



At a Glance

Why We Did This Review

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

To expedite the registration of certain pesticides, Congress authorized the U.S. Environmental Protection Agency (EPA) to assess and collect pesticide registration fees. The fees collected are deposited into the PRIA Fund. The agency is required to prepare financial statements that present financial information about the PRIA Fund. PRIA also requires the establishment of decision time review periods for pesticide registration actions, and requires the Office of Inspector General to perform an analysis of the agency's compliance with those review periods.

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

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

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Fiscal Years 2015 and 2014 Financial Statements for the Pesticide Registration Fund

Disclaimer of Opinion

We rendered a disclaimer of opinion on the PRIA Fund financial statements for fiscal years (FYs) 2015 and 2014, meaning that we were unable to obtain sufficient evidence to determine if 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 PRIA 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 its FY 2015 PRIA Fund costs. The EPA's Office of Pesticide Programs receives its funding from both fees paid by pesticide manufacturers and amounts appropriated by Congress. In FY 2015, 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 PRIA Fund or other pesticide programs. This resulted in the loss of the audit trail for reporting separate costs and liabilities for the PRIA Fund and other pesticide programs. The EPA has taken corrective actions based on what we found during our prior PRIA Fund financial statements audit report; accordingly, we are making no additional recommendations on this issue. In October 2016, the agency implemented a new enhancement for transactions that will commence in FY 2017. However, this does not impact or correct the material weakness for the FY 2015 statements, nor the disclaimer of opinion.

Compliance With Applicable Laws and Regulations

The EPA did not meet the minimum requirement for funding worker protection activities in FY 2015. The EPA used approximately \$480,000 for worker protection activities in FY 2015. However, the Pesticide Registration Improvement Extension Act of 2012 (PRIA 3) requires the EPA to use approximately 1/17 of the amount in the PRIA Fund, but not less than \$1 million, to enhance scientific and regulatory activities relating to worker protection per year. As a result, the EPA did not meet the statutory target set out by PRIA 3 of at least \$1 million.

We recommend that the Assistant Administrator for Chemical Safety and Pollution Prevention develop an adequate plan for funding worker protection activities that would require that the minimum target of \$1 million set out by PRIA 3 is met. The EPA agreed with our finding and recommendation. The recommendation has been resolved with corrective actions pending.