standardization of business processes and data elements.
3. Promote seamless data exchange between and among federal agencies.
4. Strengthen internal controls through real-time interoperability of core financial and subsidiary systems.

OCFO's Office of Technology Solutions managed the conversion and migration strategies that define the scope of the transactions that were converted. All relevant reference and general ledger (GL) data were to be migrated. The GL is a collection of the group of accounts that supports items shown in the major financial statements. The conversion and migration strategies included the conversion of the ending balances from IFMS identified during the annual closing into the beginning Compass balances for fiscal year (FY) 2012.

EPA's IFMS GL Migration Design and Migration Strategy documents describe the conversion of the GL beginning balances to Compass from IFMS as part of EPA's financial system modernization project. The documents contain the objectives, assumptions, and controls for EPA's GL account balance conversion and financial migration effort. Prior to performing the conversion, the IFMS data needed to be crosswalked via the Crosswalk Engine so the fiscal strip elements

and GL accounts were in the same format as the data converted. The migration strategy included a step to reconcile the FY 2011 financial data converted via journal voucher documents back to IFMS. The beginning balance reconciliation was designed to compare dollar amount fields as well as the GL account and accounting strip (e.g., beginning budget fiscal year, ending budget fiscal year, fund code). This also includes non-accounting strip data such as vendor and projects. Any discrepancies found between the two extractions were to be documented. The details of the beginning balance reconciliation process would also be documented as part of the conversion reconciliation design.

The contractor developed the migration processing model or mapping for each conversion component. GL data was the final component of the migration process. In this process, the contractor converted the beginning balances for FY 2012 from IFMS to Compass by the creation of journal vouchers. All reference data (e.g., vendor code, fund code, etc.) were converted prior to the execution of the beginning balance conversion. The migration mapping included the use of vendor codes for the conversion of the beginning balance records. EPA used generic vendor codes (one generic vendor code for federal and one for nonfederal) for records where the vendor-type value was missing at the time of production.

The migration design provided the following assumptions and steps to be completed:

- EPA is in the process of cleaning up the beginning balance records in IFMS to populate the vendor-type value when it is missing.
- EPA is in the process of cleaning up the beginning balance records in IFMS to populate the trading partner value when it is missing.
- EPA will provide an accurate GL account crosswalk and vendor-type/Federal Agencies' Centralized Trial-Balance System Department Identification crosswalk in a timely manner, consistent with the migration schedule.
- The GL conversion process will include a reconciliation of the converted beginning balance data to IFMS ending balance data.

Scope and Methodology

We conducted our audit from December 8, 2011, to July 9, 2012, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives. This information and results in this report are based on data and information received by March 23, 2012. Corrective actions taken by the Agency after that date are not included in this report. We will assess the corrective actions taken during the FY 2012 financial statement audit.

We compared FY 2011 adjusted ending balances in IFMS to the FY 2012 beginning balances in Compass to determine if they agreed. We reviewed FY 2012 beginning balances to identify abnormal beginning balances. We reviewed the GL crosswalk to determine if it was reasonable. We reviewed EPA policies and guidance. We reviewed documents for the GL accounts as well as EPA's Compass financial management system. We also interviewed personnel from the Las Vegas Finance Center, Cincinnati Finance Center, Research Triangle Park Finance Center, Office of Financial Management, and Office of Technology Solutions regarding the migration of account balances to Compass from IFMS. Appendix A contains further details on our scope and methodology.

Results of Review

GL balances did not properly migrate to Compass from IFMS. We found differences between 46 FY 2012 Compass beginning balances and FY 2011 IFMS ending balances. We found 17 accounts that had abnormal balances. An account balance is abnormal when it does not match the normal debit or credit balance associated with that account. We found that EPA adjusted beginning balances in 17 accounts.

The Federal Managers' Financial Integrity Act, Section 2, requires agencies to establish accounting and administrative controls to provide reasonable assurances that the agency's operations are properly recorded and accounted for to ensure reliability of financial reporting. The errors we found are indicators of internal control weaknesses and oversight weaknesses in the migration of balances. We asked EPA for detailed support for the beginning balances, and explanations for the differences, adjustments to beginning balances, and abnormal balances. The Agency did not provide the detailed support. Therefore, we could not fully determine the nature of the errors. The Agency stated that the differences in account balances, the adjustments to beginning balances, and abnormal balances were due to issues with the mapping for vendor code information, trading partner designations, and corrections to budget entries.

These errors and lack of supporting documentation are evidence of material control weaknesses and inadequate oversight. Such errors and lack of supporting details indicate EPA cannot provide reasonable assurances the FY 2012 balances are properly recorded and ensure the reliability of the financial statements. Without this reliance and proper support for the balances, we may not be able to render an unqualified opinion when we audit the FY 2012 financial statements.

Criteria

We reviewed laws and regulations, federal guidance, and EPA financial policies associated with EPA's financial migration, including the Federal Managers' Financial Integrity Act; the U.S. Government Accountability Office's (GAO's) *Standards on Internal Controls in the Federal Government*; OMB Circulars; and

EPA policies and guidance, such as Resources Management Directives System 2540-20, *Financial Management Systems and Interfaces*.

- The Federal Managers' Financial Integrity Act of 1982, Section 2, states:

To ensure compliance with the requirements ... internal accounting and administrative controls of each executive agency shall be established in accordance with standards prescribed by the Comptroller General, and shall provide reasonable assurances that –

- (i) obligations and costs are in compliance with applicable law;
- (ii) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- (iii) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

- GAO's *Standard for Internal Control in the Federal Government* states:

The control activities should be effective and efficient in accomplishing the agency's control objectives. Control activities occur at all levels and functions of the entity.

- OMB Circular A-123, *Management's Responsibility for Internal Control*, states:

Periodic reviews, reconciliations or comparisons of data should be included as part of the regular assigned duties of personnel. Periodic assessments should be integrated as part of management's continuous monitoring of internal control.

- EPA's Resources Management Directives System 2540-20, *Financial Management Systems and Interfaces*, Section II.A, states:

All accounting transactions and interfaces will be processed, reconciled, and resolved in accordance with the guidance set forth by OMB.

The policy also states that:

All financial accounting transactions and events, budget execution related and proprietary, must be fed or input into EPA's IFMS or its replacement.

The aforementioned laws and federal and Agency guidance require the Agency to have internal accounting and administrative controls and continuously monitor their effectiveness. The errors we found and that are listed below indicate the existing controls are either not effective or are otherwise inadequate to prevent or detect errors.

Differences Between FY 2011 Ending Balances and FY 2012 Beginning Balances

EPA did not properly migrate financial data to Compass from IFMS at the EPA GL account level. We identified differences in 46 GL accounts. These differences indicate that IFMS did not migrate properly to Compass and may be an indication of potential errors at the transaction level and, ultimately, in the FY 2012 ending balances. Upon request, the Agency provided explanations for the differences in GL account balances, but did not provide detailed support for the differences or the beginning balances. Therefore, we cannot determine whether the beginning balances are accurate. The Agency stated:

Beginning balances were loaded into Compass based on the vendor code information from IFMS. If the vendor code was not included on a transaction posted to a federal GL account in IFMS, the amount was loaded into a non-federal account in Compass.

