



FY 2013 Financial and Program Performance Highlights

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FY 2013 Financial and Program Performance Highlights

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THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

MAR 24 2014

I am pleased to present the U.S. Environmental Protection Agency's *Fiscal Year 2013 Financial and Program Performance Highlights*, which summarizes some of the EPA's key results from last year. During FY 2013 the EPA made significant strides toward protecting public health and our environment throughout America.

Under President Obama's Climate Action Plan announced in June 2013, the EPA proposed Clean Air Act standards to cut carbon pollution from new power plants. These proposed standards will combat climate change and improve public health. They also will spark the innovation we need to build the next generation of power plants and help grow a more sustainable, clean-energy economy. The EPA also reached out to state, tribal and local governments; industry and labor leaders; and nonprofit and other organizations to begin considering carbon-pollution standards for existing power plants and build on state efforts to move toward a cleaner power sector.

In FY 2013 we took action on toxics, working to strengthen chemical safety in communities across the nation and to address environmental-justice issues. We changed our Integrated Risk Information System program to increase transparency in the program and process while seeking to complete more health assessments for chemicals that are being used nationwide every day and to better ensure the safety of chemicals for our children and families.

We also furthered our efforts to embrace next-generation tools and processes to enable businesses routinely to conduct electronic environmental-business transactions with the EPA and to make data more transparent and readily available to our federal, state, local and tribal partners. In FY 2013 we launched ChemView, a Web-based tool that will significantly improve access to chemical-specific regulatory information. The EPA also proposed a rule that will modernize Clean Water Act reporting processes for hundreds of thousands of municipalities, industries and other facilities by converting to an electronic data-reporting system. Under this proposed National Pollutant Discharge Elimination System Electronic Reporting Rule, inspection and enforcement history, pollutant-monitoring results and other data required by permits would be reported electronically and made available on the EPA's website, saving the states about \$29 million each year.

I am proud of the EPA's FY 2013 accomplishments, even with the fiscal challenges during the year, and I have tremendous confidence in the agency's talented and committed professionals – and their work with our partners – to meet the environmental challenges ahead. We envision continued progress as we implement the EPA's new *FY 2014-2018 Strategic Plan*, which will outline our plans during the next four years for protecting Americans' health and the environment in every community.

A handwritten signature in black ink, appearing to read "Gina McCarthy", is positioned above the printed name.

Gina McCarthy



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF THE
CHIEF FINANCIAL OFFICER

I am pleased to present the Environmental Protection Agency's web-based *FY 2013 Financial and Program Performance Highlights*, our second online-only report designed to enable easy access to information about our annual performance and financial results.

During FY 2013, EPA worked cooperatively with our federal, state, and tribal partners and used the financial resources entrusted to us to advance our mission to protect human health and the environment. We continued to enhance our financial stewardship responsibilities. For the 14th consecutive year, EPA's Office of Inspector General issued an unqualified or "clean" opinion on the Agency's financial statements. We made progress in addressing our key management challenges, increasing our efficiency, and reducing costs. During FY 2013, EPA completed a major effort to review and update its financial policies: we reviewed 100 percent of our financial policies and implemented a new 3-year review cycle to ensure that policies do not become outdated. Other financial accomplishments for FY 2013 include implementing electronic processing and 100 percent auditing of travel expenses and receipts. We reduced travel expenditures by 29 percent from FY 2012, increased the speed and accuracy of payments, and improved financial reporting.

Throughout FY 2013, we maintained a strong focus on ensuring that effective internal controls were in place to manage our limited resources as efficiently and effectively as possible. The Agency implemented new procedures to increase the accuracy of employee time and attendance reporting. We upgraded our systems to improve time and attendance approval procedures to reduce erroneous payments. Further, we tightened our controls over conference-related costs and provided EPA's first public report on Agency conferences. Based on the Agency's annual review and assessment, the Administrator provided reasonable assurance on the adequacy and effectiveness of EPA's internal controls over programs, financial activities, and financial systems.

EPA remains committed to financial excellence, and we will continue to strive to use taxpayer dollars effectively in fulfilling our mission. I look forward to continuing our successes through collaboration with our partners and stakeholders and implementing innovative strategies to help meet the challenges ahead.

A handwritten signature in blue ink, reading "Maryann Froehlich", is positioned above the printed name.

