

# Audit of the EPA's Fiscal Years 2021 and 2020 Toxic Substances Control Act Service Fee Fund Financial Statements

October 12, 2023 | Report No. 24-F-0002



## Report Contributors

Wanda Arrington  
Edgar Dumeng  
Jennifer Hutkoff  
Damon Jackson  
Alyssa Jolly  
Shannon Lackey  
Claire McWilliams  
Joshua Rodriguez  
Connie Song  
Wendy Swan  
Ryan Watren

## Abbreviations

EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
OIG	Office of Inspector General
TSCA	Toxic Substances Control Act

## Cover Image

Chemicals in an EPA laboratory. (EPA image)

**Are you aware of fraud, waste, or abuse in an EPA program?**

**EPA Inspector General Hotline**

1200 Pennsylvania Avenue, NW (2431T)  
Washington, D.C. 20460  
(888) 546-8740  
(202) 566-2599 (fax)  
[OIG.Hotline@epa.gov](mailto:OIG.Hotline@epa.gov)

Learn more about our [OIG Hotline](#).

**EPA Office of Inspector General**

1200 Pennsylvania Avenue, NW (2410T)  
Washington, D.C. 20460  
(202) 566-2391  
[www.epaoig.gov](http://www.epaoig.gov)

Subscribe to our [Email Updates](#).  
Follow us on X (formerly Twitter) [@EPAoig](#).  
Send us your [Project Suggestions](#).



# At a Glance

## Audit of the EPA's Fiscal Years 2021 and 2020 Toxic Substances Control Act Service Fee Fund Financial Statements

### Why We Did This Audit

#### To accomplish this objective:

We performed this audit pursuant to the Frank R. Lautenberg Chemical Safety for the 21<sup>st</sup> Century Act, which amends the Toxic Substances Control Act. The Lautenberg Act requires the U.S. Environmental Protection Agency to prepare and the Office of Inspector General to audit the accompanying financial statements of the Toxic Substances Control Act Service Fee Fund. Our primary objectives were to determine whether:

- The financial statements were fairly stated in all material respects.
- The EPA's internal control over financial reporting was in place.
- The EPA's management complied with applicable laws, regulations, contracts, and grant agreements.

The Toxic Substances Control Act also requires that the fees the EPA charges be sufficient and not more than reasonably necessary to defray approximately 25 percent of the costs of administering specific sections of the Act.

#### To support this EPA mission-related effort:

- *Operating efficiently and effectively.*

#### To address this top EPA management challenge:

- *Managing business operations and resources.*

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

[List of OIG reports.](#)

### The EPA Receives Qualified Opinion

We rendered a qualified opinion on the EPA's fiscal years 2021 and 2020 Toxic Substances Control Act, or TSCA, Service Fee Fund financial statements, meaning that, except for material errors in expenses and income from other appropriations, the statements were fairly presented.

**We found the fund's financial statements, except for expenses and income from other appropriations, to be fairly presented.**

### Material Weakness and Significant Deficiency Noted

We noted the following material weakness: the EPA materially overstated the FY 2021 "Expenses from Other Appropriations" line item in the TSCA Service Fee Fund financial statements by \$2.36 million. We noted the following significant deficiency: the EPA did not implement controls to properly record accounts receivable and ensure segregation of duties between payment processing and payment approval.

### Compliance with Applicable Laws, Regulations, Contracts, and Grant Agreements

We did not identify any instances of noncompliance that could result in a material misstatement to the audited financial statements.

### Other Governmental Reporting Requirements

During our user fee analysis, we found that the TSCA fee structure in the fees rule for FY 2019 through 2021 appeared reasonable based on the data available when the EPA developed the fees rule. TSCA fees collected adequately offset the actual or projected costs of administering the provisions of TSCA for the three-year period.

The fees collected FYs 2019–2021 met the intent of TSCA to defray 25 percent of the specified costs of carrying out sections 4 and 5, parts of section 6, and section 14.

### Recommendations and Planned Agency Corrective Actions

We recommend that the chief financial officer accurately capture the amounts for financial statement line items "Income from Other Appropriations" and "Expenses from Other Appropriations," implement procedures to establish an allowance for doubtful accounts for the TSCA Service Fee Fund to reduce that fund's accounts receivable to its net realizable value, and implement procedures to prevent or detect potential violations of the segregation of duties policy in the Small Purchase Information Tracking System software. We recommend that the assistant administrator for Chemical Safety and Pollution Prevention update the TSCA standard operating procedures to align with the Resource Management Directive System requirement to forward documentation that establishes a receivable to the Office of the Controller within five business days. The EPA agreed with our recommendations and completed all corrective actions.



**OFFICE OF INSPECTOR GENERAL**  
U.S. ENVIRONMENTAL PROTECTION AGENCY

October 12, 2023

**MEMORANDUM**

**SUBJECT:** Audit of the EPA's Fiscal Years 2021 and 2020 Toxic Substances Control Act Service Fee Fund Financial Statements  
Report No. 24-F-0002

**FROM:** Damon Jackson, Director *Damon M. Jackson*  
Financial Directorate  
Office of Audit

**TO:** Faisal Amin, Chief Financial Officer

Michal Ilana Freedhoff, Assistant Administrator  
Office of Chemical Safety and Pollution Prevention

This is our report on the subject audit conducted by the U.S. Environmental Protection Agency Office of Inspector General. The project number for this audit was [OA-FY23-0050](#). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

The Office of the Chief Financial Officer and the Office of Chemical Safety and Pollution Prevention are responsible for the issues discussed in the report.

In accordance with EPA Manual 2750, your offices completed acceptable corrective actions in response to OIG recommendations. The OIG recommendations are closed, and no final response to this report is required. If you submit a response, however, it will be posted on the OIG's 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 along with corresponding justification.

We will post this report to our website at [www.epaoig.gov](http://www.epaoig.gov).

# Table of Contents

## Inspector General’s Report on the EPA’s Fiscal Years 2021 and 2020 Toxic Substances Control Act Service Fee Fund Financial Statements

Report on the Audit of the Financial Statements.....	1
Report on Internal Control over Financial Reporting .....	3
Material Weakness .....	4
Significant Deficiency .....	4
Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements .....	5
Other Governmental Reporting Requirements.....	6
Management’s Discussion and Analysis .....	8
Prior Report.....	9

## Attachments

1 Material Weakness .....	10
2 Significant Deficiency .....	13
3 Status of Prior Audit Report Recommendations.....	18
4 Status of Recommendations and Potential Monetary Benefits .....	19

## Appendixes

A Fiscal Years Ended September 30, 2021 and 2020 Toxic Substances Control Act (TSCA) Service Fee Fund Financial Statements.....	20
B Agency Response to Draft Report .....	46
C Distribution .....	49

# Inspector General's Report on the EPA's Fiscal Years 2021 and 2020 Toxic Substances Control Act Service Fee Fund Financial Statements

The Administrator  
U.S. Environmental Protection Agency

## Report on the Audit of the Financial Statements

### *Opinion*

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion” paragraph, the financial statements and accompanying notes referred to above present fairly, in all material respects, the assets, liabilities, net position, net cost, changes in net position, and budgetary resources of the U.S. Environmental Protection Agency’s Toxic Substances Control Act Service Fee Fund as of and for the years ended September 30, 2021 and 2020, in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Qualified Opinion*

As discussed in Attachment 3, the EPA materially understated the fiscal year 2019 “Expenses from Other Appropriations” line item in the TSCA Service Fee Fund financial statements by nearly \$25 million. We found that the EPA’s methodology did not adequately capture all expenses for carrying out TSCA sections 4, 5, 6, and 14. The EPA’s material misstatement occurred because the Agency did not have an adequate methodology to accurately report the expenses incurred against other appropriations for TSCA Service Fee Fund activities. As the Agency’s methodology was the same for FYs 2021, 2020, and 2019, we concluded that the EPA was unable to provide an accurate total for expenses from other appropriations. The estimated completion date for corrective actions is October 1, 2023.

As discussed in Attachment 1, the EPA materially overstated the fiscal year 2021 “Expenses from Other Appropriations” line item in the TSCA Service Fee Fund financial statements by \$2.36 million. The EPA’s material misstatement occurred because Agency personnel did not properly exclude certain TSCA direct costs from its income and expenses from other appropriation’s indirect cost calculation.

### *Emphasis of a Matter—Income and Expenses from Other Appropriations Calculation*

As described in Note 11 to the financial statements, Expenses from Other Appropriations, reported on the Statement of Net Cost, consist of direct costs and other costs that can be directly traced, assigned on a cause-and-effect basis, or reasonably allocated to program outputs.

During our FY 2018 inception audit of the TSCA Service Fee Fund, we found that the EPA overstated expenses from other appropriations by \$8.4 million by making errors in multiple iterations of its

calculation. During our FYs 2020 and 2019 audit, we found that the EPA understated expenses from other appropriations by nearly \$25 million. During our FY 2021 audit, we found that the EPA overstated expenses from other appropriations by \$2.36 million.

The Income and Expenses from Other Appropriations calculation is used for both financial statement line items “Income from Other Appropriations” and “Expenses from Other Appropriations.” Therefore, there is no impact on the Statement of Changes in Net Position.

Our opinion is not modified with respect to this methodology.

### ***Responsibilities of Management for the Financial Statements***

The EPA’s management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance; therefore, it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EPA’s internal control. Accordingly, we express no such opinion.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are also required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identify during the audit.

## **Report on Internal Control Over Financial Reporting**

### ***Results of Our Consideration of Internal Control over Financial Reporting***

Our consideration of the internal control over financial reporting was for the limited purpose of expressing an opinion on the fund's financial statements and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, such deficiencies in internal control may exist that we did not identify during our audit. A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

### ***Basis for Results of Our Consideration of Internal Control over Financial Reporting***

We performed our procedures related to the EPA's internal control over financial reporting in accordance with government auditing standards generally accepted in the United States of America.

### ***Responsibilities of Management for Internal Control over Financial Reporting***

The EPA's management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities for Internal Control over Financial Reporting***

In planning and performing our audit of the TSCA Service Fee Fund financial statements as of and for the year ended September 30, 2021, in accordance with generally accepted auditing standards, we considered the EPA's internal control over financial reporting as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements and to comply with the Office of Management and Budget's audit guidance, but not to express an opinion on the effectiveness of the EPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the EPA's internal control over financial reporting.

## ***Intended Purpose of Report on Internal Control over Financial Reporting***

Because of inherent limitations in internal control, misstatements, losses, or noncompliance may nevertheless occur and not be detected. We noted certain matters involving the internal control and its operation that we consider to be a material weakness and a significant deficiency. These issues are summarized below and are detailed in Attachments 1 and 2.

### **Material Weakness**

#### **The EPA Misstated TSCA Expenses from Other Appropriations**

The EPA materially overstated the FY 2021 “Expenses from Other Appropriations” line item in the TSCA Service Fee Fund financial statements by \$2,355,214. The federal government’s internal control standards require management to process information to ensure that it is “appropriate, current, complete, accurate, accessible, and provided on a timely basis.” The EPA’s material misstatement occurred because Agency personnel did not properly exclude certain TSCA direct costs from its income and expenses from other appropriation’s indirect cost calculation. Material errors affect the credibility of the EPA’s TSCA financial statements and reduce the public’s and other stakeholders’ confidence that the TSCA Service Fee Fund program’s financial condition and activity are presented fairly.