Although the Agency was aware that the migration was vendor driven, the vendor-type errors demonstrate that it did not perform a verification process of all vendor-type entries on the transactions posted in IFMS before the migration/conversion, which is an illustration of internal control and oversight weaknesses in the migration of balances. Because of the internal control weaknesses, material changes in balances, and lack of detailed support, we cannot rely on the Compass beginning balances. See appendix B for differences between the FY 2011 ending balances and the FY 2012 beginning balances.

Differences Between FY 2011 Ending Balances and FY 2012 Beginning Balances at the Treasury Symbol Level

EPA did not properly migrate financial data to Compass from IFMS at the treasury symbol level. Using the data noted above, we compared the IFMS GL account balances to the Compass balances at the treasury symbol level. We identified 201 differences in GL account balances by treasury symbol. Differences in balances at the treasury symbol level indicate that financial data

may not be accurate and reliable for reporting and decision making purposes. See appendix C for differences identified in GL accounts by treasury symbol.

Abnormal Balances

We identified abnormal beginning balances in 17 GL accounts. An account balance is abnormal when it does not match the normal debit or credit balance associated with that account. For example, a credit balance in an expense account that normally has a debit balance would be abnormal. A debit balance in a liability account that normally has a credit balance would be abnormal. The Agency stated that it performed reconciliations at the U.S. Government Standard General Ledger level. Had EPA performed reconciliations at the EPA GL level, it would have identified the abnormal balances. The Agency further stated:

The remaining GL abnormal balances were due to the inaccurate migration of IFMS data to Compass because Compass beginning balances were loaded based on vendor code information from IFMS. If the vendor code was not included on a transaction posted to a federal GL account in IFMS, the amount was loaded into a non-federal account in Compass.

Abnormal balances resulting from migration errors indicate account balances are not recorded properly, and internal controls did not function properly and were inadequate. Further, this demonstrates that EPA did not do a reconciliation of beginning balance migrated data. If not corrected, the balances for the end of FY 2012 could be materially misstated. See appendix D for accounts with abnormal balances.

Beginning Balance Adjustments

We identified 17 accounts in which the beginning balances were adjusted because of migration errors, mapping errors, and budget corrections. We requested explanations and support for the adjustments to beginning balances. The Agency stated:

The Compass conversion program transferred the trading partner “00” balances to the federal accounts and the blank trading partner balances to non-federal accounts in most cases. To ensure the movement of the amounts back into the federal accounts is reported correctly and properly nets, a generic vendor code CVFEDF0000 was added on the federal side for those amounts that previously had no trading partner identifier.

The Agency also stated that three Appropriation Authorization¹ documents were entered into accounting period 00 to bring the budget balances in line with what was reported on the Report of Budget Execution (SF-133). Because the Appropriation Authorizations posted to the GL, they caused a discrepancy with what had been in IFMS. The Agency did not provide the detailed support for the adjustments in Compass.

Adjustments to the beginning balances also indicate that FY 2011 ending balances did not migrate properly and represent inadequate internal controls over the migration of data. These adjustments may also be an indication of possible errors at the transaction level. Without support for what makes up these adjustments, we have no assurance that the details and balances are correct. See appendix E for the beginning balance adjustments due to migration, mapping errors, and budget corrections.

General Ledger Crosswalk Errors

We found 20 instances in which EPA incorrectly matched IFMS and Compass GL account numbers in their crosswalk. Additionally, EPA's Compass crosswalk omitted one of the Compass GL accounts. While 17 of the 20 GL accounts with crosswalk errors did not have balances to transfer between the systems, EPA should not have had errors in the GL crosswalk during or after migration. According to the contractor's IFMS GL Migration Design plan, updated October 18, 2010, the contractor processed data through its Crosswalk Engine. However, EPA management was responsible for providing the crosswalk to the contractor. Because the conversion was dependent on the accuracy of EPA's GL crosswalk, the crosswalk errors caused some GL balances to improperly migrate to Compass. The Agency provided multiple crosswalks that indicate there were subsequent changes and corrections to the initial crosswalk, and EPA did not provide a proper crosswalk to the contractor. While the corrections may be appropriate for future transactions, EPA should ensure that transactions processed before the crosswalk was changed are corrected. Since there are errors in the crosswalk, the beginning balances and, subsequently, ending balances could be misstated. The multiple errors in the crosswalk demonstrate a control weakness and indication of inadequate internal controls over the migration. See appendix F for general ledger crosswalk errors.

Conclusion

EPA did not properly migrate general ledger balances from IFMS to Compass. We found that the inadequate oversight of the internal controls over the migration process resulted in differences in certain FY 2012 beginning balances, abnormal GL balances, adjustments to beginning balances, and errors in the GL crosswalk. We requested supporting documentation for the corrections and errors and, to

¹ Appropriation Authorization documents are used to process budgetary authority in EPA's accounting system.

date, the Agency has not provided the support. The Agency stated that the migration errors were due to the incorrect mapping of vendor code information, errors in trading partner designations, and corrections to erroneous budget entries. The Agency's migration strategy documents provided detailed instructions and control procedures to ensure a proper migration from IFMS to Compass. Some of these procedures include preparing the general ledger accounts for conversion by verifying vendor-type data and trading partner values, providing an accurate GL crosswalk, and performing reconciliations of converted beginning balance data.

Because we did not receive the supporting documentation, we cannot determine whether the GL balances or adjustments to those balances are reasonable. EPA faces a significant management challenge to reconcile account differences, implement and ensure proper internal controls, and ensure its financial statements are reliable. The migration errors identified, and the Agency's inability to provide supporting documentation, cause concern about the ability to audit FY 2012 data or render an unqualified opinion when we audit the FY 2012 financial statements.

Recommendations

We recommend that the Chief Financial Officer:

1. Perform a reconciliation of the supporting data elements in the GL account beginning balances and determine whether they properly migrated to Compass from IFMS. Document and record any adjustments as necessary.
2. Perform a reconciliation of the supporting data elements in the treasury symbol beginning balances to determine whether they properly migrated to Compass from IFMS. Document and record any adjustments as necessary.
3. Adjust the general ledger accounts with abnormal balances to include accurate activity and reflect the proper balances.
4. Correct and finalize the general ledger crosswalk, and provide the details to the EPA Office of Inspector General.