Maryann Froehlich
Acting Chief Financial Officer

Introduction

EPA's FY 2013 Financial and Program Performance Highlights offers a snapshot of the Agency's FY 2013 performance in five environmental areas as well as highlights of how the Agency manages its internal operations.

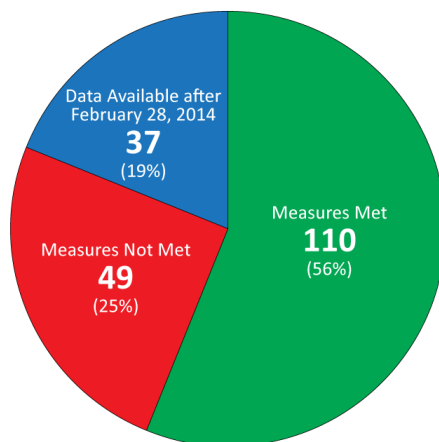
Measuring progress and reporting the results is essential to EPA's public accountability and a critical component of the Agency's planning and budgeting cycle.

EPA uses performance measures to assess progress toward the goals outlined in its FY 2011–2015 Strategic Plan, inform decision-making and communicate results to stakeholders. In its FY 2013 Annual Plan and Budget, EPA committed to 196 annual performance measures. The graph below depicts the number of these measures met and not met, as well as those awaiting data as of February 28, 2014. EPA discusses its results in more detail, including reasons for missing or exceeding FY 2013 targets, in its FY 2013 Annual Performance Report.

In addition to annual performance measures, the Agency tracks performance on the FY 2012–2013 Agency's Priority Goals (APGs), a component of the Administration's performance management framework which supports improvement in near-term outcomes related to the strategic plan. More information on the Agency's APGs is available at performance.gov.

EPA's FY 2013 Performance Results

(Total measures = 196)



Region 4

Conducted Brownfield Outreach: Brownfield outreach efforts in Region 4 helped communities in Alabama, Florida, Kentucky, Georgia, North Carolina, South Carolina, Tennessee and Mississippi receive \$15.3 million in competitive Assessment, Revolving Loan Fund, Cleanup, Area Wide Planning, Environmental Workforce Development and Job Training, and Revolving Loan Fund Supplement Brownfield grants. Through these grants, southeastern communities will be able to protect human health and the environment, return contaminated and blighted properties to productive use and create jobs.

Region 5

Targeted Cleanup and Enforcement Actions in Environmental Justice Communities: Coordinating work across Goals 3, 4, and 5, Region 5 targeted cleanup and enforcement actions in environmental justice communities—communities that are disproportionately impacted by environmental problems—by awarding brownfield grants totaling \$27 million; reducing air pollution from facilities in these neighborhoods by 130 million pounds per year; remediating contaminated sites; removing PCB-contaminated lighting ballasts in schools; and training workers to use lead-safe practices when renovating, repairing, and painting older buildings.

Region 6

Greenhouse Gas Permitting: Region 6 implemented EPA's largest greenhouse gas (GHG) permitting program, reflecting more than 80 percent of EPA's Clean Air Act GHG permitting workload. The Region received 76 GHG pre-construction permit applications and issued 20 permits; six more were at public notice or pending final issuance. Concurrently, Region 6 and the Arkansas Department of Environmental Quality worked together to develop a state program to replace the federal GHG permitting program, thereby eliminating the need for businesses to seek air permits from two separate regulatory agencies.

Region 7

Cleaned Up Lead- Contaminated Sites: The Superfund Program in Region 7 continued to clean up lead-contaminated sites in Iowa, Kansas, Missouri, and Nebraska, excavating mine and smelter waste amounting to 8.6 million cubic yards, remediating 1702 residential yards, and stabilizing lead-based paint in 184 residential properties. In addition, 325 homes with lead-contaminated drinking water received alternate water supplies.

Region 8

Final Site-Wide Remedy in the San Juan Mountains of Southwestern Colorado: Region 8 completed a site-wide water treatment system at the Summitville Mine Superfund site after 20 years of response action to minimize, control, and mitigate uncontrolled releases of acid mine drainage from the site. Since 1992, EPA has spent over \$300 million to reach this phase and complete the system. Full operations and maintenance responsibility will be transferred to the State of Colorado in 2021.