### **Significant Deficiency**

#### **The EPA Needs to Improve Its Internal Control Over TSCA**

We found the following deficiencies in internal control over accounts receivable and segregation of duties:

- The EPA did not establish accounts receivable.
- The EPA did not establish an allowance for doubtful accounts, estimated at \$135,000, for outstanding TSCA receivables.
- The EPA’s Small Purchase Information Tracking System software does not limit user roles and functions to ensure segregation of duties.

These deficiencies occurred because of inadequate internal control, such as failing to meet the requirements of the Agency’s established accounts receivable procedures and using software that does not limit user roles and functions to prevent the same user from both processing and certifying an invoice payment. Federal financial accounting standards and Agency guidance require receivables to be created when a federal entity establishes a claim to cash or other assets against other entities. The standards also require an allowance account to be created to estimate uncollectible amounts and reduce accounts receivable to its net realizable value. *Standards for Internal Control in the Federal Government* and Agency guidance require separation of duties. Inadequate internal control increases the risk of misstated financial statements, misuse, or fraud.

Attachment 3 contains the status of recommendations reported in prior years on the fund's financial statements. We reported less significant internal control matters to the Agency during the audit. We will not issue a separate management letter.

### ***Comparison of the EPA's Federal Managers' Financial Integrity Act Report with Our Consideration of Internal Control***

Office of Management and Budget Bulletin 22-01, *Audit Requirements for Federal Financial Statements*, requires us to compare material weaknesses disclosed during the audit with those material weaknesses identified in the Agency's Federal Managers' Financial Integrity Act report that relate to the financial statements. We are also required to identify material weaknesses disclosed by the audit that were not communicated in the Agency's report. The Agency's report is prepared and submitted at the consolidated level, of which the TSCA Service Fee Fund is a component. Accordingly, there are no findings to report at the TSCA Service Fee Fund level.

### **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

#### ***Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements***

Providing an opinion on compliance with provisions of laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion. We did not identify any instances of noncompliance that could result in a material misstatement to the audited financial statements.

#### ***Basis of Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements***

As part of obtaining reasonable assurance about whether the fund's financial statements are free of material misstatement, we performed tests of the Agency's compliance with certain provisions of laws, including those governing the use of budgetary authority, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in the fund's financial statements.

#### ***Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements***

The EPA's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Agency and the fund.

## ***Auditor’s Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements***

We also performed other limited procedures as described in the American Institute of Certified Public Accountants’ *Codification of Statements on Auditing Standards*, AU-C 250.14-16, “Consideration of Laws and Regulations in an Audit of Financial Statements.” Office of Management and Budget Bulletin 22-01 mandates that we evaluate compliance with federal financial statement system requirements, including those referred to in the Federal Financial Management Improvement Act of 1996. We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to the EPA.

## ***Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements***

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, as well as to describe the results of that testing. The purpose is not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with government auditing standards generally accepted in the United States of America in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

## **Other Governmental Reporting Requirements**

### ***Specific Audit Requirements of the Frank R. Lautenberg Chemical Safety for the 21<sup>st</sup> Century Act***

The Frank R. Lautenberg Chemical Safety for the 21<sup>st</sup> Century Act, which amended TSCA, requires the Office of Inspector General to perform an analysis of the (1) fees collected and amounts disbursed, (2) reasonableness of the fees in place to meet current and projected costs, and (3) number of requests for a risk evaluation made by manufacturers. The results of our analyses are below.

### **Fees Collected and Disbursed**

The EPA began collecting TSCA service fees in October 2018. Per TSCA requirements, the EPA deposited fee collections into the TSCA Service Fee Fund. The EPA received approximately \$28.6 million in FY 2021 and \$5.5 million in FY 2020 in fee collections. Pursuant to annual appropriations legislation, the EPA is required to reduce TSCA Service Fee Fund appropriations that Congress provided by the amount of offsetting collections. If collections exceed appropriations, the Agency deposits the excess collections into the TSCA Service Fee Fund. For both FYs 2021 and 2020, the Agency received \$5 million in appropriated funds. The Agency reimbursed the U.S. Department of the Treasury from TSCA fees collected to offset the amount Congress previously appropriated in both FYs 2021 and 2020.

The Agency disbursed \$2.7 million from the TSCA Service Fee Fund in FY 2021; no funds were disbursed from the TSCA Service Fee Fund in FY 2020.

## Reasonableness of the Fees in Place to Meet Current and Projected Costs

TSCA authorizes the EPA to set fees at levels such that the fees will, in aggregate, provide a sustainable source of funds to annually defray the lower of either:

- 25 percent of the costs to the EPA of carrying out sections 4, 5, and 6—other than the costs to conduct and complete manufacturer-requested risk evaluations that must be defrayed at higher specified percentages—and of collecting, processing, reviewing, providing access to, and protecting from disclosure information on chemical substances as appropriate under section 14.
- \$25 million.

The EPA finalized the Fees for the Administration of the TSCA rule in October 2018, which established fees and fee categories for FYs 2019, 2020, and 2021 and explained the methodology by which fees were determined.<sup>1</sup> For FYs 2019 through 2021, the Agency estimated annual costs of carrying out TSCA sections 4, 5, 6, and 14, as described in the preceding paragraph, to be approximately \$80.2 million per year. This estimate was based on the EPA’s calculated cost of implementation. The EPA estimated the total fee collections by multiplying the fees by the number of expected fee-triggering events in each category under full implementation, excluding fees for manufacturer-requested risk evaluations.

The EPA is required to review and adjust the fee rates every three years. Tables 1 and 2 describe the fees per category that were effective in FYs 2019–2021.

**Table 1: Fees by fee category for regular and small businesses**

TSCA section	Fee category	Final fee (\$)	Small business fee (\$)
4	Test order	9,800	1,950
4	Test rule	29,500	5,900
4	Enforceable consent agreement	22,800	4,600
5	PMN and consolidated PMN, SNUN, MCAN and consolidated MCAN	16,000	2,800
5	LoREX, LVE, TME, Tier II exemption, TERA, Film Articles	4,700	940
6	EPA-initiated risk evaluation	1,350,000	270,000

*Note:* PMN = Premanufacture Notice; SNUN = Significant New Use Notice; MCAN = Microbial Commercial Activity Notice; LoREX = Low Releases and Low Exposures Exemption; LVE = Low Volume Exemption; TME = Test Marketing Exemption; TERA = TSCA Experimental Release Application.

Source: FY 2019 through FY 2021 fee rates published in the EPA’s fees rule. (EPA OIG table)

<sup>1</sup> See 83 Fed. Reg. 52,694 (Oct. 17, 2018).

**Table 2: Additional section 6 fees**

TSCA section	Fee category	Fees
6	Manufacturer-requested risk evaluation on a chemical included in the TSCA Work Plan	Initial payment of \$1.25 million with final invoice to recover 50% of total actual costs
6	Manufacturer-requested risk evaluation on a chemical not included in the TSCA Work Plan	Initial payment of \$2.5 million with final invoice to recover 100% of total actual costs

Source: FY 2019 through FY 2021 fee rates published in the EPA's fees rule. (EPA OIG table)

During our user fee analysis, we found that the TSCA fee structure in the fees rule from FYs 2019 through 2021 appeared reasonable based on the data available when the EPA developed the fees rule. TSCA fees collected adequately offset the actual or projected costs of administering the provisions of TSCA for the three-year period.

The fees collected in FYs 2019–2021 met the intent of TSCA to defray 25 percent of the specified costs of carrying out sections 4 and 5, parts of section 6, and section 14. During the three-year period, relevant TSCA expenses were \$135.3 million, and the EPA collected approximately \$33.1 million of relevant TSCA service fees, which defrayed 24.47 percent of costs.

During FYs 2019 and 2020, the EPA collected TSCA fees only for section 5 activity, which requires that manufacturers and processors provide the EPA with notice before initiating the manufacture of a new chemical substance or initiating the manufacture or processing of a chemical substance for a significant new use.

During FY 2021, the EPA began collecting TSCA fees for section 6 EPA-initiated risk evaluations. The purpose of the risk evaluations is to determine whether a chemical substance presents an unreasonable risk to health or the environment under the conditions of use. During FY 2021, the EPA began conducting risk evaluations on chemical substances designated as high-priority substances through the prioritization process.

### Number of Risk Evaluation Requests

The EPA received one manufacturer risk evaluation request in FY 2021.

## Management's Discussion and Analysis

Our audit was conducted for the purpose of forming an opinion on the TSCA Service Fee Fund financial statements as a whole. The "Management's Discussion and Analysis" section of the TSCA Service Fee Fund financial statements is presented for the purpose of providing additional analysis and is not a required part of the basic financial statements. Such information is management's responsibility. We obtained information from the fund's management about its methods for preparing the "Management's Discussion and Analysis" section, and we reviewed this information for consistency with the financial statements.

Our audit was not designed to express an opinion and, accordingly, we do not express an opinion on the “Management’s Discussion and Analysis” section.

We did not identify any material inconsistencies between the information presented in the fund’s financial statements and the information presented in the “Management’s Discussion and Analysis” section.

## Prior Report

During our prior year TSCA Service Fee Fund financial statement audit—Report No. [23-F-0005](#), *The EPA’s Fiscal Years 2020 and 2019 Toxic Substances Control Act Service Fee Fund Financial Statements*, issued December 29, 2022—we reported one material weakness: the EPA misstated TSCA expenses from other appropriations.

We recommended that the Agency correct the methodology for accounting for direct and indirect expenses from other appropriations to ensure all costs are properly recorded and reported in the financial statements. The Agency agreed with our material weakness finding and related recommendation. The Agency’s estimated completion date for corrective actions is October 1, 2023.

Attachment 3 provides further details on our prior audit report recommendations.

*Damon M. Jackson*

Damon Jackson  
Certified Public Accountant  
Director, Financial Directorate  
Office of Audit  
Office of Inspector General  
U.S. Environmental Protection Agency  
August 15, 2023

*Material Weakness*  
**Table of Contents**

**1. The EPA Misstated TSCA Expenses from Other Appropriations .....11**

## ***1 - The EPA Misstated TSCA Expenses from Other Appropriations***

The EPA materially overstated the FY 2021 “Expenses from Other Appropriations” line item in the TSCA Service Fee Fund financial statements by \$2,355,214. The federal government’s internal control standards require management to process information to ensure that it is “appropriate, current, complete, accurate, accessible, and provided on a timely basis.” The EPA’s material misstatement occurred because Agency personnel did not properly exclude certain TSCA direct costs from its income and expenses from other appropriation’s indirect cost calculation. Material errors affect the credibility of the EPA’s TSCA financial statements and reduce the public’s and other stakeholders’ confidence that the TSCA Service Fee Fund program’s financial condition and activity are presented fairly.

The U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government* defines the five components of internal control in government. Per the standard for control activities, “management designs control activities so that all transactions are completely and accurately recorded.” It also states:

Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary, so that the information is quality information. Management uses the quality information to make informed decisions and evaluate the entity’s performance in achieving key objectives and addressing risks.

When manually calculating the on-top adjustment for income and expenses from other appropriations, Agency personnel did not properly exclude TSCA direct costs from its indirect cost calculation and thus, materially misstated the Statement of Net Cost and the “Income from Other Appropriations” and “Net Cost of Operations” line items on the Statement of Changes in Net Position in the TSCA Fee Fund financial statements. When we questioned the Agency regarding the on-top adjustment, the Agency agreed the amounts should have been excluded from the calculation.