Agency Corrective Actions

We informed the Agency of issues identified in this report. The Agency stated it has taken corrective actions and will provide supporting documentation. We will assess the Agency's corrective actions during the FY 2012 financial statement audit.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	8	Perform a reconciliation of the supporting data elements in the GL account beginning balances and determine whether they properly migrated to Compass from IFMS. Document and record any adjustments as necessary.	U	Chief Financial Officer			
2	8	Perform a reconciliation of the supporting data elements in the treasury symbol beginning balances to determine whether they properly migrated to Compass from IFMS. Document and record any adjustments as necessary.	U	Chief Financial Officer			
3	8	Adjust the GL accounts with abnormal balances to include accurate activity and reflect the proper balances.	U	Chief Financial Officer			
4	8	Correct and finalize the general ledger crosswalk, and provide the details to the EPA Office of Inspector General.	U	Chief Financial Officer			

¹ O = recommendation is open with agreed-to corrective actions pending
 C = recommendation is closed with all agreed-to actions completed
 U = recommendation is unresolved with resolution efforts in progress

Details on Scope and Methodology

We reviewed laws and regulations pertaining to the activities associated with the financial migration, including EPA policies and guidance, such as Resources Management Directive System 2540-20, *Financial Management Systems and Interfaces*; GAO's *Standards on Internal Control in the Federal Government*; and the Federal Managers' Financial Integrity Act.

We obtained the FY 2012 period 00 Compass trial balance spreadsheet from EPA. The trial balance spreadsheet contained the treasury symbols, GL accounts, and beginning balances. We imported the spreadsheet into Interactive Data Extraction and Analysis and summarized the file by GL account and amount. Using the GL account crosswalk spreadsheet provided by EPA as a guide, we compared the FY 2011 ending balances in the IFMS GL accounts to the 2012 beginning balances in the Compass GL accounts. We identified any differences and questioned EPA about these differences.

We also reconciled the FY 2011 ending balances to the FY 2012 beginning balances at the treasury symbol level. We identified the FY 2011 treasury symbols from the journal file. We compared the treasury symbols in IFMS to the treasury symbols in the Compass spreadsheet for each GL account. For any differences identified, we asked the Agency to provide explanations for the differences in the GL accounts at the treasury symbol level.

We performed independent queries of period 00 activity for each GL account. We extracted the details of the beginning balances for the accounting period 00 in Compass. We sorted the data by document number and subtotaled the data by document type (such as "BBCNV" and "BEGBALCORR"). Based on our analysis, we identified activity other than "Conversion" entries from IFMS to Compass. We requested explanations and supporting documentation for each different "non-BBCNV" document, including the reason for the entry, why the entry was made, and the source for the amounts in the entry.

We developed a questionnaire to obtain information from EPA staff involved with Compass. The objective of the questionnaire was to determine and identify roles and responsibilities of staff involved in the implementation of Compass, and to identify any problems encountered with the migration.

Prior Reviews

We researched prior EPA Office of Inspector General (OIG) and GAO reports related to the implementation of new financial systems. We noted two pertinent reports, as listed below:

- **EPA OIG Report No. 11-P-0019, *Improvements Needed in EPA's Efforts to Replace Its Core Financial Systems, November 29, 2010.*** We found that OCFO's management control processes do not ensure compliance with EPA's System Life Cycle Management policies and procedures necessary to provide reasonable assurance that efforts to replace the Agency's core financial system achieve the desired results. OCFO proceeded with the

design sub-phase without obtaining executive management's approval of the revised requirements or developing and obtaining required approval of the associated test plans, as required by EPA's System Life Cycle Management procedure. Furthermore, OCFO did not predetermine the acceptable product acceptance test script failure percentages to be used as the basis of management's go/no-go decision on the project. These conditions could result in a system that does not meet management's expectations and EPA's needs, and/or does not comply with all applicable federal and EPA requirements.

- **GAO Report No. GAO-08-1018, *Persistent Financial Management Systems Issues Remain for Many CFO Act Agencies, September 30, 2008.*** GAO found that agencies' efforts to implement new systems far too often result in systems that do not meet cost, schedule, and performance goals. Recent modernization efforts by some agencies have been hampered by not following disciplined processes. To help avoid implementation problems, OMB continues to make progress on its financial management line of business initiative, which promotes business-driven, common solutions for agencies to enhance federal financial management, but additional efforts are needed.

Internal Control Review

We reviewed and assessed the internal controls relevant to our audit objective of identifying whether IFMS FY 2011 ending general ledger balances, and details of those balances, properly migrated as FY 2012 beginning balances to Compass. To assess and determine the adequacy of the controls over the migration, we gained an understanding of the financial system migration process and reviewed relevant information or weaknesses identified. We gained an understanding of the internal controls over the migration process through interviews of EPA's OCFO personnel and reviews of applicable laws/regulations and EPA's policies and procedures. In addition, we reviewed GAO reports, previous EPA OIG reports, other agency OIG reports, the FY 2010 and 2011 management challenges identified by the OIG for the Agency, and EPA's OMB Circular A-123 review.

To assess the reliability of the information systems used, we compared FY 2011 ending balances in IFMS to FY 2012 beginning balances in Compass. We considered the IFMS data to be reliable based on the EPA's FY 2011 audited financial statements. We determined that the Compass system FY 2012 beginning balances were not reliable because the FY 2011 ending balances in IFMS did not agree with the FY 2012 beginning balances in Compass. We verified any related data in the Compass system by comparing it with the supporting documentation for beginning balance corrections.

Based on results and conclusions, we found that EPA's internal controls over the data migration from IFMS to Compass appeared inadequate. We found that general ledger balances did not migrate properly from IFMS to Compass. The logic behind the migration from IFMS to Compass was based on vendor type. However, the transactions in IFMS migrating to Compass did not always list vendor type or a correct vendor type. Therefore, the general ledger accounts were mapped incorrectly for the migration, which resulted in misstated and abnormal general ledger beginning balances.