Region 9

Provided Assistance to Build Sustainable Communities: EPA partnered with Fresno, the State of California, and 11 other federal agencies to provide technical assistance and support for the city's economic development plans. The federal team built the foundation for economic transformation by aligning federal resources, building local capacity, and streamlining federal services through a place-based approach. The initiative enabled Fresno to better use more than \$63 million in existing federal funds, built capacity that led to Fresno securing \$22 million in new federal and non-federal grant and contract resources, and helped leverage more than \$1 million of outside resources to support economic development goals.

Region 10

Entered Consent Decrees with King County and City of Seattle for Combined Sewer Overflow Contamination: EPA Region 10 entered consent decrees with King County and the City of Seattle, resulting in the municipalities committing to more than \$1.4 billion in work and more than \$750,000 in penalties to protect water quality in the Puget Sound, the second-largest estuary in the United States. The consent decrees require the county and city to develop and implement a joint operations and system optimization plan to improve the holistic operation and coordination of their combined sewer system. The two decrees are among the first in the nation to incorporate EPA's Integrated Municipal Stormwater and Wastewater Framework.

Goal 1: Taking Action on Climate Change and Improving Air Quality

Reduce greenhouse gas emissions and develop adaptation strategies to address climate change, and protect and improve air quality.

- EPA achieved the first milestone outlined in President Obama's Memorandum proposing Clean Air Act standards to cut carbon pollution from new power plants, work with external stakeholders to establish carbon pollution standards for existing power plants, and build on state efforts to move toward a cleaner power sector.
- EPA proposed Tier 3 Motor Vehicle Emissions and Fuel Standards for cars and gasoline. These standards, if implemented as proposed, would help avoid up to 2,400 premature deaths per year and 23,000 cases of respiratory ailments in children. In addition, they would reduce emissions of harmful pollutants, including smog-forming volatile organic compounds and nitrogen oxides, by 80 percent; establish a 70 percent tighter particulate matter standard; and reduce fuel vapor emissions to near zero. They would also reduce vehicle emissions of toxic air pollutants, such as benzene and 1,3-butadiene, by up to 40 percent and reduce gasoline sulfur levels by more than 60 percent—down to 10 parts per million in 2017.
- The Agency took important steps to improve air quality by strengthening the annual National Ambient Air Quality Standard for fine particles (PM_{2.5}): the new limit is 12.0 micrograms per cubic meter.

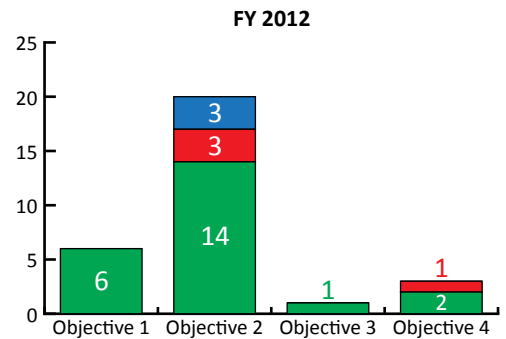
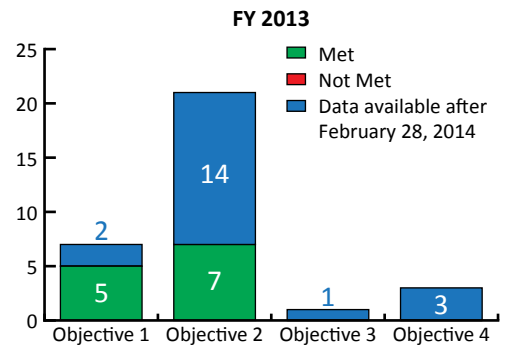
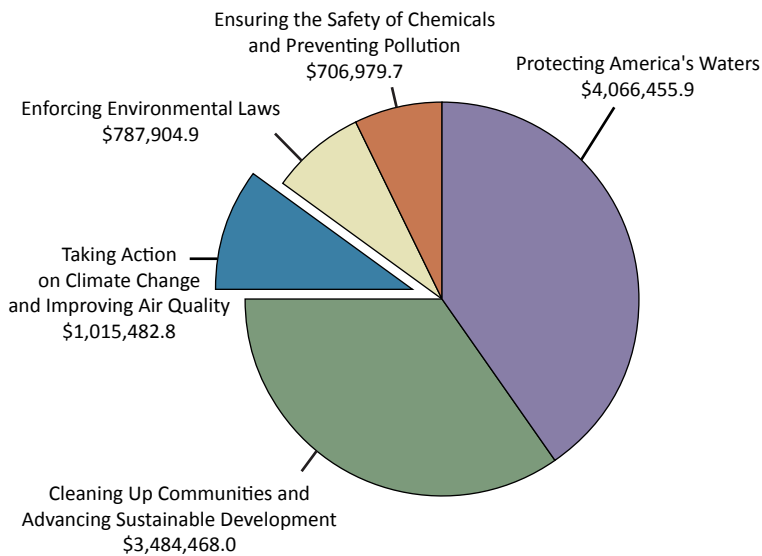
Goal 1 at a Glance