## **Recommendation**

We recommend that the chief financial officer:

1. Correct the calculation in the Toxic Substances Control Act 21-09A on-top adjustment to accurately capture the amounts for financial statement line items “Income from Other Appropriations” and “Expenses from Other Appropriations.”

## **Agency Response and OIG Assessment**

The Agency concurred with our recommendation. The corrective action was completed on August 22, 2023.

*Significant Deficiency*  
**Table of Contents**

**1. The EPA Needs to Improve Its Internal Control Over TSCA .....14**

# **1 - The EPA Needs to Improve Its Internal Control Over TSCA**

We found the following deficiencies in internal control over accounts receivable and segregation of duties:

- The EPA did not establish accounts receivable.
- The EPA did not establish an allowance for doubtful accounts, estimated at \$135,000, for outstanding TSCA receivables.
- The EPA's Small Purchase Information Tracking System software does not limit user roles and functions to ensure segregation of duties.

These deficiencies occurred because of inadequate internal control, such as failing to meet the requirements of the Agency's established accounts receivable procedures and using software that does not limit user roles and functions to prevent the same user from both processing and certifying an invoice payment. Federal financial accounting standards and Agency guidance require receivables to be created when a federal entity establishes a claim to cash or other assets against other entities. The standards also require an allowance account to be created to estimate uncollectible amounts and reduce accounts receivable to its net realizable value. *Standards for Internal Control in the Federal Government* and Agency guidance require separation of duties or alternative control activities to reduce the risk of fraud, waste, or abuse. Inadequate internal control increases the risk of misstated financial statements, misuse, or fraud.

TSCA, as amended, authorizes the EPA to establish and collect fees from chemical manufacturers and importers to defray a portion of the costs associated with:

- Administering TSCA sections 4, 5, and 6.
- Collecting, processing, reviewing, providing access to, and protecting information about chemical substances, as well as preventing disclosure of such information as appropriate under TSCA section 14.

The Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards Number 1, *Accounting for Selected Assets and Liabilities*, requires that a receivable be recognized when a federal entity establishes a claim to cash or other assets against other entities, either based on legal provisions, such as a payment due date, or goods or services provided. It further states:

Losses on receivables should be recognized when it is more likely than not that the receivables will not be totally collected.

An allowance for estimated uncollectible amounts should be recognized to reduce the gross amount of receivables to its net realizable value.

Losses due to uncollectible amounts should be measured through a systematic methodology. The systematic methodology should be based on analysis of both individual accounts and a group of accounts as a whole.

The EPA's Resource Management Directive System provides guidance on financial and accounting topics. Resource Management Directive System 2540-09-P1, *Billing and Collecting*, and 2540-09-T1, *Receivables and Billings*, outline the requirements for establishing accounts receivable and allowance for doubtful accounts. The *Billing and Collecting* policy directs originating offices to determine when a debt or account receivable is due to the EPA and to forward all action documents that establish an account receivable to the Office of the Controller within five business days. The *Receivables and Billings* policy describes the EPA's requirements for estimating uncollectible debt and posting the estimation into the Agency's accounting system as an allowance for doubtful accounts. Each finance center must conduct quarterly reviews of all nonfederal delinquent debt to estimate and record the amounts of debt expected to become uncollectible in the EPA's accounting system.

The Government Accountability Office's *Standards for Internal Control in the Federal Government* sets internal control standards for federal entities and provides the overall framework for designing, implementing, and operating an effective internal control system. These standards require that federal agencies use quality information, which it defines as "information from relevant and reliable data that is appropriate, current, complete, accurate, accessible, and provided on a timely basis, and meets information requirements." The standards further state:

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Resource Management Directive System Policy Number 2540-02, *Internal Controls Overview: Separation of Duties*, states that:

Personnel shall not be permitted to perform more than one of the following functions in a single financial transaction: initiate a transaction, approve the transaction, record the transaction, reconcile balances, control assets and review reports or other incompatible functions. Organizations that cannot separate these key functions must document their compensating controls.

In November 2020, the EPA's Office of Chemical Safety and Pollution Prevention began issuing invoices to manufacturers totaling over \$9.4 million involving the first round of TSCA section 6 EPA-initiated chemical risk evaluation fees. The Office of Chemical Safety and Pollution Prevention was required to forward those invoices to the Office of the Controller but failed to do so. Because of this breakdown in the process, several weeks after invoices were sent out, the Office of Chemical Safety and Pollution Prevention began sending spreadsheets with the invoice data to the Office of the Controller, from which

the office eventually began establishing receivables. In December 2020, the Office of the Controller requested that the Office of Chemical Safety and Pollution Prevention provide it invoices as opposed to spreadsheets. However, the Office of Chemical Safety and Pollution Prevention did not implement this requirement until the Agency's internal control review of its TSCA accounts receivable process in June 2022. The Agency finalized its standard operating procedures for TSCA accounts receivable in June 2023. Inadequate controls for recording accounts receivable increases the EPA's risk of not collecting all that is due from debtors. Furthermore, inadequate internal control over financial reporting may lead to misstatement in accounts receivable and decrease reliability in the financial statements.

We identified \$1.7 million in outstanding accounts receivable at FY 2021 year-end. We found that the EPA did not review the TSCA outstanding accounts receivable to estimate and record the amount of accounts receivable expected to be uncollectible during FY 2021 in the accounting system. This error occurred because the EPA did not fully implement accounts receivable procedures of posting the allowance for doubtful accounts, as defined in Agency guidance. We estimated the TSCA allowance for doubtful accounts to be approximately \$135,000. Failure to properly record the allowance for doubtful accounts compromises the reliance that accounts receivable are free of material misstatements. Furthermore, accounts receivable was not reported at its net realizable value in the financial statements.

During our analysis of internal control, we found that staff who process payments in the Small Purchase Information Tracking System software can also certify those invoices; there are no system controls to prevent this. Further, the Agency has not implemented compensating controls to prevent or detect potential violations of the segregation of duties policy. We found transactions for TSCA during FY 2021 totaling approximately \$433,000 were certified via the Small Purchase Information Tracking System. Without sufficient controls in place, the Agency could authorize improper payments.

## **Recommendations**

We recommend that the assistant administrator for Chemical Safety and Pollution Prevention:

2. Update the Toxic Substances Control Act standard operating procedures to align with the Resource Management Directive System requirement to forward documentation that establishes a receivable to the Office of the Controller within five business days.

We recommend that the chief financial officer:

3. Implement procedures to establish an allowance for doubtful accounts for the Toxic Substances Control Act Service Fee Fund to reduce that fund's accounts receivable to its net realizable value.
4. Implement procedures to prevent or detect potential violations of the segregation of duties policy in the Small Purchase Information Tracking System software.

## **Agency Response and OIG Assessment**

The Agency concurred with our recommendations. Corrective action for Recommendation 2 was completed on September 21, 2023. Corrective action for Recommendation 3 was completed on December 22, 2021. Corrective action for Recommendation 4 was completed on July 31, 2023.

## Status of Prior Audit Report Recommendations

We identified a material weakness in our financial statement audit that remains outstanding, as described in Table 3-1.

**Table 3-1: Prior recommendations from Report No. 20-F-0342 and Report No. 23-F-0005**

<p>Report No. <a href="#">20-F-0342</a>, <i>Audit of EPA's Toxic Substances Control Act Service Fee Fund Financial Statements for the Period from Inception (June 22, 2016) through September 30, 2018</i>, issued September 30, 2020</p> <p>During our FY 2018 inception audit, we found that the EPA overstated expenses from other appropriations by \$8.4 million, having made errors in multiple iterations of its calculation. We recommended that the EPA (1) improve the management review process for calculating expenses from other appropriations to be consistent with EPA component financial statement audits and to ensure costs support the Toxic Substances Control Act Service Fee Fund activities and (2) establish written policies and procedures so that expenses from other appropriations in component audits reflect actual costs.</p> <p>The EPA agreed with our recommendations and certified completion of all corrective actions on February 4, 2021. However, we continued to find errors in the EPA's calculation of expenses from other appropriations during our FYs 2020 and 2019 audit. Therefore, the Agency's corrective actions were not effective.</p>
<p>Report No. <a href="#">23-F-0005</a>, <i>The EPA's Fiscal Years 2020 and 2019 Toxic Substances Control Act Service Fee Fund Financial Statements</i>, issued December 29, 2022</p> <p>During our FY 2020 and 2019 audit, we found that the EPA understated expenses from other appropriations by nearly \$25 million. We recommended that the chief financial officer, in conjunction with the assistant administrator for Chemical Safety and Pollution Prevention, correct the methodology for accounting for TSCA direct and indirect expenses from other appropriations to ensure all costs for administering sections 4 and 5, parts of section 6, and section 14 of the Act are properly recorded and reported in the financial statements.</p> <p>The EPA agreed with our recommendation. The estimated completion date for corrective actions is October 1, 2023.</p>

Source: OIG analysis of prior year recommendations, findings, and Agency corrective actions. (EPA OIG table)

## *Status of Recommendations and Potential Monetary Benefits*

Rec. No.	Page No.	Recommendation	Status*	Action Official	Planned Completion Date	Potential Monetary Benefits (in \$000s)
1	12	Correct the calculation in the Toxic Substances Control Act 21-09A on-top adjustment to accurately capture the amounts for financial statement line items "Income from Other Appropriations" and "Expenses from Other Appropriations."	C	Chief Financial Officer	8/22/23	\$2,355
2	16	Update the Toxic Substances Control Act standard operating procedures to align with the Resource Management Directive System requirement to forward documentation that establishes a receivable to the Office of the Controller within five business days.	C	Assistant Administrator for Chemical Safety and Pollution Prevention	9/21/23	—
3	16	Implement procedures to establish an allowance for doubtful accounts for the Toxic Substances Control Act Service Fee Fund to reduce that fund's accounts receivable to its net realizable value.	C	Chief Financial Officer	12/22/21	\$135
4	16	Implement procedures to prevent or detect potential violations of the segregation of duties policy in the Small Purchase Information Tracking System software.	C	Chief Financial Officer	7/31/23	—

\* C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.