Differences Between FY 2011 Ending Balances and FY 2012 Beginning Balances

FY 11 00 - 17 Appended Journal File Post Close Trial Balance		Compass FY 12 Beginning Balance from BBCNV Entries		Difference
GL Account	Dollar Amount	GL Account	Dollar Amount	
ASSETS				
1010	\$0.00	101000	\$15,045,216,140.23	(\$15,045,216,140.23)
1011	\$15,045,903,513.77	10100011	\$0.00	\$15,045,903,513.77
10P2	(\$15,193,407.06)	10100071	(\$14,506,033.52)	(\$687,373.54)
1340	\$8,110,830.90	13400002	\$93,808,531.02	(\$85,697,700.12)
1347	(\$84,740,219.85)	13470002	(\$84,741,112.07)	\$892.22
134C	\$1,158,770.29	13400001	\$2,561,541.11	(\$1,402,770.82)
134G	\$0.00	13400003	\$4,174.82	(\$4,174.82)
134S	\$87,104,645.76	13400001	\$0.0	(\$87,104,645.76)
13F1	\$4,251,582.88	13100011	\$4,739,397.24	(\$487,814.36)
13F2	\$0.00	13100031	(\$383.99)	\$383.99
13F3	\$5,012,397.03	13100041	\$4,564,468.30	\$447,928.73
13F4	\$26,005,263.63	13100051	\$27,718,658.11	(\$1,713,394.48)
13F5	\$143,196.54	13100031	\$0.00	\$143,196.54
13F6	\$0.00	13100053	(\$1,434,466,124.86)	\$1,434,466,124.86
13F9	\$0.00	13190001	(\$197,648.44)	\$197,648.44
13FA	\$250.00	13100031	\$0.00	\$250.00
13G1	\$0.00	13100013	\$17,177.88	(\$17,177.88)
13P1	\$1,492,042,533.75	13100012	\$2,924,290,271.89	(\$1,432,247,738.14)
13P2	\$21,776,221.64	13100032	\$21,920,052.17	(\$143,830.53)
13P3	\$551,173,249.47	13100042	\$551,621,178.20	(\$447,928.73)
13P9	(\$1,722,301,531.94)	13190002	(\$1,722,103,883.50)	(\$197,648.44)
1411	\$486,077.77	14100012	\$490,270.78	(\$4,193.01)
1421	\$3,117,232.66	14100011	\$3,176,567.61	(\$59,334.95)
1432	\$600,629.48	14100016	(\$14,201.51)	\$614,830.99
1441	\$1,237,700.97	14100018	\$23,323,483.82	(\$22,085,782.85)
1445	\$0.00	14100021	(\$13,651,046.82)	\$13,651,046.82
1446	\$154,027.25	14100023	(\$7,729,405.75)	\$7,883,433.00

FY 11 00 - 17 Appended Journal File Post Close Trial Balance		Compass FY 12 Beginning Balance from BBCNV Entries		Difference
GL Account	Dollar Amount	GL Account	Dollar Amount	
LIABILITIES				
2111	(\$61,756.25)	21100011	(\$3,508,526.86)	\$3,446,770.61
2112	(\$69,505,037.17)	21100012	(\$66,058,266.56)	(\$3,446,770.61)
22F3	(\$25,495,147.36)	22130011	(\$25,495,027.49)	(\$119.87)
22P3	(\$4,008,456.78)	22130012	(\$4,008,576.65)	\$119.87
2311	(\$840.00)	24000011	\$5,094,159.74	(\$5,094,999.74)
2312	(\$69,791,395.31)	23100012	(\$308,158,066.54)	\$238,366,671.23
2314	(\$292,270.30)	23100012	\$0.00	(\$292,270.30)
2315	(\$38,980,203.20)	23100013	\$0.00	(\$38,980,203.20)
2316	(\$34,978,779.73)	23100031	\$60,622,056.15	(\$95,600,835.88)
2317	(\$653,999,156.25)	23100032	(\$749,599,992.13)	\$95,600,835.88
2318	\$0.00	23100021	\$199,094,197.73	(\$199,094,197.73)
2326	\$0.00	23200021	(\$1,163,379.49)	\$1,163,379.49
2327	(\$136,069,973.29)	23200022	(\$134,906,593.80)	(\$1,163,379.49)
2400	\$0.00	24000012	(\$14,289,234.53)	\$14,289,234.53
240P	(\$914,581.57)	24000012	\$0.00	(\$914,581.57)
24P0	(\$8,279,653.22)	24000012	\$0.00	(\$8,279,653.22)
BUDGET				
4222	\$933,728,976.44	42220011	\$1,798,389,553.91	(\$864,660,577.47)
		42220012	(\$864,774,526.22)	\$864,774,526.22
4921	(\$1,969,907.00)	49010012	(\$1,942,182.01)	(\$27,724.99)
		49010011	(\$21,362.99)	\$21,362.99
4923	(\$82,102,790.99)	49010013	(\$7,749,531.10)	(\$74,353,259.89)
		49010014	(\$74,359,621.89)	\$74,359,621.89

Source: OIG analysis based on 2011 ending balances in IFMS and 2012 beginning balances in Compass.

Differences Between FY 2011 Ending Balances and FY 2012 Beginning Balances at the Treasury Symbol Level

	IFMS			COMPASS			DIFFERENCE
	TRS SYM	GL ACCT	AMOUNT	TRS SYM	GL ACCT	AMOUNT	
FUND BALANCE WITH TREASURY	(41)681/20108	1011	(\$10,000.00)				(\$10,000.00)
	6800/010108	1011	\$16,067.44				\$16,067.44
	681/20108	1011	\$3,173,744,710.71	6811/120108	#101000	\$3,173,734,710.71	\$10,000.00
	683/40108	1011	\$671,306.10				\$671,306.10
	6800/010108	10P2	(\$16,067.44)				(\$16,067.44)
	683/40108	10P2	(\$671,306.10)	???	???		(\$671,306.10)
	683229	1015	(\$4,597.32)				(\$4,597.32)
	68322900	1015	\$4,597.32				\$4,597.32
FEDERAL RECEIVABLES	6800/010108	13F1	\$0.00	#6800/010108	#13100011	\$18,767.20	(\$18,767.20)
	6801/020108	13F1	\$0.00	#6801/020108	#13100011	\$18,652.59	(\$18,652.59)
	68-20X8145	13F1	\$256,827.72	#68-68X8145	#13100011	\$850,269.98	(\$593,442.26)
	6880200	13F1	\$0.00	#68880200	#13100011	(\$143,047.69)	\$143,047.69
	68-20X8145	13G1	\$0.00	#68-68X8145	#13100013	\$17,177.88	(\$17,177.88)
				#68-68X8145	#13100031	(\$633.99)	\$633.99
	20X8145.4	13F3	\$4,273,607.76	#20X8145.4	#13100041	\$3,849,981.69	\$423,626.07
	681099	13F3	\$0.00	#681099	#13100041	(\$24,302.66)	\$24,302.66
	680/10107	13F4	\$243,303.54	#6810/110107	#13100051	\$238,624.44	\$4,679.10
	680/10108	13F4	\$3,720,500.54	#6810/110108	#13100051	\$3,609,567.59	\$110,932.95
	6800/010108	13F4	\$0.00	#6800/010108	#13100051	(\$18,776.96)	\$18,776.96
	6801/020108	13F4	\$0.00	#6801/020108	#13100051	(\$18,501.82)	\$18,501.82
	681/20108	13F4	\$1,418,532.86	#6811/120108	#13100051	\$1,355,252.76	\$63,280.10
	682/30107	13F4	\$0.00	#6802/030107	#13100051	(\$5,114.55)	\$5,114.55
	68-20X8145	13F4	\$4,806,679.14	#68-68X8145	#13100051	\$5,028,364.51	(\$221,685.37)
	684/50108	13F4	\$19,147.06	#6804/050108	#13100051	\$58,276.98	(\$39,129.92)
	685/60107	13F4	\$5,461.45	#6805/060107	#13100051	(\$902.28)	\$6,363.73
	685/60108	13F4	\$340,869.12	#6805/060108	#13100051	\$954,639.29	(\$613,770.17)
	686/70107	13F4	\$216,567.76	#6806/070107	#13100051	\$228,188.58	(\$11,620.82)
686/70108	13F4	\$192,995.02	#6806/070108	#13100051	\$190,310.50	\$2,684.52	

