



At a Glance

Why We Did This Review

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

The U.S. Environmental Protection Agency (EPA) is responsible for reassessing the safety of older pesticide registrations against modern health and environmental testing standards. To expedite this reregistration process, Congress authorized the EPA to collect fees from pesticide manufacturers. The fees are deposited into the FIFRA Fund. Each year, the agency prepares financial statements that present financial information about the fund, along with information about the EPA's progress in reregistering pesticides.

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

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Fiscal Years 2014 and 2013 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund

Disclaimer of Opinion

We rendered a disclaimer of opinion on the FIFRA Fund financial statements for fiscal year (FY) 2014, meaning that we were unable to obtain sufficient evidence to determine if they were fairly presented and free of material misstatement. We had previously rendered an unmodified, or clean, opinion on the EPA's FIFRA Fund financial statements for FY 2013, meaning they were fairly presented and free of material misstatement.

Due to the material weakness in internal controls noted, the agency cannot provide reasonable assurance that financial data provided for the FIFRA Fund accurately reflect the agency's financial activities and balances.

Internal Control Material Weakness Noted

We noted a material weakness in that the EPA cannot adequately support \$34 million of its FY 2014 FIFRA Fund costs. The EPA's Office of Pesticide Programs receives its funding both from fees paid by pesticide manufacturers and from amounts appropriated by the Congress. In FY 2014, the EPA allocated its pesticide funding to use appropriated amounts, which would expire, and retained funding received from fees. Therefore, significant payroll amounts paid from appropriations were not charged directly to the FIFRA Fund or other pesticide programs. This resulted in the loss of the audit trail for reporting separate costs and liabilities for the FIFRA Fund and other pesticide programs.

Compliance With Applicable Laws and Regulations

In FY 2014, the EPA chose to significantly exceed the statutory target set out in FIFRA. FIFRA requires the EPA to collect pesticide maintenance fees, to the extent practicable, of \$27.8 million for each of FYs 2013 through 2017. In FY 2014, the EPA chose to collect \$28.6 million, \$800,000 over the established target.

Agency Comments and Office of Inspector General Evaluation

The agency agreed with each of our findings and our recommendation. In October 2015, the Office of Chemical Safety and Pollution Prevention eliminated the practice of averaging to offset over- or under-collection of maintenance fees from previous years, and plans to set the per-product maintenance fee at an amount that is designed to collect the target amount of fees authorized by Congress. The recommendation will remain open until we can confirm FY 2016 maintenance fee collections.