



At a Glance

Why We Did This Review

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

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.

This report addresses the following EPA theme:

- *Embracing EPA as a high performing organization.*

For further information, contact our public affairs office at (202) 566-2391.

The full report is at:

www.epa.gov/oig/reports/2014/20131217-14-1-0042.pdf

Fiscal Years 2012 and 2011 (Restated) Financial Statements for the Pesticide Registration Fund

EPA Receives an Unqualified

We rendered an unqualified, or clean, opinion on the EPA's Pesticide Registration Fund financial statements for fiscal years (FYs) 2012 and 2011 (restated), meaning they are fairly presented and free of material misstatement.

Internal Control Material Weaknesses Noted

We noted two material weaknesses in internal controls.

- EPA materially overstated the expenses from other appropriations that support the PRIA fund. This occurred because the agency does not have an effective system to accurately accumulate and report costs incurred by other appropriations in support of PRIA Fund activities. This overstatement resulted in a material overstatement of the total costs of the PRIA Fund by \$14.1 million in FY 2012 and \$1.7 million in FY 2011.
- EPA materially understated the PRIA fund payroll liabilities covered by budgetary resources as well as related payroll expense included in gross costs. The agency's practice of transferring employees and related expenses and liabilities from PRIA to the Environmental Programs and Management Fund for cash flow reasons led to the understatement. The FY 2011 payroll liabilities covered by budgetary resources for PRIA was \$500,000, while the FY 2012 payroll liabilities covered by budgetary resources was zero.

The agency corrected material misstatements due to weaknesses in internal controls we identified.

Compliance with Decision Time Review Periods

The agency was in compliance with applicable laws and regulations.

Recommendations and Planned Agency Corrective Actions

The agency agreed with our findings and our recommendations. The agency corrected the financial statements to reflect the proper expenses paid by other appropriations and to reflect the proper payroll liability amounts. The agency will also develop a process to ensure accurate allocations of expenses from other appropriations that support the PRIA fund and carefully review and comment on the draft and final versions of the PRIA financial statements prior to their submission to the Office of Inspector General. The agency will also closely monitor the payroll amounts.