	IFMS			COMPASS			DIFFERENCE
	TRS SYM	GL ACCT	AMOUNT	TRS SYM	GL ACCT	AMOUNT	
	688/90108	13F4	\$196,075.82	#6808/090108	#13100051	\$192,304.77	\$3,771.05
	68X8221	13F4	\$12,964,440.01	#68X8221	#13100051	\$14,025,732.99	(\$1,061,292.98)
	68X4565	13F6	\$12,810,001.08	#68X4565	#13100053	(\$1,421,656,123.78)	\$1,434,466,124.86
	20X8145.4	13F9	(\$0.00)	#20X8145.4	#13190001	\$53,282.90	(\$53,282.90)
	681099	13F9	(\$0.00)	#681099	#13190001	\$5,238.64	(\$5,238.64)
	683200	13F9	\$0.00	#683200	#13190001	(\$257,989.05)	\$257,989.05
	683220	13F9	(\$0.00)	#683220	#13190001	\$1,819.07	(\$1,819.07)
	68110118	13F5	\$143,196.54				\$143,196.54
NONFEDERAL RECEIVABLES	680/10108	13P1	\$310,924.00	#6810/110108	#13100012	\$421,856.95	(\$110,932.95)
	681/20108	13P1	\$3,056,680.25	#6811/120108	#13100012	\$3,119,960.35	(\$63,280.10)
	68-20X8145	13P1	\$1,488,448,084.07	#68-68X8145	#13100012	\$1,487,615,778.56	\$832,305.51
				#6800/010108	#13100012	\$9.76	(\$9.76)
				#6801/020108	#13100012	(\$150.77)	\$150.77
				#6802/030107	#13100012	\$5,114.55	(\$5,114.55)
				#6804/050108	#13100012	(\$39,129.92)	\$39,129.92
				#6805/060107	#13100012	\$6,363.73	(\$6,363.73)
				#6805/060108	#13100012	(\$613,770.17)	\$613,770.17
				#6806/070107	#13100012	(\$11,620.82)	\$11,620.82
				#6806/070108	#13100012	\$2,684.52	(\$2,684.52)
				#6808/090108	#13100012	\$3,771.05	(\$3,771.05)
				#6810/110107	#13100012	\$4,679.10	(\$4,679.10)
				#68880200	#13100012	\$143,047.69	(\$143,047.69)
				#68X4565	#13100012	\$1,434,466,124.86	(\$1,434,466,124.86)
				#68X8221	#13100012	(\$1,061,292.98)	\$1,061,292.98
	68-20X8145	13P2	\$7,315,384.15	#68-68X8145	#13100032	\$7,316,018.14	(\$633.99)
				#68110118	#13100032	\$143,196.54	(\$143,196.54)
	20X8145.4	13P3	\$232,647,107.10	#20X8145.4	#13100042	\$233,070,733.17	(\$423,626.07)
	681099	13P3	\$183,214,129.17	#681099	#13100042	\$183,238,431.83	(\$24,302.66)
20X8145.4	13P9	(\$163,456,067.25)	#20X8145.4	#13190002	(\$163,509,350.15)	\$53,282.90	
681099	13P9	(\$149,175,789.70)	#681099	#13190002	(\$149,181,028.34)	\$5,238.64	
683200	13P9	(\$17,317,474.61)	#683200	#13190002	(\$17,059,485.56)	(\$257,989.05)	
683220	13P9	(\$487,715.44)	#683220	#13190002	(\$489,534.51)	\$1,819.07	

		IFMS			COMPASS			
	TRS SYM	GL ACCT	AMOUNT	TRS SYM	GL ACCT	AMOUNT	DIFFERENCE	
OTHER ASSETS	68-68X8145	1411	\$281,662.62	68-68X8145	14100012	\$283,341.06	(\$1,678.44)	
	683220	1411	\$0.00	683220	14100012	\$0.15	(\$0.15)	
	6804/050108	1411	\$0.00	6804/050108	14100012	\$633.82	(\$633.82)	
	68X4565	1411	\$119,774.59	68X4565	14100012	\$121,655.19	(\$1,880.60)	
	68-68X8145	1421	\$70,455.49	68-68X8145	14100011	\$129,790.44	(\$59,334.95)	
	68X0103	1432	\$90,600.00	68X0103	14100016	\$20,000.00	\$70,600.00	
	68-68X8145	1432	\$0.00	68-68X8145	14100016	(\$34,201.51)	\$34,201.51	
	680/10107	1432	\$96,433.28		14100016	\$0.00	\$96,433.28	
	681/20107	1432	\$388,531.33		14100016	\$0.00	\$388,531.33	
	689/00107	1432	\$20,800.04		14100016	\$0.00	\$20,800.04	
	681/20108	1432	\$4,264.83		14100016	\$0.00	\$4,264.83	
	68-20X8145	1441	\$724,556.97				\$724,556.97	
	684/50108	1441	\$634.00	#6804/050108	#14100018	\$11,446,674.21	(\$11,446,040.21)	
	68X0103	1441	\$20,000.00	#68X0103	#14100018	\$90,600.00	(\$70,600.00)	
	68X4565	1441	\$492,510.00	#68X4565	#14100018	\$8,374,062.40	(\$7,881,552.40)	
				#6809/100107	#14100018	\$20,800.04	(\$20,800.04)	
				#6810/110107	#14100018	\$96,433.28	(\$96,433.28)	
				#6811/120107	#14100018	\$388,531.33	(\$388,531.33)	
				#6811/120108	#14100018	\$4,264.83	(\$4,264.83)	
				#683220	#14100018	(\$0.15)	\$0.15	
				#68-68X8145	#14100018	\$2,882,582.79	(\$2,882,582.79)	
				#68-68X8153	#14100018	\$10,369.59	(\$10,369.59)	
				#68X8221	#14100018	\$9,165.50	(\$9,165.50)	
	68-20X8145	1445	\$5,505,748.56				\$5,505,748.56	
	68-20X8153	1445	\$65,491.25				\$65,491.25	
	68X8221	1445	\$11,819.19	#68X8221	#14100021	\$2,653.69	\$9,165.50	
				#6804/050108	#14100021	(\$11,446,674.03)	\$11,446,674.03	
				#68-68X8145	#14100021	\$3,320,910.86	(\$3,320,910.86)	
				#68-68X8153	#14100021	\$55,121.66	(\$55,121.66)	
	68X4565	1446	\$154,027.25	#68X4565	#14100023	(\$7,729,405.75)	\$7,883,433.00	

