



Office of Inspector General U.S. Environmental Protection Agency

At a Glance

23-F-0002
November 15, 2022

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 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

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 report addresses the following:

- *Operating efficiently and effectively.*

This audit addresses a top EPA management challenge:

- *Managing infrastructure funding and business operations.*

Address inquiries to our public affairs office at (202) 566-2391 or [OIG WEBCOMMENTS@epa.gov](mailto:OIG_WEBCOMMENTS@epa.gov).

[List of OIG reports.](#)

The EPA's Fiscal Years 2022 and 2021 Consolidated Financial Statements

The EPA Receives an Unmodified Opinion for Fiscal Years 2022 and 2021

We rendered an unmodified opinion on the EPA's consolidated financial statements for fiscal years 2022 and 2021, 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 improperly recorded Water Infrastructure Finance and Innovation Act of 2014 fee fund revenue.
- The unearned advances account had an abnormal balance.
- Unneeded funds were not deobligated timely.
- Capitalized software-in-development costs were inaccurately recorded.
- The EPA processed standard vouchers without adequate procedures.

Compliance with 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

The EPA agreed with all eight recommendations and has either completed corrective actions or provided an estimated time frame for completion.