



# Office of Inspector General U.S. Environmental Protection Agency **At a Glance**

23-F-0005  
December 29, 2022

## Why We Did This Audit

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 Toxic Substances Control Act 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 Toxic Substances Control Act 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.

### This audit supports an EPA mission-related effort:

- *Operating efficiently and effectively.*

### This audit addresses a top EPA management challenge:

- *Managing business operations and resources.*

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

[List of OIG reports.](#)

## ***The EPA's Fiscal Years 2020 and 2019 Toxic Substances Control Act Service Fee Fund Financial Statements***

### **The EPA Receives a Qualified Opinion**

We rendered a qualified opinion on the EPA's fiscal years 2020 and 2019 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 fiscal years 2020 and 2019 financial 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 Noted**

The EPA materially understated the fiscal year 2019 "Expenses from Other Appropriations" line item of the financial statements by nearly \$25 million.

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

We did not identify any instances of noncompliance that would 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 during fiscal years 2020 and 2019 appeared reasonable based on the data available when the EPA developed the fees rule. However, the TSCA fees collected did not adequately offset the fiscal years 2020 and 2019 actual or projected costs of administering certain provisions of TSCA, primarily because there were fewer fee-triggering activities than the EPA had projected for that period.

### **Recommendation and Planned Agency Corrective Actions**

We recommend that the chief financial officer correct the methodology for accounting for TSCA direct and indirect expenses from other appropriations to ensure that 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. The EPA agreed with our recommendation and provided acceptable planned corrective actions. This recommendation is resolved with corrective actions pending.