***Fiscal Years Ended September 30, 2021 and 2020  
Toxic Substances Control Act (TSCA) Service Fee  
Fund Financial Statements***

**Fiscal Year Ended September 30, 2021 and 2020  
Toxic Substances Control Act (TSCA) Service Fee Fund  
Financial Statements**



*Produced by the U.S. Environmental Protection Agency  
Office of the Chief Financial Officer  
Office of the Controller*

## Table of Contents

<b>Management's Discussion and Analysis.....</b>	<b>1</b>
<b>Principal Financial Statements.....</b>	<b>11</b>
Balance Sheet.....	12
Statement of Net Cost.....	13
Statement of Changes in Net Position.....	14
Statement of Budgetary Resources.....	15
<b>Notes to Financial Statements.....</b>	<b>16</b>
Note 1. Summary of Significant Accounting Policies.....	16
A. Reporting Entities.....	16
B. Basis of Presentation.....	16
C. Budgets and Budgetary Accounting.....	16
D. Basis of Accounting.....	17
E. Revenues and Other Financing Sources.....	17
F. Funds with the Treasury.....	17
G. Account Receivable and Interest Receivables.....	17
H. Liabilities.....	17
I. Accrued and Unfunded Annual Leave.....	17
J. Advances from Others and Deferred Revenue.....	18
K. Retirement Plan.....	18
L. Use of Estimates.....	18
M. Reclassifications and Comparative Figures.....	18
Note 2. Fund Balance with Treasury (FBWT).....	19
Note 3. Accounts Receivable, Net.....	19
Note 4. Accounts Payable.....	19
Note 5. Other Liabilities.....	20
Note 6. Commitments and Contingencies.....	20
Note 7. Recoveries and Resources Not Available, Statement of Budgetary Resources.....	21
Note 8. Unobligated Balances Available.....	21
Note 9. Undelivered Orders at the End of the Period.....	21
Note 10. Federal Employee and Veteran Benefits Payable.....	22
Note 11. Income and Expenses from Other Appropriations.....	22
Note 12. Exchange Revenue, Statement of Net Cost.....	22
Note 13. Intragovernmental Costs and Exchange Revenue.....	23
Note 14. Reconciliation of Net Cost of Operations to Net Outlays.....	23

## **Management's Discussion and Analysis**

## TSCA Implementation Activities: FY 2021

### Background

Under the Toxic Substances Control Act (TSCA), as amended by the Frank R. Lautenberg Chemical Safety for the 21st Century Act (signed into law June 22, 2016)<sup>1</sup>, EPA has significant responsibilities for ensuring the safety of chemicals in or entering U.S. commerce and addressing unreasonable risks to human health and the environment. These responsibilities are carried out by the Agency through the Chemical Risk Review and Reduction (CRRR) Program, which works to ensure the safety of:

- Existing chemicals<sup>2</sup>, by collecting chemical data, prioritizing chemicals for risk evaluation, conducting risk evaluations, determining whether there are unreasonable risks, and developing and implementing risk management actions, where appropriate, to address any unreasonable risk posed by those chemical's manufacture, processing, use, distribution in commerce and/or disposal; and
- New chemicals<sup>3</sup>, by reviewing new chemical submissions from manufacturers and processors and taking action, as appropriate, to mitigate potential unreasonable risks to health or the environment before those chemicals can enter the marketplace.

Certain substances such as food, drugs, cosmetics, and pesticides are generally excluded from regulation under TSCA.

Among other key provisions, EPA has authority and/or responsibility under TSCA to:

- Under Section 5, review pre-manufacture notification for “new chemical substances”<sup>4</sup> before manufacture or import of non-exempt new chemical substances; evaluate the potential risks to human health and the environment of the chemical under the conditions of use<sup>5</sup> and make an affirmative determination on whether each new chemical substance, for which it received a notice under Section 5(a)(1), presents an unreasonable risk to human health or the environment.<sup>6</sup> Where EPA determines that the new chemical, for example, may present an unreasonable risk, EPA must take action to prevent those risks before the chemical can enter commerce;<sup>7</sup>
- Under section 6, prioritize and evaluate the risks posed by existing chemicals and prohibit or limit the manufacture, processing, distribution in commerce, use, or disposal of a chemical if EPA concludes the chemical presents an unreasonable risk to human health or the environment;<sup>8</sup>
- Require, under Section 4, testing of chemicals by manufacturers, importers, and processors where necessary to help EPA determine whether a chemical presents an unreasonable risk to health or the environment;<sup>9</sup>
- Under Section 8, maintain the TSCA inventory, which contains more than 83,000 chemicals. As new chemicals are commercially manufactured or imported, they are placed on the list;<sup>10</sup>
- Under Sections 12(b) and 13, require those importing or exporting chemicals, to comply with certification reporting and/or other requirements;<sup>11</sup>
- Under Section 8, require reporting and record-keeping by persons who manufacture, import, process, and/or distribute chemical substances in commerce;<sup>12</sup>

The 2016 TSCA amendments gave EPA significant new responsibilities:

- a) *Clear and enforceable deadlines.* EPA is required to systematically prioritize and evaluate existing chemicals on a specific schedule, complete specified numbers of chemical risk evaluations within specified time frames, undertake risk evaluations of chemicals at a manufacturer's request, complete risk management actions within specified time frames when warranted by the findings of the evaluations, and review and make determinations on TSCA Confidential Business Information (CBI) claims within specified time frames, among other actions.
- b) *Requirement to address risks.* When EPA determines that an existing chemical presents an unreasonable risk – a determination made on a pure risk-basis without consideration of costs or other non-risk factors - EPA is required to take timely action to address those risks by applying, through regulation, one or more of the requirements specified in TSCA Section 6(a), which can include: prohibiting or restricting the manufacture, processing, or distribution in commerce of the chemical substance or mixture for a particular use; limiting the amount of the substance or mixture that may be manufactured, processed, or distributed in commerce for a particular use; or imposing requirements affecting labeling, recordkeeping, or any manner or method of commercial use or disposal of the substance or mixture; to the extent necessary so that the chemical will no longer present an unreasonable risk.
- c) *Increased transparency of chemical data while protecting legitimate confidential information.* EPA is required to review all chemical identity TSCA Confidential Business Information (CBI) claims for certain types of submissions and for 25 percent of most other CBI claims within 90 days of receipt.
- d) *Requirement that EPA make a determination of safety for every new chemical before it is allowed to enter the marketplace.* Previously, new chemicals were allowed to enter the marketplace unless EPA made a specific determination that regulatory controls were needed. Within the mandated 90-day timeframe for review, EPA must make an affirmative determination on whether each new chemical substance, for which it received a notice under Section 5(a)(1), presents an unreasonable risk to human health or the environment under the conditions of use (i.e., the intended, known, and reasonably foreseen circumstances of manufacture, processing, distribution in commerce, use and disposal of the new chemical). Where EPA determines, for example, that the chemical substance may present an unreasonable risk, the Agency must issue an order or rule that imposes conditions sufficient to protect against any such unreasonable risk before the chemical can enter the marketplace.

Additionally, under TSCA section 26(b), the EPA is authorized to set fees that ensure a sustainable source of funding to annually defray up to 25 percent of the costs to the Administrator of carrying out TSCA sections 4, 5 and 6, and of collecting, processing, reviewing, providing access to, and protecting from disclosure, as appropriate, chemical information under TSCA section 14. The authority to assess fees is conditioned on annual appropriations for the CRRR Program, excluding fees, being held at least equal to the amount provided for FY 2014.

## FY 2021 Progress on Implementation

In FY 2021, the Agency continued implementing the 2016 amendments for the TSCA chemical safety program.

### *New Chemical Review and Risk Management (TSCA Sec. 5):*

Under TSCA Section 5, as amended, EPA is responsible for reviewing all new chemical submissions to determine whether the chemicals may pose unreasonable risk to human health or the environment upon entry into U.S. commerce and, where necessary, requiring restrictions or testing prior to allowing chemicals to be commercialized. In FY 2021 EPA completed 424 TSCA section 5 notice and exemption submissions. The agency issued 96 proposed and 145 final SNURs. EPA also implemented new policies ending reliance on proposed SNURs to make Not Likely findings and removing the assumption of worker use of personal protective equipment (PPE) in risk conclusions. The agency also undertook several internal actions to improve process efficiency and timeliness in completing those reviews under TSCA's safety standards.

In FY 2021 EPA launched a stewardship program to encourage the voluntary withdrawal of previously granted low volume exemptions (LVEs) for per- and polyfluoroalkyl substances (PFAS). Historically, some new PFAS were allowed to enter the market through LVEs. The goal of the PFAS LVE Stewardship Program is to stop the ongoing manufacture of PFAS under previously approved LVEs which have not gone through the full pre-manufacture review process under the Toxic Substances Control Act (TSCA). Through this program, EPA works with trade associations, non-governmental organizations, and companies to encourage voluntary withdrawal of the LVEs. The program is based on a 2016 outreach effort which resulted in companies withdrawing more than half of the 82 long-chain PFAS LVEs targeted for voluntary withdrawal at the time.

Also in FY 2021, EPA withdrew a compliance guide related to EPA's July 2020 SNUR on certain long-chain PFAS. The withdrawn compliance guide, which was issued in January 2021, addressed whether certain imported articles were covered by the SNUR. The compliance guide did not consider nor address comments submitted by the public and, after further review, EPA determined the compliance guide inappropriately narrowed the scope and weakened the SNUR.

### *Chemical Prioritization and Risk Evaluation (TSCA Sec. 6):*

In December 2016, EPA identified the first 10 chemicals to undergo EPA-initiated risk evaluation, meeting a key statutory deadline. Those chemicals are:

1. Asbestos (Part 1)
2. 1-Bromopropane
3. Carbon Tetrachloride
4. C.I. Pigment Violet 29 (PV29)
5. Cyclic Aliphatic Bromide Cluster (HBCD)
6. 1,4-dioxane
7. Methylene Chloride
8. N-Methylpyrrolidone (NMP)
9. Perchloroethylene
10. Trichlorethylene (TCE)

EPA initially concluded these risk evaluations in FY 2021. As a result of later policy changes discussed below, EPA revised the risk determinations for eight of the first 10 chemicals and is supplementing portions of the risk evaluation for 1,4 dioxane.

In August 2019, EPA released proposed designations of an additional 20 high-priority chemicals. Those chemicals are:

1. Formaldehyde
2. 1,3,4,6,7,8-Hexahydro-4,6,6,7,8,8-hexamethylcyclopenta [g]-2-benzopyran (HHCB)
3. 1,3-Butadiene (BTD)
4. Ethylene dibromide (EDB)
5. o-Dichlorobenzene (ODCB)
6. p-Dichlorobenzene (PDCB)
7. 1,1,2-Trichloroethane (1,1,2 TCA)
8. 1,1-Dichloroethane (1,1 DCA)
9. 1,2-Dichloroethane (1,2 DCA)
10. 1,2-Dichloropropane (1,2 DCP)
11. trans-1,2-Dichloroethylene (Trans 1,2 DCE)
12. Tris(2-chloroethyl)phosphate (TCEP)
13. 4,4'-(1-Methylethylidene)bis[2, 6-dibromophenol] (TBBPA)
14. Phosphoric acid, triphenyl ester (TPP)
15. Butyl benzyl phthalate – 1,2-Benzene-dicarboxylic acid, 1-butyl 2(phenylmethyl) ester (BBP)
16. Dibutyl phthalate (1,2-Benzene-dicarboxylic acid, 1,2-dibutyl ester) (DBP)
17. Dicyclohexyl phthalate (DCHP)
18. Di-ethylhexyl phthalate – (1,2-Benzene-dicarboxylic acid, 1,2-bis-(2-ethylhexyl) ester) (DEHP)
19. Di-isobutyl phthalate – (1,2-Benzene-dicarboxylic acid, 1,2-bis-(2methylpropyl) ester) (DIBP)
20. Phthalic anhydride (PAD)

In December 2019, the EPA finalized these designations and commenced the risk evaluations. The Agency released draft scope documents for each of these chemicals for public comment in April 2020 that were finalized in August 2020. EPA also made progress on several manufacturer-requested chemicals in FY 2021.<sup>13</sup> Also in FY 2021, EPA engaged stakeholders by hosting a series of public meetings on TSCA implementation.

In June 2021, EPA announced important policy changes surrounding risk evaluations issued under the Toxic Substances Control Act (TSCA) by the previous administration and the path forward for the first 10 chemicals to undergo risk evaluation.<sup>14</sup> Under the previous administration, the first 10 risk evaluations did not assess air, water or disposal exposures to the general population because these exposure pathways were already regulated, or could be regulated, under other EPA-administered statutes such as the Clean Air Act, Safe Drinking Water Act, or Clean Water Act. The approach to exclude certain exposure pathways also resulted in a failure to consistently and comprehensively address potential exposures to potentially exposed or susceptible subpopulations, including fenceline communities (i.e., communities near industrial facilities). To address this, EPA further examined whether the policy decision to exclude certain exposure pathways from the risk evaluations would lead to a failure to identify and protect fenceline communities.