TAKING ACTION ON CLIMATE CHANGE AND IMPROVING AIR QUALITY

Reduce greenhouse gas emissions and develop adaptation strategies to address climate change, and protect and improve air quality.

FY 2013 Performance Measures

Met: 12 Not Met: 0 Data Unavailable: 20 (Total Measures: 32)



Strategic Objective	FY 2013 Obligations (in thousands)	% of Goal 1 Funds
Objective 1.1: Address Climate Change. Reduce the threats posed by climate change by reducing greenhouse gas emissions and taking actions that help communities and ecosystems become more resilient to the effects of climate change.	\$200,609.2	20%
Objective 1.2: Improve Air Quality. Achieve and maintain health-based air pollution standards and reduce risk from toxic air pollutants and indoor air contaminants.	\$757,045.7	75%
Objective 1.3: Restore the Ozone Layer. Restore the earth's stratospheric ozone layer and protect the public from the harmful effects of ultraviolet radiation.	\$17,389.3	2%
Objective 1.4: Reduce Unnecessary Exposure to Radiation. Minimize unnecessary releases of radiation and be prepared to minimize impacts should unwanted releases occur.	\$40,438.6	4%
Goal 1 Total	\$1,015,482.8	100%

Due to rounding, some numbers might add up to slightly less or more than 100%.

Goal 2: Protecting America's Waters

Protect and restore our waters to ensure that drinking water is safe, and that aquatic ecosystems sustain fish, plants and wildlife, and economic, recreational, and subsistence activities.

- EPA strengthened the Clean Water Act (CWA) Section 319 program by releasing the final Nonpoint Source Program and Grants Guidelines for States and Territories, in which states must allot 50 percent of grant funds for watershed projects to restore impaired waters.
- Under the Great Lakes Restoration Initiative, EPA and 15 other federal agencies are working to clean up and delist Great Lakes Areas of Concern. In FY 2013, Presque Isle Bay became the second Great Lakes Area of Concern delisted in the United States since the Great Lakes Water Quality Agreement was signed in 1972. The delisting was based on the success of various cleanup activities in the bay.
- EPA signed the final 2013 National Pollutant Discharge Elimination System (NPDES) Vessel General Permit for another five years. This permit will cover 700,000 vessels, ensuring that they do not introduce invasive species to U.S. waters and reducing the toxicity level and volume of pollutant discharge (e.g., oils) to the nation's waterways.

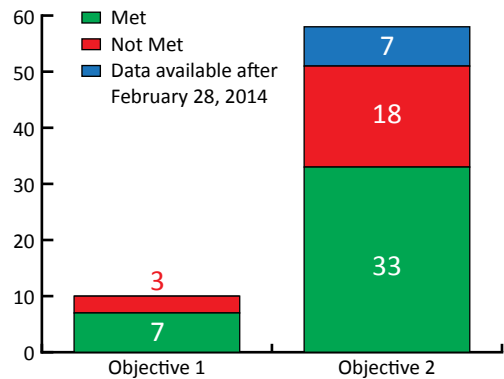
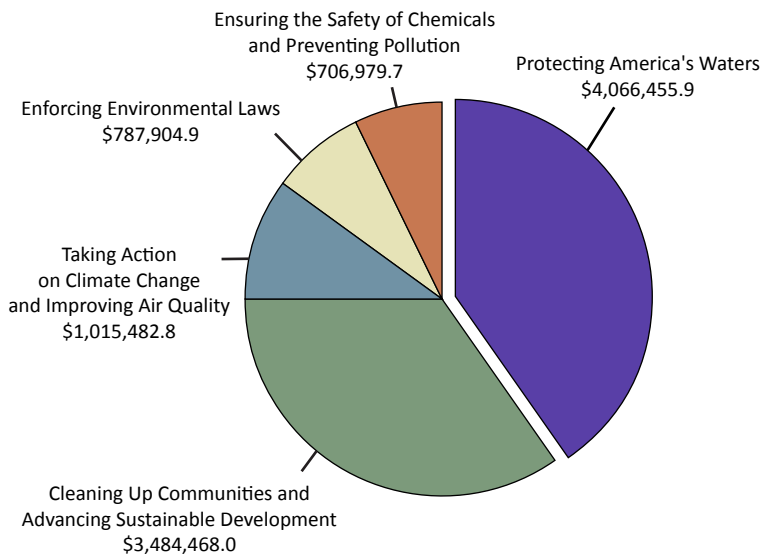
Goal 2 at a Glance