	IFMS			COMPASS			DIFFERENCE
	TRS SYM	GL ACCT	AMOUNT	TRS SYM	GL ACCT	AMOUNT	
CASHOUT ADVANCES AND DEFERRALS	68-20X8145	2312	(\$30,244,161.33)	#68-68X8145	#23100012	(\$250,743,163.77)	\$220,499,002.44
	680/10108	2312	(\$978,998.94)	#6810/110108	#23100012	(\$1,017,891.63)	\$38,892.69
	681/20108	2312	(\$17,082,237.52)	#6811/120108	#23100012	(\$17,083,326.51)	\$1,088.99
	684/50107	2312	(\$4,512.84)	#6804/050107	#23100012	\$86,827.47	(\$91,340.31)
	684/50108	2312	(\$531,141.61)	#6804/050108	#23100012	(\$722,168.38)	\$191,026.77
	685/60107	2312	(\$1,412.48)	#6805/060107	#23100012	(\$98,912.48)	\$97,500.00
	685/60108	2312	\$271,578.61	#6805/060108	#23100012	\$211,932.74	\$59,645.87
	686/70108	2312	(\$269,924.80)	#6806/070108	#23100012	\$491,726.93	(\$761,651.73)
	687/80107	2312	\$338.86	#6807/080107	#23100012	(\$43,579.47)	\$43,918.33
	687/80108	2312	(\$184,856.09)	#6807/080108	#23100012	\$2,289.73	(\$187,145.82)
	688/90107	2312	(\$34,462.10)	#6808/090107	#23100012	\$465,537.31	(\$499,999.41)
	688/90108	2312	(\$4,525.25)	#6808/090108	#23100012	\$519,815.00	(\$524,340.25)
	689/00107	2312	\$535.95	#6809/100107	#23100012	\$68,686.04	(\$68,150.09)
	689/00108	2312	(\$47,369.13)	#6809/100108	#23100012	\$2,259,686.26	(\$2,307,055.39)
	68X0108	2312	\$37,422.60	#68X0108	#23100012	\$50,389.95	(\$12,967.35)
	68X4310	2312	(\$8,759,533.66)	#68X4310	#23100012	(\$28,942,198.68)	\$20,182,665.02
	68X5297	2312	(\$18,716.23)	#68X5297	#23100012	(\$82,761.75)	\$64,045.52
	68X5374	2312	(\$10,553,328.59)	#68X5374	#23100012	(\$15,694,176.54)	\$5,140,847.95
				#681099	#23100012	(\$291,729.60)	\$291,729.60
				#683220	#23100012	(\$540.70)	\$540.70
				#68X4565	#23100012	\$3,840,974.70	(\$3,840,974.70)
				#68X8221	#23100012	(\$49,392.40)	\$49,392.40
	68-20X8145	2314	\$0.00	#68-68X8145	#23100012	(\$250,743,163.77)	\$250,743,163.77
				#6804/050107	#23100012	\$86,827.47	(\$86,827.47)
				#6804/050108	#23100012	(\$722,168.38)	\$722,168.38
				#6805/060107	#23100012	(\$98,912.48)	\$98,912.48
				#6805/060108	#23100012	\$211,932.74	(\$211,932.74)
				#6806/070107	#23100012	(\$8,736.53)	\$8,736.53
			#6806/070108	#23100012	\$491,726.93	(\$491,726.93)	
			#6807/080107	#23100012	(\$43,579.47)	\$43,579.47	
			#6807/080108	#23100012	\$2,289.73	(\$2,289.73)	
			#6808/090107	#23100012	\$465,537.31	(\$465,537.31)	
			#6808/090108	#23100012	\$519,815.00	(\$519,815.00)	
			#6809/100107	#23100012	\$68,686.04	(\$68,686.04)	

IFMS			COMPASS			DIFFERENCE
TRS SYM	GL ACCT	AMOUNT	TRS SYM	GL ACCT	AMOUNT	
			#6809/100108	#23100012	\$2,259,686.26	(\$2,259,686.26)
			#6810/110107	#23100012	(\$294,536.70)	\$294,536.70
			#6810/110108	#23100012	(\$1,017,891.63)	\$1,017,891.63
			#6811/120107	#23100012	(\$1,042,172.42)	\$1,042,172.42
			#6811/120108	#23100012	(\$17,083,326.51)	\$17,083,326.51
			#68X0108	#23100012	\$50,389.95	(\$50,389.95)
			#68X4310	#23100012	(\$28,942,198.68)	\$28,942,198.68
			#68X4311	#23100012	(\$40,645.11)	\$40,645.11
			#68X4565	#23100012	\$3,840,974.70	(\$3,840,974.70)
			#68X5297	#23100012	(\$82,761.75)	\$82,761.75
			#68X5374	#23100012	(\$15,694,176.54)	\$15,694,176.54
			#68X8221	#23100012	(\$49,392.40)	\$49,392.40
68-20X8145	2315	(\$290,446.22)				(\$290,446.22)
680/10107	2315	(\$2,432.05)				(\$2,432.05)
680/10108	2315	(\$8,853,064.08)				(\$8,853,064.08)
681/20108	2315	(\$6,916,784.01)				(\$6,916,784.01)
684/50108	2315	(\$3,018.35)				(\$3,018.35)
685/60108	2315	(\$57.00)				(\$57.00)
686/70108	2315	\$13,429.59				\$13,429.59
687/80108	2315	(\$20,584.03)				(\$20,584.03)
688/90107	2315	(\$1,025,058.50)				(\$1,025,058.50)
688/90108	2315	(\$156,753.44)				(\$156,753.44)
689/00107	2315	(\$503,054.08)				(\$503,054.08)
689/00108	2315	(\$1,435,669.36)				(\$1,435,669.36)
689/08195	2315	(\$19,636,961.89)				(\$19,636,961.89)
689/10108	2315	(\$3.09)				(\$3.09)
6890112	2315	(\$100,354.29)				(\$100,354.29)
68X8221	2315	(\$49,392.40)				(\$49,392.40)
68-20X8145	2316	(\$34,978,779.73)	#68-68X8145	#23100031	\$60,622,056.15	(\$95,600,835.88)
68-20X8145	2317	(\$653,999,156.25)	68-68X8145	#23100032	(\$749,599,992.13)	\$95,600,835.88
68X4565	2318	(\$32,389,558.32)	#68X4565	#23100021	(\$36,230,533.02)	\$3,840,974.70
			#6804/050107	#23100021	(\$91,340.31)	\$91,340.31
			#6804/050108	#23100021	\$188,008.42	(\$188,008.42)
			#6805/060107	#23100021	\$97,500.00	(\$97,500.00)