Through FY 2020, EPA completed the scoping and problem formulation stages of the multi-year risk evaluation process and issued the draft risk evaluations for all chemicals in this set. EPA completed final evaluations for the first 10 chemicals by January 2021. In June 2021, EPA announced its intention to reopen and to update the risk evaluation for 1-4-dioxane to consider including additional exposure pathways and conditions of use, and to further examine decisions to exclude exposure pathways for six of the other 10

chemicals. With some amendments, including review of assumptions related to use of personal protective equipment and revision of use-specific risk determinations to apply to the whole “chemical substance”, the remaining three have been moved forward to the risk management stage.

The previous administration generally assumed that workers were always provided, and used, personal protective equipment (PPE) appropriately. Data on violations of PPE use, however, suggest that assumptions that PPE is always provided to workers, and worn properly, are not justified. Continued use of this assumption could result in risk evaluations that underestimate the risk, and in turn, risk management rules may not provide the needed protections. Moving forward, EPA plans to consider information on use of PPE, or other ways industry protects its workers, as a potential way to address unreasonable risk during the risk management process.

In addition, under the previous administration, EPA made separate unreasonable risk determinations for every condition of use of a chemical. EPA withdrew the previously issued orders for those conditions of use for which no unreasonable risk was found for the first 10 risk evaluations. The agency then issued revised unreasonable risk determinations for eight of the first 10 chemicals.

As a result of these policy improvements, supplemental work is underway for 1,4-dioxane and asbestos because the completed risk evaluations did not consider certain exposures and other issues deemed necessary for evaluation to be fully compliant with TSCA requirements. Additional targeted analyses of air and drinking water exposure pathways was conducted for six of the first 10 chemicals (methylene chloride, trichloroethylene, carbon tetrachloride, perchloroethylene, NMP, and 1-bromopropane) where these pathways are potential routes of exposure. The underlying approach—along with applied case studies to 1-bromopropane (air pathway), n-methylpyrrolidone (water pathway), and methylene chloride (air and water pathways)—underwent independent external peer review through the Science Advisory Committee on Chemicals (SACC). EPA received the final peer review report in May 2022.<sup>15</sup> The Agency is using this feedback to expand and build upon the screening level approach and considering its application to future chemical risk evaluations. The information from this screening level analysis has been used to inform the ongoing risk management rulemakings for the first 10 chemicals as appropriate.

In April 2022, EPA held a public virtual meeting of the Science Advisory Committee on Chemicals (SACC) to peer review the draft Toxic Substances Control Act (TSCA) Systematic Review Protocol. This protocol addresses the National Academies of Science recommendations and previous recommendations on systematic review from the SACC review of the first 10 TSCA risk evaluations. The agency will use the scientific advice, information, and recommendations from the SACC, as well as public comments, to inform the final protocol.<sup>16</sup>

Statutory timelines call for EPA to publish final risk evaluations within three years of final designation, with a possible six-month extension. EPA is striving to complete the risk evaluations as expeditiously as possible. Given the availability of resources, the compounding nature of the failure to adequately resource this activity since the 2016 amendments were signed into law, and the additional work needed related to the first 10 chemicals, final risk evaluations on the next 20 High Priority Substances will require more than three years and six months to complete.

#### *Chemical Risk Management Actions (TSCA Sec. 6):*

As required by TSCA, EPA initiated in FY 2017 development of proposed rules to address the risks of five persistent, bioaccumulative, and toxic chemicals (PBT) on the 2014 TSCA Work Plan.<sup>17</sup> Rulemaking for these chemicals was fast-tracked under the law, mandating development of risk management actions without further risk assessment/evaluation. Final rules for all five chemicals were issued in December 2020, meeting

the statutory deadline.<sup>18</sup> Following EPA's extensive outreach during development of the PBT rules and after finalization of the rules, stakeholders in the electronics sector who depend on certain articles containing PIP(3:1) but did not comment or otherwise engage on the proposal alerted EPA regarding hardships inadvertently caused to their supply chains by the rules. In response to these concerns, in FY 2021, EPA extended compliance dates and issued a No Action Assurance on one PBT (PIP (3:1)) to prevent supply chain disruption.

In response to concerns raised after issuance of the final rules, EPA in September 2021 announced its intent to initiate a new rulemaking and anticipates proposing new rules addressing some of these PBT chemicals in calendar year 2023. The current provisions of the final risk management rules remain in effect while EPA is working on the new rulemaking.

Where risk evaluations under TSCA (either EPA-initiated or manufacturer-requested) result in unreasonable risk determinations, EPA will initiate rulemaking under statutory timeframes to address unreasonable risks. Rulemakings are being developed for nine of the first 10 chemicals identified in December 2016 with completed risk evaluations, with EPA issuing a proposed rule for chrysotile asbestos in the Asbestos Part 1 NPRM in April 2022. In addition, numerous stakeholder engagements, such as small business advocacy review panels, have occurred or are planned for many of the first 10 chemicals, including methylene chloride, perchloroethylene, 1-bromopropane (1-BP), PV29, HBCD, TCE, and NMP.

Rulemakings are expected for some of the next 20 chemicals identified in December 2019 for which risk evaluations are currently underway, and for an undetermined number of chemicals that may be evaluated thereafter, including those requested by manufacturers (of which two were initiated in FY 2020 and one was initiated in FY 2021).<sup>19</sup>

#### *Testing of Chemical Substances and Mixtures (TSCA Sec. 4):*

TSCA Section 4 authorizes EPA to require testing of a chemical substance or mixture by manufacturers (including importers) or processors. The Agency issues test orders, test rules, and enforceable consent agreements as may be needed to support chemical risk prioritization, risk evaluation. The first TSCA Test Order was released in March 2020, with Orders for nine more chemicals issued in January 2021.<sup>20</sup> EPA issued additional orders on eight of these chemical substances in March 2022 to address remaining data needs.

EPA is using its TSCA Section 4 authorities to protect human health and the environment from the potential risks of per- and polyfluoroalkyl substances (PFAS). EPA has developed the PFAS National Testing Strategy to help identify and select PFAS for which the Agency will require testing using TSCA Section 4.<sup>21</sup> In this testing strategy, EPA provided an initial list of 24 PFAS for which the Agency anticipates issuing test orders, each representing a different category identified by the strategy. Pursuant to the PFAS National Testing Strategy, EPA has issued two test orders on PFAS (June 2022 and January 2023) and plans to issue additional Test Orders on PFAS in 2023.

The TSCA amendments direct EPA to reduce and replace, to the extent practicable and scientifically justified, the use of vertebrate animals in the testing of chemical substances or mixtures, and to promote the development and timely incorporation of alternative test methods or strategies that do not require new vertebrate animal testing. In 2018, EPA met a statutory requirement to publish a Strategic Plan to promote development and implementation of alternative test methods. EPA has made significant progress on implementing near-term elements of the plan.<sup>22</sup> In December 2021, EPA published a revised NAMs work plan.<sup>23</sup>

### *TSCA Fees (TSCA Secs. 4, 5, 6)*

In FY 2021, EPA proposed changes to the original 2018 TSCA Fees Rule, including:

- Exempting manufacturers from EPA-initiated risk evaluation fees including importers of articles containing a chemical substance, companies that produce a chemical as a byproduct or manufacture or import as an impurity, companies that use chemicals solely for research and development purposes, companies that produce a chemical in less than 2,500 lbs., and companies that manufacture a chemical that is produced as a non-isolated intermediate from fees.
- Proposing a production-volume based fee allocation and that export-only manufacturers pay fees for EPA-initiated risk evaluations.
- Increasing flexibility for companies by extending the amount of time to form consortium to share in fee payments.
- Ensuring EPA can fully collect fees and enabling companies to better prepare for paying fees by allowing payments in installments for EPA-initiated and manufacturer-requested risk evaluations.

In FY 2022, EPA released a notice to modify and supplement the FY 2021 proposed changes.

The actions proposed in this notice include the following:

- Narrowing certain proposed exemptions for entities subject to the EPA-initiated risk evaluation fees and propose exemptions for the test rule fee activities.
- Modifying the self-identification and reporting requirements for EPA-initiated risk evaluation and test rule fees.
- Proposing a partial refund of fees for premanufacture notices withdrawn at any time after the first 10 business days during the assessment period of the chemical.
- Modifying EPA's proposed methodology for the production volume-based fee allocation for EPA-initiated risk evaluation fees in any scenario where a consortium is not formed.
- Expanding the fee requirements to companies required to submit information for test orders.
- Modifying the fee payment obligations to require payment by processors subject to test orders and enforceable consent agreements (ECA).
- Extending the timeframe for test order and test rule payments.
- Changing the fee amounts and the estimate of EPA's full costs for administering TSCA.

### *Reporting and Record-keeping (TSCA Sec. 8)*

In FY 2021, EPA issued a new rule requiring reporting on 50 chemical substances.<sup>24</sup> The chemical substances covered by the rule include the 20 designated by EPA as High-Priority Substances and 30 organohalogen flame retardants being evaluated for risk by the Consumer Product Safety Commission.

Also in FY 2021, EPA initiated development of a proposed rule for implementing a tiered data collection strategy to help inform the agency's prioritization, risk evaluation, and risk management activities for chemical substances or mixtures under TSCA. The purpose of the rulemaking effort is to improve data collection strategies to better meet the agency's basic chemical data needs, such as information related to exposure, health, and eco-toxicity. The proposed data reporting rule is tiered to these specific stages of the TSCA existing chemicals evaluation process:

- Identification of a pool of substances as potential candidates for prioritization;
- Selection of candidate chemicals from the pool and completing the prioritization process; and
- Assessment of high-priority substances through a robust risk evaluation, which may be followed by risk management actions (depending on the outcome of the risk evaluation).

Also in FY 2021, EPA proposed reporting and recordkeeping requirements for Per- and Polyfluoroalkyl Substances (PFAS) under TSCA. EPA proposed to require persons that manufacture (including import) or have manufactured these chemical substances in any year since January 1, 2011, to electronically report information regarding PFAS uses, production volumes, disposal, exposures, and hazards. In addition to fulfilling statutory obligations under TSCA, this proposed rule was intended enable EPA to better characterize the sources and quantities of manufactured PFAS in the United States.

In March 2022, EPA proposed reporting and recordkeeping requirements for asbestos under TSCA section 8(a)(1).<sup>25</sup> The proposed rule would require certain persons that manufactured (including imported) or processed asbestos and asbestos-containing articles (including as an impurity) in the last four years to report certain exposure-related information, including quantities of asbestos manufactured or processed, types of use, and employee data. The proposed rule also covers asbestos-containing articles and situations where asbestos is a component of a mixture.

#### *Importing and Exporting Chemicals (TSCA Sec. 12 and 13)*

In FY 2021, EPA launched a new application in the Central Data Exchange (CDX), the agency's electronic reporting site, that allows users to submit communications under TSCA section 12(b) of the Toxic Substances Control Act (TSCA) electronically. The application provides users with a more convenient and efficient way to submit the necessary information for these export notifications. TSCA section 12(b) requires companies to notify EPA about the identity of a chemical being exported, the date the chemical will be shipped, and the country where the chemical will be exported. EPA, in turn, provides information about the exported chemical and EPA's related regulatory actions to the importing government.

