



At a Glance

Catalyst for Improving the Environment

Why We Did This Audit

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

Background

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 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 EPA's progress in reregistering pesticides.

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/2007/20070530-2007-1-00070.pdf

Fiscal Year 2006 and 2005 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund

EPA Receives Unqualified Opinion

We rendered an unqualified, or clean, opinion on EPA's Pesticides Reregistration and Expedited Processing Fund Financial Statements for fiscal years 2006 and 2005, meaning that they were fairly presented and free of material misstatement.

Internal Control Reportable Conditions Noted

We noted the following two reportable conditions:

- EPA materially understated the FIFRA payroll unfunded leave accrual and related expenses reported in the draft financial statements for fiscal year 2006. The Agency's practice of transferring employees and related expenses and liabilities from FIFRA to Environmental Programs and Management (EPM) created the situation, which led to the misstatement. Just prior to year-end, the Agency transferred a significant number of employees from FIFRA to EPM, decreasing the base upon which the accrual was calculated, and leading directly to the misstatement. As a result, FIFRA liabilities and related expenses were understated by \$1,964,312 in the draft financial statements.
- EPA's Washington Finance Center recorded adjustments to entries in the Integrated Financial Management System, such as schedules of collections, that were not supported by sufficient documentation.

Compliance With Laws and Regulations Noted

We tested compliance with those laws and regulations that could either materially affect the FIFRA Fund financial statements, or that we considered significant to the audit. The objective of our audit, including our tests of compliance with applicable laws and regulations, was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. We did not identify any noncompliances that would result in a material misstatement to the audited financial statements.

Agency Comments and Office of Inspector General Evaluation

In a memorandum dated May 10, 2007, the Office of the Chief Financial Officer and the Office of Prevention, Pesticides, and Toxic Substances responded to our draft report.