PROTECTING AMERICA'S WATERS

Protect and restore our waters to ensure that drinking water is safe, and that aquatic ecosystems sustain fish, plants and wildlife, and economic, recreational, and subsistence activities.

FY 2013 Performance Measures

Met: 40 Not Met: 21 Data Unavailable: 7 (Total Measures: 68)



Strategic Objective	FY 2013 Obligations (in thousands)	% of Goal 2 Funds
Objective 2.1: Protect Human Health. Reduce human exposure to contaminants in drinking water, fish and shellfish, and recreational waters, including protecting source waters.	\$1,298,526.2	32%
Objective 2.2: Protect and Restore Watersheds and Aquatic Ecosystems. Protect the quality of rivers, lakes, streams, and wetlands on a watershed basis, and protect urban, coastal, and ocean waters.	\$2,767,929.7	69%
Goal 2 Total	\$4,066,455.9	100%

Due to rounding, some numbers might add up to slightly less or more than 100%.

Goal 3: Cleaning Up Communities and Advancing Sustainable Development

Clean up communities, advance sustainable development, and protect disproportionately impacted low-income, minority, and tribal communities. Prevent releases of harmful substances, clean up, and restore contaminated areas.



- To respond to Hurricane Sandy, EPA provided supplemental funds for response actions at four Superfund sites, quickly activated the Emergency Operation Centers, and assessed 105 Superfund removals and 142 long-term remedial sites in the storm's path to determine what damage Hurricane Sandy may have caused. EPA also supported debris management and recovery operations and partnered closely with the Federal Emergency Management Agency and the states of New York and New Jersey to investigate more than 1,000 underground storage tanks for potential damage.
- Harvard University's Kennedy School selected EPA's RE-Powering America's Land Initiative as one of the 25 finalists for the Innovations in American Government Award. Since RE-Powering's inception, more than 85 renewable energy projects have been installed on contaminated sites or landfills, with a cumulative installed capacity of over 507 megawatts.
- To support President Obama's Executive Order on Improving Chemical Facility Safety and Security, EPA, the Occupational Safety and Health Administration and the Bureau of Alcohol, Tobacco, Firearms, and Explosives issued a chemical advisory that provides information on the hazards of ammonium nitrate storage, handling, and management.
- In consultation with federal tribes, the Agency released the *Guidance on the Award and Management of General Assistance Agreements for Tribes and Intertribal Consortia*. This new guidance establishes a framework for tribes and EPA to follow in building tribal environmental protection program capacities with the Indian General Assistance Program (GAP) resources.

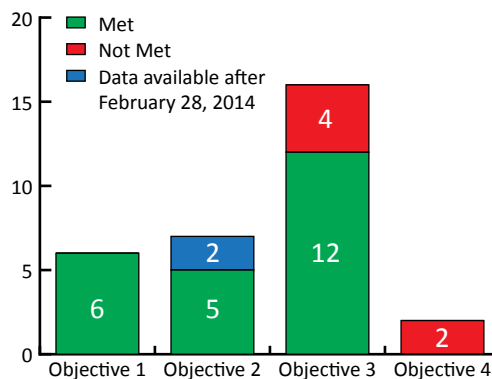
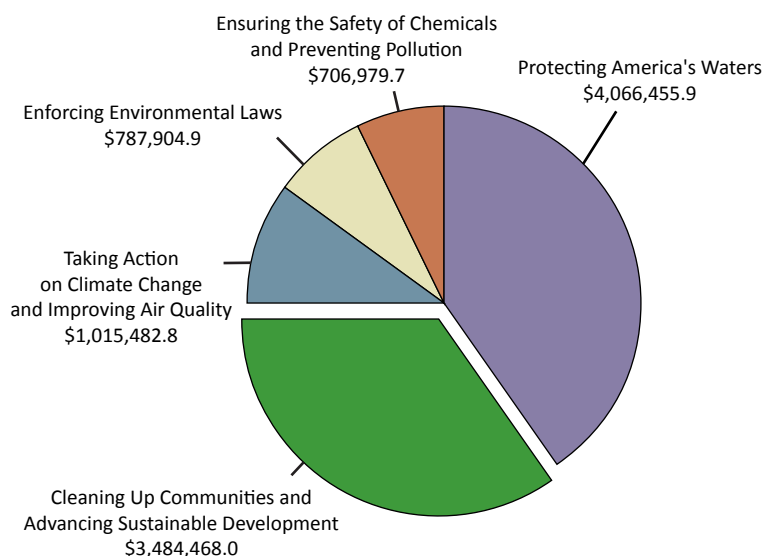
Goal 3 at a Glance