The new application improved the accuracy and quality of data submitted under section 12(b) because chemicals are identified using EPA's Substance Registry Services (SRS), the agency's authoritative resource for information about chemicals and other substances. Previously, these types of communications were required to be sent to the agency in hard copy, a process that lacks chemical identity data validations. The application also includes substantiation validations if non-exempt TSCA confidential business information (CBI) claims are made.

#### *Confidential Business Information (CBI) Review (TSCA Sec. 14):*

EPA is required under TSCA Section 14 to review and make determinations on CBI claims contained in TSCA submissions. In FY 2021, EPA continued developing updated policies, regulations, and guidance to implement the amendments. On May 12, 2022, EPA proposed new and amended requirements relating to the assertion and maintenance of CBI claims under TSCA that, if finalized, would increase transparency, modernize reporting and review procedures, and ensure consistency with TSCA.<sup>26</sup> In FY 2021, EPA completed review of 95% of TSCA CBI submissions in under 60 days. Final determination recommendations were made for 1,500 incoming CBI submissions, and 99% of CBI submissions in backlog were completed. Current total TSCA CBI review and determination statistics are available at <https://www.epa.gov/tsca/cbi/statistics-tsca-cbi-review-program>.

Also in FY 2021, EPA completed its review of 390 specific chemical identities that were announced as expected to lose their confidential status in April 2021. On October 15, 2021, EPA announced a list of 377 specific chemical identities that will be included in the next update to the public version of the TSCA Inventory. EPA found that 13 accession numbers on the initial list of 390 corresponded to substances that are already on the public portion of the Inventory, or to substances reported using an invalid accession number (which was later corrected and/or the confidentiality claim was withdrawn). The 377 specific chemical identities were reported as non-confidential by one or more manufacturers during the 2012, 2016, and/or 2020 CDR reporting periods—meaning that at least one manufacturer did not request that each of these chemical identities be kept confidential, effectively saying it is not a secret that the chemical is in U.S. commerce. The Agency undertook further review of each individual case to confirm the accuracy of the list and provided opportunities for stakeholder input and questions prior to making the specific chemical identities available.

- 1 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/frank-r-lautenberg-chemical-safety-21st-century-act>
- 2 “Existing” chemicals are chemicals that were already in commerce when TSCA was enacted in 1976 or chemicals that have undergone PMN [Premanufacture Notice] review and are listed on the TSCA Inventory.” See <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/basic-information-review-new>
- 3 The term “new chemical substance” means any [chemical substance](#) which is not included in the [chemical substance](#) list compiled and published under section 8(b) of TSCA, i.e., the TSCA Inventory.
- 4 <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/actions-under-tsca-section-5>
- 5 The term “conditions of use” means the circumstances, as determined by the [Administrator](#) under which a [chemical substance](#) is intended, known, or reasonably foreseen to be manufactured, processed, distributed in [commerce](#) used, or disposed of.
- 6 See <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/epas-review-process-new-chemicals>
- 7 <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/actions-under-tsca-section-5#SNURs>
- 8 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/regulation-chemicals-under-section-6a-toxic-substances>
- 9 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/industry-testing-requirements-under-tsca-section-4>
- 10 <https://www.epa.gov/tsca-inventory/about-tsca-chemical-substance-inventory>
- 11 <https://www.epa.gov/tsca-import-export-requirements>
- 12 <https://www.epa.gov/chemical-data-reporting>
- 13 <https://www.epa.gov/newsreleases/epa-announces-path-forward-tsca-chemical-risk-evaluations>
- 14 <https://www.epa.gov/newsreleases/epa-announces-path-forward-tsca-chemical-risk-evaluations>
- 15 For more information on the *EPA TSCA Screening Level Approach for Assessing Ambient Air and Water Exposures to Fenceline Communities* and associated peer review in May 2022, see <https://www.epa.gov/tsca-peer-review/peer-review-epa-tsca-screening-level-approach-assessing-ambient-air-and-water>
- 16 <https://www.epa.gov/tsca-peer-review/peer-review-draft-tsca-systematic-review-protocol>
- 17 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/tsca-work-plan-chemicals>
- 18 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/persistent-bioaccumulative-and-toxic-pbt-chemicals>
- 19 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/list-manufacturer-requested-risk-evaluations-under-tsca>
- 20 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/tsca-section-4-test-orders#list>
- 21 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/national-pfas-testing-strategy>
- 22 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/alternative-test-methods-and-strategies-reduce>
- 23 <https://www.epa.gov/chemical-research/new-approach-methods-work-plan>
- 24 <https://www.govinfo.gov/content/pkg/FR-2021-06-29/pdf/2021-13212.pdf>
- 25 <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/tsca-section-8a1-reporting-and-recordkeeping>
- 26 <https://www.epa.gov/chemicals-under-tsca/epa-proposes-rule-update-confidential-business-information-requirements-under>

**Principal Financial Statements**

## Principal Financial Statements

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Balance Sheet  
As of September 30, 2021 and 2020  
(Dollars in Thousands)**

	<u>2021</u>	<u>2020</u>
<b>ASSETS:</b>		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	\$ 23,653	\$ 1,775
Accounts Receivable, Net (Note 3)	<u>1,576</u>	<u>-</u>
Total Intragovernmental	25,229	1,775
<b>Total Assets</b>	<b><u>\$ 25,229</u></b>	<b><u>\$ 1,775</u></b>
<b>LIABILITIES:</b>		
Intragovernmental:		
Other Liabilities (Note 5)	\$ <u>28</u>	\$ <u>11</u>
Total Intragovernmental	28	11
Other Than Intragovernmental:		
Accounts Payable (Note 4)	809	54
Federal Employee and Veteran Benefits Payable (Note 10)	284	348
Advances from Others and Deferred Revenue	22,744	-
Other Liabilities (Note 5)	<u>333</u>	<u>406</u>
Total Other Than Intragovernmental:	<u>24,170</u>	<u>808</u>
<b>Total Liabilities</b>	<b><u>\$ 24,198</u></b>	<b><u>\$ 819</u></b>
Commitments and Contingencies (Note 6)		
<b>NET POSITION:</b>		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 120	\$ 782
Cumulative Results of Operations - Funds from Other than Dedicated Collections	<u>911</u>	<u>174</u>
Total Net Position	<u>1,031</u>	<u>956</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 25,229</u></b>	<b><u>\$ 1,775</u></b>

The accompanying notes are an integral part of these financial statements.  
EPA's FY 2021 Annual TSCA Financial Statements

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Statement of Net Cost  
For the Fiscal Years Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

	<u>2021</u>	<u>2020</u>
<b>COSTS</b>		
Gross Costs	\$ 7,581	\$ 8,303
Expenses from Other Appropriations (Note 11)	36,028	37,830
Less: Earned Revenue	<u>7,455</u>	<u>5,510</u>
<b>NET COST OF OPERATIONS (Notes 13 and 14)</b>	<b>\$ <u>36,154</u></b>	<b>\$ <u>40,623</u></b>

The accompanying notes are an integral part of these financial statements.  
EPA's FY 2021 Annual TSCA Financial Statements

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Statement of Changes in Net Position  
For the Fiscal Years Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

	<u>2021</u>	<u>2020</u>
<b>UNEXPENDED APPROPRIATIONS:</b>		
Beginning Balance	\$ 782	\$ 3,717
Appropriations Used	<u>(662)</u>	<u>(2,935)</u>
Net Change in Unexpended Appropriations	(662)	(2,935)
<b>Total Unexpended Appropriations</b>	<b><u>\$ 120</u></b>	<b><u>\$ 782</u></b>
<b>CUMULATIVE RESULTS OF OPERATIONS:</b>		
Beginning Balance	\$ 174	\$ (185)
Appropriations Used	662	2,935
Income from Other Appropriations (Note 11)	36,028	37,830
Imputed Financing Sources	<u>201</u>	<u>217</u>
Net Cost of Operations	<u>(36,154)</u>	<u>(40,623)</u>
Net Change in Cumulative Results of Operations	737	359
<b>Cumulative Results of Operations</b>	<b><u>911</u></b>	<b><u>174</u></b>
<b>Net Position</b>	<b><u>\$ 1,031</u></b>	<b><u>\$ 956</u></b>

The accompanying notes are an integral part of these financial statements.  
EPA's FY 2021 Annual TSCA Financial Statements

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Statement of Budgetary Resources  
For the Fiscal Year Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

	<b>2021</b>	<b>2020</b>
<b>BUDGETARY RESOURCES</b>		
Unobligated Balance From Prior Year Budget Authority, Net (discretionary) (Note 7)	\$ 1,288	\$ 3,514
Spending Authority from Offsetting Collections (discretionary)	28,624	5,528
<b>Total Budgetary Resources</b>	<b>\$ 29,912</b>	<b>\$ 9,042</b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
New Obligations and Upward adjustments (total)	\$ 15,513	\$ 7,771
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	14,399	1,271
Unobligated Balance, End of Year (total): (Note 8)	14,399	1,271
<b>Total Status of Budgetary Resources</b>	<b>\$ 29,912</b>	<b>\$ 9,042</b>
<b>OUTLAYS, NET</b>		
Outlays, Net (total) (discretionary)	\$ 6,724	\$ 8,100
Distributed Offsetting Receipts (-)	(28,602)	(5,530)
Agency Outlays, Net (discretionary)	<b>\$ (21,878)</b>	<b>\$ 2,570</b>

The accompanying notes are an integral part of these financial statements.  
EPA's FY 2021 Annual TSCA Financial Statements

**U.S. Environmental Protection Agency**  
**Toxic Substances Control Act Service Fee Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended September 30, 2021 and 2020**  
**(Dollars in Thousands)**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entities**

The EPA was created in 1970 by executive reorganization from various components of other federal agencies to better marshal and coordinate federal pollution control efforts. The Agency is generally organized around the media and substances it regulates - air, water, waste, pesticides, and toxic substances.

The Toxic Substances Control Act (TSCA), as amended by the (signed into law June 22, 2016), EPA evaluates potential risks from new and existing chemicals and acts to address any unreasonable risks chemicals may have on human health and the environment. Where a chemical risk evaluation results in a finding of unreasonable risk, EPA may undertake risk management action (rulemaking) to restrict the production, importation and use of the chemical in U.S. commerce. The agency has established reporting, record-keeping and testing requirements to support its evaluation and risk management work. Certain substances such as food, drugs, cosmetics and pesticides are generally excluded from regulation under TSCA.

The TSCA fund may charge some administrative costs directly to the fund and charge the remainder of the administrative costs to Agency-wide appropriations. See Note 11 Income and Expenses from Other Appropriations for amounts included in Income from Other Appropriations on the Statement of Changes in Net Position and as Expenses from Other Appropriations on the Statement of Net Cost.

**B. Basis of Presentation**

The accompanying financial statements have been prepared to report the financial position and results of operations of the U. S. Environmental Protection Agency (the EPA or Agency) as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The reports have been prepared from the financial system and records of the Agency in accordance with the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, and the EPA accounting policies, which are summarized in this note.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

**C. Budgets and Budgetary Accounting**

The EPA receives two-year appropriated funds to carry out the Frank R. Lautenberg Chemical Safety for the 21<sup>st</sup> Century Act. Under the Act, the Agency is authorized to collect user fees (up to \$25 million annually) from chemical manufacturers and processors. Fees collected will defray costs for new chemical reviews and a range of TSCA implementation activities for existing chemicals.

For fiscal year 2020 and 2021 TSCA was funded through offsetting collections. For fiscal year 2019 and prior TSCA was funded through both appropriations and offsetting collections.