	IFMS			COMPASS			DIFFERENCE
	TRS SYM	GL ACCT	AMOUNT	TRS SYM	GL ACCT	AMOUNT	
				#6805/060108	#23100021	\$59,588.87	(\$59,588.87)
				#6806/070108	#23100021	(\$748,222.14)	\$748,222.14
				#6807/080107	#23100021	\$43,918.33	(\$43,918.33)
				#6807/080108	#23100021	(\$207,729.85)	\$207,729.85
				#6808/090107	#23100021	(\$1,525,057.91)	\$1,525,057.91
				#6808/090108	#23100021	(\$681,093.69)	\$681,093.69
				#6809/100107	#23100021	(\$571,204.17)	\$571,204.17
				#6809/100108	#23100021	(\$3,742,724.75)	\$3,742,724.75
				#6809/108195	#23100021	(\$19,636,961.89)	\$19,636,961.89
				#6809/110108	#23100021	(\$3.09)	\$3.09
				#68090112	#23100021	(\$100,354.29)	\$100,354.29
				#6810/110107	#23100021	(\$2,432.05)	\$2,432.05
				#6810/110108	#23100021	(\$8,814,171.39)	\$8,814,171.39
				#6811/120108	#23100021	(\$6,915,695.02)	\$6,915,695.02
				#68-68X8145	#23100021	\$220,208,556.22	(\$220,208,556.22)
				#68X0108	#23100021	(\$12,967.35)	\$12,967.35
				#68X4310	#23100021	\$20,182,665.02	(\$20,182,665.02)
				#68X5297	#23100021	\$64,045.52	(\$64,045.52)
			#68X5374	#23100021	\$5,140,847.95	(\$5,140,847.95)	
ACCOUNTS PAYABLE, ACCRUED LIABILITIES, AND OTHER LIABILITIES		2311	\$0.00	#68F3875	#24000011	\$5,032,399.65	(\$5,032,399.65)
		2311	\$0.00	#68X6275	#24000011	\$62,600.09	(\$62,600.09)
		24F0		#68F3875	#24000011	\$5,032,399.65	(\$5,032,399.65)
		24F0		#68X6275	#24000011	\$62,600.09	(\$62,600.09)
	68F3875	240P	(\$1,178,057.47)		#24000012	\$0.00	(\$1,178,057.47)
	68F3880	240P	(\$1,018.25)		#24000012	\$0.00	(\$1,018.25)
	68X6275	240P	\$256,221.26		#24000012	\$0.00	\$256,221.26
	68X6276	240P	\$8,272.89		#24000012	\$0.00	\$8,272.89
	68F3875	24P0	(\$1,512,014.89)	#68F3875	#24000012	(\$7,722,472.01)	\$6,210,457.12
	68F3880	24P0	\$0.00	#68F3880	#24000012	(\$1,018.25)	\$1,018.25
68X6275	24P0	(\$7,502,734.58)	#68X6275	#24000012	(\$7,309,113.41)	(\$193,621.17)	
68X6276	24P0	\$1,214,779.60	#68X6276	#24000012	\$1,223,052.49	(\$8,272.89)	

	IFMS			COMPASS			DIFFERENCE
	TRS SYM	GL ACCT	AMOUNT	TRS SYM	GL ACCT	AMOUNT	
BUDGET	68-20X8145	4450	\$133,908,093.60	#68-68X8145	#44500002	(\$47,866,115.18)	\$181,774,208.78
	68X5374	4450	(\$4,737,049.78)	No Activity			(\$4,737,049.78)
	68X8221	4450	(\$2,436,712.12)	#68X8221	#44500002	(\$2,436,712.69)	\$0.57
	68X8741	4450	(\$75,608.95)	#68X8741	#44500002	\$0.65	(\$75,609.60)
	68-20X8145	4451	(\$2,167,441,125.83)	#68-68X8145	#44500001	(\$1,985,666,917.05)	(\$181,774,208.78)
	68X8221	4451	(\$20,256,552.28)	#68X8221	#44500001	(\$20,256,551.71)	(\$0.57)
	No Activity			#68X5374	#44500001	(\$4,737,049.78)	\$4,737,049.78
	No Activity			#68X8741	#44500001	(\$75,609.60)	\$75,609.60
	68-20X8145	4923	(\$32,552,143.75)	#68-68X8145	#48010013	\$7,046,215.57	\$372.89
	68-20X8145	4923	(\$32,552,143.75)	#68-68X8145	#48010014	\$25,506,301.07	\$372.89
	68X4310	4923	(\$463,167.74)	#68X4310	#48010013	\$202,952.70	\$2,751.97
	68X4310	4923	(\$463,167.74)	#68X4310	#48010014	\$262,967.01	\$2,751.97

Source: OIG analysis based on 2011 ending balances in IFMS and 2012 beginning balances in Compass.

Abnormal Beginning Balances in Compass

Compass A/C	Compass Account Description	Balance
133500	EXPENDITURE TRANSERS RECEIVABLE	(\$1,325,492.45)
13100031	BILLED REFUND FEDERAL	(\$383.99)
13100053	WCF ADVANCES TO BE APPLIED	(\$1,434,466,124.86)
14100016	GRANT ADVANCES	(\$14,201.51)
14100021	ADVANCE TO WCF	(\$13,651,046.82)
14100023	ADVANCES FOR POSTAGE, WCF	(\$7,729,405.75)
24000011	LIABILITY DEP/CI FDS CASH DIFFERENCE FEDERAL	\$5,094,159.74
23100031	ADVANCES, HRSTS CASHOUTS, FEDERAL	\$60,622,056.15
23100021	OTHER ADVANCES, FEDERAL	\$199,094,197.73
298000	CUSTODIAL LIABILITY	\$66,342,857.88
414900	BORROW AUTH CARRIED FORWARD	(\$256,122.00)
42210012	UNFILLED CUSTOMER ORDERS UNCOLLECTED, NONFEDERAL	(\$637,931,687.71)
42220012	UNFILLED CUSTOMER ORDERS COLLECTED, NONFEDERAL	(\$864,660,577.47)
48010021	UNDELIVERED ORDERS-OBLIG, UNPD FEDERAL	\$125,416,478.38
48010011	UND ORDERS-OBLIG, REIMB UNPD FEDERAL	\$28,849,767.02
48020011	UND ORD-OBLIG, REIMB PREPD/ ADVD FEDERAL	\$4,217,485.31
49010021	DELIVERED ORDERS-OBLIG, UNPAID FEDERAL	\$191,518,381.19

Source: OIG analysis of beginning balances provided by EPA.

