



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We performed this audit to determine:

- If the Oregon Safe Drinking Water Revolving Loan Fund's financial statements were fairly presented in all material respects;
- To what extent the Oregon Safe Drinking Water Revolving Loan Fund's internal controls over financial reporting could be relied upon; and
- Whether the Oregon Safe Drinking Water Revolving Loan Fund complied with applicable laws and regulations.

Background

The requirement for audited financial statements was enacted to help ensure that State Revolving Fund programs had management practices, systems, and controls in place to provide reliable information for managing the Federally funded program.

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

To view the full report, click on the following link:

www.epa.gov/oig/reports/2005/20050912-2005-1-00157.pdf

State of Oregon Safe Drinking Water Revolving Loan Fund Fiscal 2004 Financial Statements

Oregon Safe Drinking Water Revolving Loan Fund Receives Qualified Opinion

We issued a qualified opinion on the financial statements of Oregon's Safe Drinking Water Revolving Loan Fund for the fiscal year ended June 30, 2004. We also qualified our opinion on compliance with applicable laws and regulations, and noted a material weakness in internal controls, discussed in the following sections.

Internal Control Weakness Noted

The State accounting system does not document and support the assets, liabilities, net assets, and revenues and expenditures of the Set-Aside fund in accordance with Generally Accepted Accounting Principles. Further, the information provided during the audit does not agree with the information provided in the financial statements.

Noncompliance with Laws and Regulations Noted

We noted the following noncompliance with laws and regulations:

- The State of Oregon accounting system does not track revenues and expenditures for the set-aside programs on a fiscal year basis. The Safe Drinking Water Act requires that States account for all activities in accordance with Generally Accepted Accounting Principles.
- The program performed technical and managerial evaluations that identified deficiencies that were not made conditions of the loan agreement as required by regulation. The program provided a list of corrective actions that should be sufficient to correct the problem.