CLEANING UP COMMUNITIES AND ADVANCING SUSTAINABLE DEVELOPMENT

Clean up communities, advance sustainable development, and protect disproportionately impacted low-income, minority, and tribal communities. Prevent releases of harmful substances and clean up and restore contaminated areas.

FY 2013 Performance Measures

Met: 23 Not Met: 6 Data Unavailable: 2 (Total Measures: 31)



Strategic Objective	FY 2013 Obligations (in thousands)	% of Goal 3 Funds
Objective 3.1: Promote Sustainable and Livable Communities. Support sustainable, resilient, and livable communities by working with local, state, tribal, and federal partners to promote smart growth, emergency preparedness and recovery planning, brownfield redevelopment, and the equitable distribution of environmental benefits.	\$510,154.8	15%
Objective 3.2: Preserve Land. Conserve resources and prevent land contamination by reducing waste generation, increasing recycling, and ensuring proper management of waste and petroleum products.	\$1,346,723.1	39%
Objective 3.3: Restore Land. Prepare for and respond to accidental or intentional releases of contaminants and clean up and restore polluted sites.	\$1,539,675.0	44%
Objective 3.4: Strengthen Human Health and Environmental Protection in Indian Country. Support federally recognized tribes to build environmental management capacity, assess environmental conditions and measure results, and implement environmental programs in Indian country.	\$87,915.1	3%
Goal 3 Total	\$3,484,468.0	100%

Due to rounding, some numbers might add up to slightly less or more than 100%.

Goal 4: Ensuring the Safety of Chemicals and Preventing Pollution

Reduce the risk and increase the safety of chemicals and prevent pollution at the source.



- EPA launched a Web-based tool, ChemView, to significantly improve access to chemical-specific regulatory information developed by EPA and data submitted under the Toxic Substances Control Act (TSCA). ChemView facilitates comparison of chemicals by use and by health or environmental effects, providing more streamlined access to EPA assessments, hazard characterizations, and information on safer chemical ingredients as well as links to information on manufacturing, processing, use, and release data reported under the Chemical Data Reporting Rule and the Toxics Release Inventory.
- EPA met its accelerated FY 2013 target for reviewing, and where appropriate challenging and declassifying, confidential business information (CBI) claims under TSCA. Seventy-eight percent of the 22,483 existing CBI cases have been addressed, positioning EPA to complete this effort by the end of FY 2014, a year ahead of schedule.
- The Agency expanded the Safer Chemical Ingredients list, which now includes more than 600 safer chemicals. In FY 2013, 119 fragrance chemicals for commercial and consumer cleaning products were added to the list.