**U.S. Environmental Protection Agency**  
**Toxic Substances Control Act Service Fee Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended September 30, 2021 and 2020**  
**(Dollars in Thousands)**

**D. Basis of Accounting**

Generally Accepted Accounting Principles (GAAP) for federal entities is the standard prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard-setting body for the Federal Government and the American Institute of Certified Public Accountants (AICPA). The financial statements are prepared in accordance with GAAP for federal entities.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds posted in accordance with OMB directives and the U.S. Treasury regulations.

EPA uses a modified matching principle since federal entities recognize unfunded liabilities (without budgetary resources) in accordance FASAB Statement of Federal Financial Accounting Standards (SFFAS) No. 5 *Accounting for Liabilities of the Federal Government*.

**E. Revenues and Other Financing Sources**

TSCA began collecting user fees in fiscal year 2019. For fiscal years 2021 and 2020, TSCA received funding from collections to the extent that expenses were incurred during the fiscal year.

**F. Funds with the Treasury (See Note 2)**

The Agency does not maintain cash in commercial bank accounts; cash receipts and disbursements are handled by Treasury. These funds have balances available to pay current liabilities and finance authorized obligations, as applicable.

**G. Accounts Receivable and Interest Receivable (See Note 3)**

The agency records accounts receivable for individual evaluation actions. Past due accounts receivable are subject to interest, penalties and administrative fees.

**H. Liabilities (See Notes 4 and 5)**

Liabilities represent the amount of monies or other resources that are more likely than not to be paid by the Agency as the result of an Agency transaction or event that has already occurred and can be reasonably estimated. However, no liability can be paid by the Agency without an appropriation or other collections authorized for retention. Liabilities for which an appropriation has not been enacted are classified as unfunded liabilities and there is no certainty that the appropriations will be enacted. Liabilities of the Agency arising from other than contracts can be abrogated by the Government acting in its sovereign capacity.

**I. Accrued Unfunded Annual Leave (See Note 10)**

Annual, sick and other leave is expensed as taken during the fiscal year. Annual leave earned but not taken at the end of the fiscal year is accrued as an unfunded liability. Accrued unfunded annual leave is included in the Balance Sheet as a component of "Federal Employee Benefits Payable." Sick leave earned but not taken is not accrued as a liability. It is expensed as it is used.

**U.S. Environmental Protection Agency**  
**Toxic Substances Control Act Service Fee Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended September 30, 2021 and 2020**  
**(Dollars in Thousands)**

**J. Advances from Others and Deferred Revenue**

Fees collected by the TSCA program that have not yet been expended are considered deferred revenue. Deferred revenue will fluctuate with program expenses.

**K. Retirement Plan (See Note 10)**

There are two primary retirement systems for federal employees. Employees hired prior to January 1, 1987, may participate in the Civil Service Retirement System (CSRS). On January 1, 1987, the Federal Employees Retirement System (FERS) went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1986, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1987, elected to either join FERS and Social Security or remain in CSRS. A primary feature of FERS is that it offers a savings plan to which the Agency automatically contributes one percent of pay and matches any employee contributions up to an additional four percent of pay. The Agency also contributes the employer's matching share for Social Security.

With the issuance of SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, accounting and reporting standards were established for liabilities relating to the federal employee benefit programs (Retirement, Health Benefits, and Life Insurance). SFFAS No. 5 requires that the employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires that the Office of Personnel Management (OPM), as administrator of the CSRS and FERS, the Federal Employees Health Benefits Program, and the Federal Employees Group Life Insurance Program, provide federal agencies with the actuarial cost factors to compute the liability for each program.

**L. Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect reporting amounts of assets, liabilities and the reported amounts of the revenue and expenses during the period. Actual results could differ from those estimates.

**M. Reclassifications and Comparative Figures**

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements* revised June 3, 2022. As a result, the form and content of the Balance Sheet, Statement of Changes in Net Position and footnotes have changed to conform with OMB Circular No. A-136.

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Notes to the Financial Statements  
For the Fiscal Years Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

**Note 2. Fund Balance With Treasury (FBWT)**

Fund Balance with Treasury as of September 30, 2021 and 2020 consists of the following:

	<u>2021</u>			<u>2020</u>		
	Entity Assets	Non-Entity Assets	Total	Entity Assets	Non-Entity Assets	Total
<b>Revolving Funds:</b>						
TSCA	\$ 23,653	\$ -	\$ 23,653	\$ 1,775	\$ -	\$ 1,775
<b>Total</b>	<u>\$ 23,653</u>	<u>\$ -</u>	<u>\$ 23,653</u>	<u>\$ 1,775</u>	<u>\$ -</u>	<u>\$ 1,775</u>

**Status of Fund Balances:**

**Unobligated Amounts in Fund Balance:**

	<u>2021</u>	<u>2020</u>
Available for Obligation	\$ 14,399	\$ 1,271
Obligated Balance not yet Disbursed	9,254	484
Non-Budgetary FBWT	-	20
<b>Total</b>	<u>\$ 23,653</u>	<u>\$ 1,775</u>

**Note 3. Accounts Receivable, Net**

Accounts Receivable as of September 30, 2021 and September 30, 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
<b>Other than Intragovernmental:</b>		
Accounts & Interest Receivable	\$ 1,711	\$ -
Less: Allowance for Uncollectible	(135)	-
<b>Total</b>	<u>\$ 1,576</u>	<u>\$ -</u>

The Allowance for Uncollectible Accounts is determined on a percentage basis for receivables not specifically identified.

**Note 4. Accounts Payable**

The Accounts Payable are current liabilities and consist of the following amounts as of September 30, 2021 and 2020:

	<u>Covered by Budgetary Resources</u>	
	<u>2021</u>	<u>2020</u>
<b>Other Than Intragovernmental:</b>		
Accounts Payable	\$ 809	\$ 54
<b>Total Other Than Intragovernmental</b>	<u>\$ 809</u>	<u>\$ 54</u>

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Notes to the Financial Statements  
For the Fiscal Years Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

**Note 5. Other Liabilities**

Other Liabilities consist of the following as of September 30, 2021:

	<b>Covered by Budgetary Resources</b>	<b>Not Covered by Resources</b>	<b>Total</b>
<b>Other Liabilities - Intragovernmental:</b>			
<b>Current</b>			
Employer Contributions & Payroll Taxes	\$ <u>28</u>	\$ -	\$ <u>28</u>
<b>Total Intragovernmental</b>	<b>\$ <u>28</u></b>	<b>\$ -</b>	<b>\$ <u>28</u></b>
<b>Other Liabilities - Other Than Intragovernmental:</b>			
<b>Current</b>			
Accrued Funded Payroll and Benefits	\$ 76	\$ -	\$ 76
Other Accrued Liabilities	<u>257</u>	<u>-</u>	<u>257</u>
<b>Total Other Than Intragovernmental</b>	<b>\$ <u>333</u></b>	<b>\$ -</b>	<b>\$ <u>333</u></b>

Other Liabilities consist of the following as of September 30, 2020:

	<b>Covered by Budgetary Resources</b>	<b>Not Covered by Resources</b>	<b>Total</b>
<b>Other Liabilities - Intragovernmental:</b>			
<b>Current</b>			
Employer Contributions & Payroll Taxes	\$ <u>11</u>	\$ -	\$ <u>11</u>
<b>Total Intragovernmental</b>	<b>\$ <u>11</u></b>	<b>\$ -</b>	<b>\$ <u>11</u></b>
<b>Other Liabilities - Other Than Intragovernmental:</b>			
<b>Current</b>			
Accrued Funded Payroll and Benefits	\$ 34	\$ -	\$ 34
Other Accrued Liabilities	<u>372</u>	<u>-</u>	<u>372</u>
<b>Total Other Than Intragovernmental</b>	<b>\$ <u>406</u></b>	<b>\$ -</b>	<b>\$ <u>406</u></b>

**Note 6. Commitments and Contingencies**

The EPA is a party to four legal cases related to the TSCA fee program as of September 30, 2021. Three cases have a probable and one a reasonably probable likelihood of an unfavorable outcome. None of the cases have estimated loss liability, thus no contingent loss liability has been recorded.

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Notes to the Financial Statements  
For the Fiscal Years Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

**Note 7. Recoveries and Resources Not Available, Statement of Budgetary Resources**

Recoveries of Prior Year Obligations on the Statement of Budgetary Resources consist of the following amounts for September 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
<b>Unobligated Balance Brought Forward, Oct 1.</b>	<b>\$ <u>1,271</u></b>	<b>\$ <u>3,023</u></b>
<b>Adjustments to Budgetary Resources Made During the Current Year</b>		
Downward Adjustments of Prior Year Undelivered Orders	-	497
Other Adjustments	<u>17</u>	<u>(6)</u>
<b>Total</b>	<b>17</b>	<b>491</b>
<b>Unobligated Balance from Prior Year Budget Authority, Net (discretionary)</b>	<b>\$ <u>1,288</u></b>	<b>\$ <u>3,514</u></b>

**Note 8. Unobligated Balances Available**

Unobligated Balances Available consist of entirely of Apportioned, Unobligated Balances. Unexpired unobligated balances are available to be apportioned by the OMB for new obligations at the beginning of the following fiscal year.

The unobligated balances available consist of the following as of September 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Unexpired Unobligated Balance	<u>\$ 14,399</u>	<u>\$ 1,271</u>
<b>Total</b>	<b>\$ <u>14,399</u></b>	<b>\$ <u>1,271</u></b>

**Note 9. Undelivered Orders at the End of the Period**

Budgetary resources obligated for undelivered orders as of September 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Other Than Intragovernmental:		
Unpaid Undelivered Orders	<u>\$ 8,086</u>	<u>\$ 36</u>
<b>Total</b>	<b>\$ <u>8,086</u></b>	<b>\$ <u>36</u></b>

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Notes to the Financial Statements  
For the Fiscal Years Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

**Note 10. Federal Employee and Veteran Benefits Payable**

Federal Employee and Veteran Benefits Payable to the EPA employees as of September 30, 2021 and 2020:

<b>September 30, 2021 Federal Employee and Veteran Benefits Payable</b>	<b>Covered by Budgetary Resources</b>	<b>Not Covered by Budgetary Resources</b>	<b>Total</b>
Accrued Unfunded Annual Leave	\$ -	\$ 284	\$ 284
<b>Total - Current</b>	<b>\$ -</b>	<b>\$ 284</b>	<b>\$ 284</b>

<b>September 30, 2020 Federal Employee and Veteran Benefits Payable</b>	<b>Covered by Budgetary Resources</b>	<b>Not Covered by Budgetary Resources</b>	<b>Total</b>
Accrued Unfunded Annual Leave	\$ -	\$ 348	\$ 348
<b>Total - Current</b>	<b>\$ -</b>	<b>\$ 348</b>	<b>\$ 348</b>

**Note 11. Income and Expenses from Other Appropriations**

The Statement of Net Cost reports the program costs that include the full cost of the program outputs and consist of the direct costs and all other costs that can be directly traced, assigned on a cause-and-effect basis, or reasonably allocated to program outputs.

During fiscal years 2021 and 2020, the EPA had one appropriation which funded a variety of programmatic and non-programmatic activities across the Agency, subject to statutory requirements. The EPM appropriation was created to fund personnel compensation and benefits, travel, procurement, and contract activities.

As illustrated below there is no impact on TSCA's Statement of Changes in Net Position as of September 30, 2021 and 2020.