Beginning Balance Adjustments Due to Migration, Mapping Errors, and Budget Corrections

GL ACCT	BBCNV	BEGBALCORR	CARRYOVERBAL CORRECT	2012-0	OB-2012	SUMMARY
10100011		(\$691,261.00)			\$691,261.00	\$0.00
13400001	\$2,561,541.11	(\$1,402,770.82)				\$1,158,770.29
13400002	\$93,808,531.02	(\$6,703,885.26)				\$87,104,645.76
13400003	\$4,174.82	(\$4,174.82)				\$0.00
13400004		\$8,110,830.90				\$8,110,830.90
13470002	(\$84,741,112.07)	\$892.22				(\$84,740,219.85)
21100011	(\$3,508,526.86)	\$3,446,770.61				(\$61,756.25)
21100012	(\$66,058,266.56)	(\$3,446,770.61)				(\$69,505,037.17)
22130011	(\$25,495,027.49)	(\$119.87)				(\$25,495,147.36)
22130012	(\$4,008,576.65)	\$119.87				(\$4,008,456.78)
23200021	(\$1,163,379.49)	\$1,163,379.49				\$0.00
23200022	(\$134,906,593.80)	(\$1,163,379.49)				(\$136,069,973.29)
310000	(\$11,462,598,175.62)	\$691,261.00	(\$18,283,860.99)	\$18,216,740.74	(\$624,140.75)	(\$11,462,598,175.62)
331000	(\$7,681,691,194.36)		\$18,283,860.99	(\$18,216,740.74)	(\$67,120.25)	(\$7,681,691,194.36)
420100	\$11,698,735,441.88	(\$691,261.00)			\$691,261.00	\$11,698,735,441.88
44500001	(\$2,267,797,750.51)		\$93,772,154.03	\$67,014,267.62	\$16,175,128.32	(\$2,090,836,200.54)
44500002	(\$1,033,864,255.30)	\$624,140.18	(\$2,898,141,590.53)	\$2,676,890,086.84	\$43,665,813.54	(\$1,210,825,805.27)
TOTAL	(\$10,970,723,169.88)	(\$66,228.60)	(\$2,804,369,436.50)	\$2,743,904,354.46	\$60,532,202.86	(\$10,970,722,277.66)

Source: OIG analysis based on 2011 ending balances in IFMS and 2012 beginning balances in Compass.

General Ledger Crosswalk Errors

IFMS Description	IFMS	Compass Default	Compass Name/Description
Int Receivable - Not Otherwise Classified	1340	13400002	Interest Receivable Superfund Non-Federal
Interest Rec Superfund Non-Fed	134S	13400001	Interest Receivable Federal Superfund
Other Gen Prop, Plant & Equip	1890	17500003	Federal Equipment at EPA
Accrued Funded Annual Leave	22FL	222500	Unfunded FECA Liability, Federal
Advance Collections Fed	2311	24000011	Liability Dep/CI Fds Cash Difference Federal
Adv From Non-Fed AG O&M Act	2313	23100023	WCF Advances, Fed Non-EPA
Other Structures & Facilities	1740	173000	Buildings, Improvements, and Renovations
Anticipated Transfers - Prior Year Balance	4180	416000	Anticipated Transfers - Current-Year Authority
Total Resources Adjustment	4211	421000	Anticipated Reimbursements and Other Income
SF Spec Acct Rev Coll, Fed	427A	427300	Interest Collected From Treasury
Reduction in C/O - Contra Reim	445D	45900015	Allowances - Anticipated
Category B Apportionment	4513	45900015	Allowances - Anticipated
Funds Avail for Allot Reimb	4561	45900012	Suballocations - Anticipated
O/R Exp Auth, Reim No Budg Upd	465R	46100020	Allow Iss Non Bud Appr Ck Can
Tax Rev Coll Not Collected	5800	580400	Tax Revenue Collected - Excise
Postage Expense Federal Exc	62FE	671000	Depreciation, Amortization and Depletion
Other Assets, Non Federal	199P	154100	Forfeitd Property Hold For Sale
Capitalization Exp, Non Ex	612N	61000012	Operating Expense Public Exc
Adjustment to Subsidy Expense	6199	61000032	Account Paid Pend Detail Nex
Future Funded Expense Fed N-E	68FN	68000022	Future Funded Expense Pub N-E

Source: OIG analysis of Agency-provided crosswalk.

Effect on Audit of Data Requests Not Received

Requested data not received	Date of initial request	Reason for the data	Potential effect if the OIG does not receive the data
The details that support the beginning and ending balances (vendor, type, vendor number, billing document, outstanding billings, dates, amounts, etc.). Beginning balance trans code/type, all entries/in period '00, balance by budget fiscal year and treasury symbol. Any adjustments to the beginning balances and related support for those adjustments.	12/8/2011 <i>(and weekly thereafter)</i>	To determine the appropriateness and accuracy of those adjustments.	Rely on the accuracy of the beginning balances. We may not be able to render a clean opinion on the financial statements.
Journal File from Compass	12/8/2011	To review the beginning balances, monthly post close and year-end audit data.	Perform audit sampling and audit the financial statements. We may not be able to render a clean opinion on the financial statements.
Beginning balance details in accounting period 00 from Compass (exactly what migrated from IFMS, what documents make up the beginning balance, etc.)	1/26/2012	To determine why the 2012 beginning balances do not agree with the 2011 ending balances.	Review the transactional details of the beginning balances to determine if they were adjusted and if adjustments were supported and reasonable. We may not be able to render a clean opinion on the financial statements.
Reconciliations of GL accounts performed	2/8/2012	To Review reconciliations to determine if they are timely prepared.	Determine if internal controls are adequate. May not be able to rely on internal controls over the financial statements.
Compass migration strategy questions	2/23/2012	To review the reasonableness of the migration strategy.	Determine if the ending balances migrated properly to Compass. We may not be able to rely on internal controls or render a clean opinion on the financial statements.

Source: OIG requests for data and data received as of March 23, 2012.

Distribution

Office of the Administrator
Agency Follow-Up Official (the CFO)
Deputy Chief Financial Officer
Agency Follow-Up Coordinator
General Counsel
Associate Administrator for Congressional and Intergovernmental Relations
Associate Administrator for External Affairs and Environmental Education
Director, Office of Budget, Office of the Chief Financial Officer
Director, Office of Financial Management, Office of the Chief Financial Officer
Director, Office of Financial Services, Office of the Chief Financial Officer
Director, Research Triangle Park Finance Center, Office of the Chief Financial Officer
Director, Cincinnati Finance Center, Office of the Chief Financial Officer
Director, Las Vegas Finance Center, Office of the Chief Financial Officer
Director, Office of Planning, Analysis, and Accountability, Office of the Chief Financial Officer
Director, Reporting and Analysis Staff, Office of the Chief Financial Officer
Director, Office of Technology Solutions, Office of the Chief Financial Officer
Director, Financial Policy and Planning Staff, Office of the Chief Financial Officer
Director, Accountability and Control Staff, Office of the Chief Financial Officer
Director, Payroll Management and Outreach Staff, Office of the Chief Financial Officer
Audit Follow-Up Coordinator, Office of the Chief Financial Officer
Audit Follow-Up Coordinator, Office of Financial Management, Office of the
Chief Financial Officer
Audit Follow-Up Coordinator, Office of Financial Services, Office of the Chief Financial Officer