



At a Glance

Why We Did This Project

We performed this audit pursuant to the Frank R. Lautenberg Chemical Safety for the 21st 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 TSCA Service Fee Fund financial statements each year. Our primary objectives were to determine whether:

- The financial statements were fairly stated in all material respects.
- The EPA's internal controls over financial reporting were in place.
- EPA management complied with laws and regulations.

The TSCA Service Fee Fund has been designed to defray up to 25 percent of the costs associated with implementing key TSCA provisions.

This report addresses the following:

- *Operating efficiently and effectively.*

This report addresses a top EPA management challenge:

- *Fulfilling mandated reporting requirements.*
- *Complying with internal control (data quality; policies and procedures).*

Address inquiries to our public affairs office at (202) 566-2391 or OIG_WEBCOMMENTS@epa.gov.

List of [OIG reports](#).

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

EPA Receives an Unmodified Opinion

We rendered an unmodified opinion on the EPA's Toxic Substances Control Act Service Fee Fund financial statements for the period from inception (June 22, 2016) through September 30, 2018, meaning that the statements were fairly presented and free of material misstatement.

We found the fund's financial statements to be fairly presented and free of material misstatement.

Material Weakness Noted

The EPA overstated expenses from other appropriations by \$8.4 million. We found that the EPA made errors in multiple iterations of its calculation for expenses from other appropriations.

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

No significant matters involving compliance with applicable laws and regulations, contracts, and grant agreements came to our attention during the course of the audit.

TSCA Service Fees

The EPA began collecting TSCA service fees in fiscal year 2019.

Recommendations and Planned Agency Corrective Actions

We recommend that the chief financial officer (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 TSCA Service Fee Fund activities and (2) establish written policies and procedures so that expenses from other appropriations in component audits reflect actual costs.

The EPA concurred with our recommendations and provided acceptable corrective actions and estimated completion dates. We consider these recommendations resolved with corrective actions pending.