	<b>2021</b>	<b>2020</b>
Income from Other Appropriations	\$ 36,028	\$ 37,830
Expenses from Other Appropriations	<u>36,028</u>	<u>37,830</u>
Net Effect	<u>\$ -</u>	<u>\$ -</u>

**Note 12. Exchange Revenues, Statement of Net Cost**

For fiscal years ended September 30, 2021 and 2020, the exchange revenues reported on the Statement of Net Cost consist of non-Federal amounts.

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Notes to the Financial Statements  
For the Fiscal Years Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

**Note 13. Intragovernmental Costs and Exchange Revenue**

	<u>For the Fiscal Year Ended September 30, 2021</u>	<u>For the Fiscal Year Ended September 30, 2020</u>
<b>Costs:</b>		
Intragovernmental	\$ 884	\$ 916
With the Public	6,697	7,387
Expenses from Other Appropriations	<u>36,028</u>	<u>37,830</u>
Total Costs	<u>\$ 43,609</u>	<u>\$ 46,133</u>
<b>Revenue:</b>		
With the Public	<u>7,455</u>	<u>5,510</u>
Total Revenue	7,455	5,510
<b>Net Cost of Operations:</b>	<u>\$ 36,154</u>	<u>\$ 40,623</u>

Intragovernmental costs relate to the source of the goods or services not the classification of the related revenue.

**Note 14. Reconciliation of Net Cost of Operations to Net Outlays**

	<u>Fiscal Year Ending September 30, 2021</u>		
	<u>Intra- governmental</u>	<u>Other Than Intra- Governmental</u>	<u>Total</u>
<b>NET COST</b>	<u>\$ 884</u>	<u>\$ 35,270</u>	<u>\$ 36,154</u>
<b>Components of Net Cost That Are Not Part of Net Outlays:</b>			
Other	-	(36,028)	(36,028)
Accounts Receivable	-	1,575	1,575
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	-	(755)	(755)
Federal Employee Benefits Payable	-	65	65
Other Liabilities	(17)	(22,671)	(22,688)
<b>Other Financing Sources:</b>			
Imputed Financing	<u>(201)</u>	<u>-</u>	<u>(201)</u>
<b>Total Components of Net Cost That Are Not Part of Net Outlays</b>	<b>(218)</b>	<b>(57,814)</b>	<b>(58,032)</b>
<b>NET OUTLAYS</b>	<u>\$ 666</u>	<u>\$ (22,544)</u>	<u>\$ (21,878)</u>

**U.S. Environmental Protection Agency  
Toxic Substances Control Act Service Fee Fund  
Notes to the Financial Statements  
For the Fiscal Years Ended September 30, 2021 and 2020  
(Dollars in Thousands)**

	<u>Fiscal Year Ending September 30, 2020</u>		
	<u>Intra- governmental</u>	<u>With the Public</u>	<u>Total</u>
<b>NET COST</b>	<b>\$ 916</b>	<b>\$ 39,707</b>	<b>\$ 40,623</b>
<b>Components of Net Cost That Are Not Part of Net Outlays:</b>			
Other	-	(37,830)	(37,830)
<b>Increase/(Decrease) in Assets:</b>			
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable and Accrued Liabilities	34	(2)	32
Federal Employee and Veteran Benefits Payable	-	(151)	(151)
Other Liabilities	-	16	16
<b>Other Financing Sources:</b>			
Transfer Out (In) Without Reimbursement	(5,528)	-	(5,528)
Imputed Financing	(217)	-	(217)
<b>Total Components of Net Cost That Are Not Part of Net Outlays</b>	<b>(5,711)</b>	<b>(37,967)</b>	<b>(43,678)</b>
Other	-	5,530	5,530
<b>Other Temporary Timing Differences</b>	<b>-</b>	<b>95</b>	<b>95</b>
<b>NET OUTLAYS</b>	<b>\$ (4,795)</b>	<b>\$ 7,365</b>	<b>\$ 2,570</b>

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The reconciliation explains the relationship between the net cost of operations and net outlays by presenting components of net cost that are not part of net outlays (e.g., depreciation and amortization expenses of assets previously capitalized, change in asset/liabilities), components of net outlays that are not part of net cost (e.g., acquisition of capital assets), other temporary timing difference (e.g., prior period adjustments due to correction of errors). The analysis above illustrates this reconciliation by listing the key differences between net cost and net outlays.

## Agency Response to Draft Report



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

WASHINGTON, D.C. 20460

September 22, 2023

OFFICE OF THE  
CHIEF FINANCIAL OFFICER

**MEMORANDUM**

**SUBJECT:** Response to the Office of Inspector General Draft Report, Project No. OA-FY23-0050, *“Audit of the EPA’s Fiscal Years 2021 and 2020 Toxic Substances Control Act Service Fee Fund Financial Statements”* dated September 12, 2023

**FROM:** Faisal Amin, Chief Financial Officer  
Office of the Chief Financial Officer

Amin, Faisal Digitally signed by Amin, Faisal  
Date: 2023.09.22  
17:12:37 -04'00'

**TO:** Damon Jackson, Director  
Financial Directorate  
Office of Audit

Thank you for the opportunity to respond to the issues and recommendations in the subject draft report. The following is a summary of the U.S. Environmental Protection Agency’s overall position, along with its position on the report’s recommendations. This response has been coordinated with the Office of Chemical Safety and Pollution Prevention.

**1. AGENCY’S OVERALL POSITION**

The draft report contains three recommendations for the Office of the Chief Financial Officer and one recommendation for the OCSPP. The agency agrees with all recommendations.

**2. AGENCY RESPONSE TO DRAFT REPORT RECOMMENDATIONS**

Recommendation	Office	High-Level Intended Corrective Action(s)	Estimated Completion Date

1. Correct the calculation in the Toxic Substances Control Act 21-09A on-top adjustment to accurately capture the amounts for financial statement line items “Income from Other Appropriations” and “Expenses from Other Appropriations.”	OCFO	<u>Concur.</u> OCFO corrected the calculation for income and expenses from other appropriations and accurately reported the amounts in the final financial statements.	Completed 08/22/2023
Recommendation	Office	<u>High-Level Intended Corrective Action(s)</u>	Estimated Completion Date
2. Update the Toxic Substances Control Act standard operating procedures to align with the Resource Management Directive System requirement to forward documentation that establishes a receivable to the Office of the Controller within five business days.	OCSPP	<u>Concur.</u> OCSPP has updated the Toxic Substances Control Act standard operating procedures to align with the Resources Management Directive System requirement to establish a receivable to the Office of the Controller within five business days.	Completed 9/21/2023
3. Implement procedures to establish an allowance for doubtful accounts for the Toxic Substances Control Act Service Fee Fund to reduce that fund’s accounts receivable to its net realizable value.	OCFO	<u>Concur.</u> OCFO implemented procedures in FY 2022 to establish an allowance for doubtful accounts for the TSCA receivables.	Completed 12/22/2021
4. Implement procedures to prevent or detect potential violations of the segregation of duties policy in the Small Purchase Information Tracking System software.	OCFO	<u>Concur.</u> The Small Purchase Information Tracking System is no longer in use due to the implementation of the Invoice Processing Platform.	Completed 07/31/2023

## **CONTACT INFORMATION**

If you have any questions regarding this response, please contact the OCFO's Audit Follow-up Coordinator, Andrew LeBlanc, at [leblanc.andrew@epa.gov](mailto:leblanc.andrew@epa.gov) or (202) 564-1761, or the OCSPP's Senior Audit Advisor, Janet Weiner, at [weiner.janet@epa.gov](mailto:weiner.janet@epa.gov) or (202) 564-2309.

cc: Gregg Trembl  
Lek Kadeli  
Meshell Jones-Peeler  
Adil Gulamali  
OCFO-OC-MANAGERS  
Wanda Arrington  
Demetrios Papakonstantinou  
Shannon Lackey  
Mairim Lopez  
Sheila May  
Andrew Sheeran  
Gabrielle Hanson  
Luby Harvey  
Brian Katz  
Janet Weiner  
Susan Perkins  
Andrew LeBlanc  
José Kercadó

## *Distribution*

The Administrator  
 Deputy Administrator  
 Chief of Staff, Office of the Administrator  
 Deputy Chief of Staff for Management, Office of the Administrator  
 Chief Financial Officer  
 Agency Follow-Up Coordinator  
 General Counsel  
 Assistant Administrator for Chemical Safety and Pollution Prevention  
 Associate Administrator for Congressional and Intergovernmental Relations  
 Associate Administrator for Public Affairs  
 Deputy Chief Financial Officer  
 Associate Chief Financial Officer  
 Associate Chief Financial Officer for Policy  
 Deputy Assistant Administrator for Chemical Safety and Pollution Prevention  
 Deputy Assistant Administrator for Management, Office of Chemical Safety and Pollution Prevention  
 Deputy Assistant Administrator for Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
 Chief of Staff, Office of Chemical Safety and Pollution Prevention  
 Director, Office of Continuous Improvement, Office of the Chief Financial Officer  
 Director, Information Technology and Resources Management Division, Office of Program Support, Office of Chemical Safety and Pollution Prevention  
 Director, Office of Pollution Prevention and Toxics, Office of Chemical Safety and Pollution Prevention  
 Deputy Director, Information Technology and Resources Management Division, Office of Program Support, Office of Chemical Safety and Pollution Prevention  
 Deputy Director, Office of Pollution Prevention and Toxics, Office of Chemical Safety and Pollution Prevention  
 Chief, Budget Planning and Performance Assessment Branch, Information Technology and Resources Management Division, Office of Program Support, Office of Chemical Safety and Pollution Prevention  
 Controller  
 Deputy Controller  
 Associate Deputy Controller  
 Director, Accounting and Cost Analysis Division, Office of the Chief Financial Officer  
 Director, Policy, Training, and Accountability Division, Office of the Controller  
 Chief, Management, Integrity, and Accountability Branch; Policy, Training, and Accountability Division, 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

Senior Advisor, Office of Pollution Prevention and Toxics, Office of Chemical Safety and Pollution Prevention

Senior Audit Advisor, Office of Chemical Safety and Pollution Prevention

Audit Follow-Up Coordinator, Office of the Administrator

Audit Follow-Up Coordinator, Office of the Chief Financial Officer

Audit Follow-Up Coordinators, Office of the Controller



## Whistleblower Protection

U.S. Environmental Protection Agency

*The whistleblower protection coordinator's role is to educate Agency employees about prohibitions on retaliation and employees' rights and remedies in cases of reprisal. For more information, please visit the whistleblower protection coordinator's [webpage](#).*

### Contact us:



**Congressional Inquiries:** [OIG.CongressionalAffairs@epa.gov](mailto:OIG.CongressionalAffairs@epa.gov)



**Media Inquiries:** [OIG.PublicAffairs@epa.gov](mailto:OIG.PublicAffairs@epa.gov)



**EPA OIG Hotline:** [OIG.Hotline@epa.gov](mailto:OIG.Hotline@epa.gov)



**Web:** [epaoig.gov](http://epaoig.gov)

### Follow us:



**X (formerly Twitter):** [@epaoig](https://twitter.com/epaoig)



**LinkedIn:** [linkedin.com/company/epa-oig](https://linkedin.com/company/epa-oig)



**YouTube:** [youtube.com/epaoig](https://youtube.com/epaoig)



**Instagram:** [@epa.ig.on.ig](https://www.instagram.com/epa.ig.on.ig)



[www.epaoig.gov](http://www.epaoig.gov)