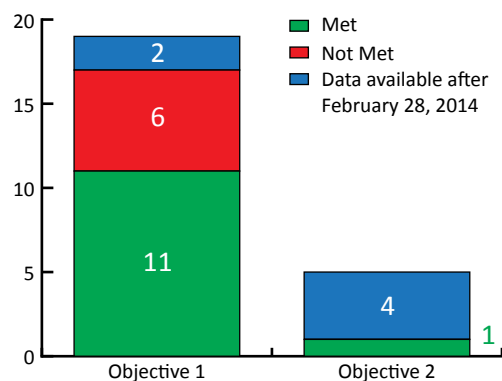
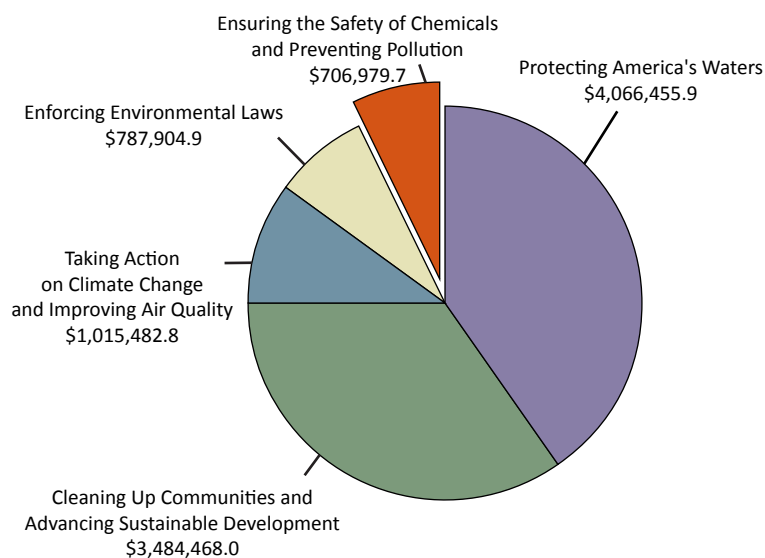
Goal 4 at a Glance

ENSURING THE SAFETY OF CHEMICALS AND PREVENTING POLLUTION

Reduce the risk, increase the safety of chemicals, and prevent pollution at the source.

FY 2013 Performance Measures

Met: 12 Not Met: 6 Data Unavailable: 6 (Total Measures: 24)



Strategic Objective	FY 2013 Obligations (in thousands)	% of Goal 4 Funds
Objective 4.1: Ensure Chemical Safety. Reduce the risk of chemicals that enter our products, our environment, and our bodies.	\$649,230.8	92%
Objective 4.2: Promote Pollution Prevention. Conserve and protect natural resources by promoting pollution prevention and the adoption of other stewardship practices by companies, communities, governmental organizations, and individuals.	\$57,748.9	8%
Goal 4 Total	\$706,979.7	100%

Due to rounding, some numbers might add up to slightly less or more than 100%.

Goal 5: Enforcing Environmental Laws

Pursue vigorous civil and criminal enforcement that targets the most serious water, air, and chemical hazards in communities. Assure strong, consistent, and effective enforcement of federal environmental laws nationwide.

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- EPA is pursuing justice for Gulf Coast residents through Deepwater Horizon cases. Transocean Deepwater Inc. has agreed to pay a total of \$1.4 billion in civil penalties, criminal fines and court-ordered environmental projects for violating the Clean Water Act, as well as substantial injunctive relief to improve the safety of oil drilling practices, spill response and preparedness. BP Exploration and Production Inc. was sentenced to pay a total of \$4 billion in criminal fines and court-ordered environmental projects.
- EPA required Wal-Mart to pay more than \$80 million for mishandling hazardous waste and to commit to compliance and training programs that will protect employees and nearby residents.
- Facility-specific information, such as inspection information and pollutant monitoring results, will be made available on EPA's Enforcement and Compliance History Online (ECHO) website. ECHO offers interactive state dashboards and comparative maps and makes federal and state inspection, violation, and enforcement action information available to the public for more than 800,000 regulated facilities.
- FY 2013 marked the largest single-site cash-out settlement in the history of the Superfund Program. On September 19, 2013, the United States District Court for Massachusetts entered a CERCLA consent decree whereby AVX Corporation agrees to pay \$366.25 million towards the cleanup of PCB contamination in New Bedford Harbor. The payment will mean that the cleanup, which under current funding would have taken 40 years, will be completed in 5-7 years.

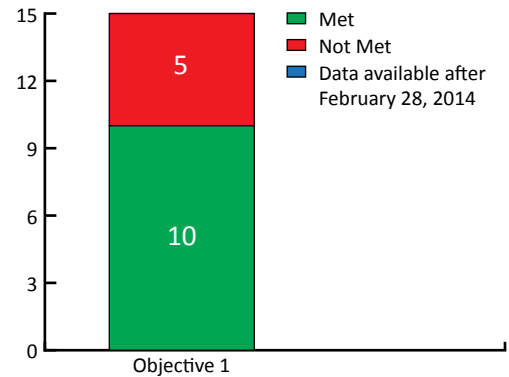
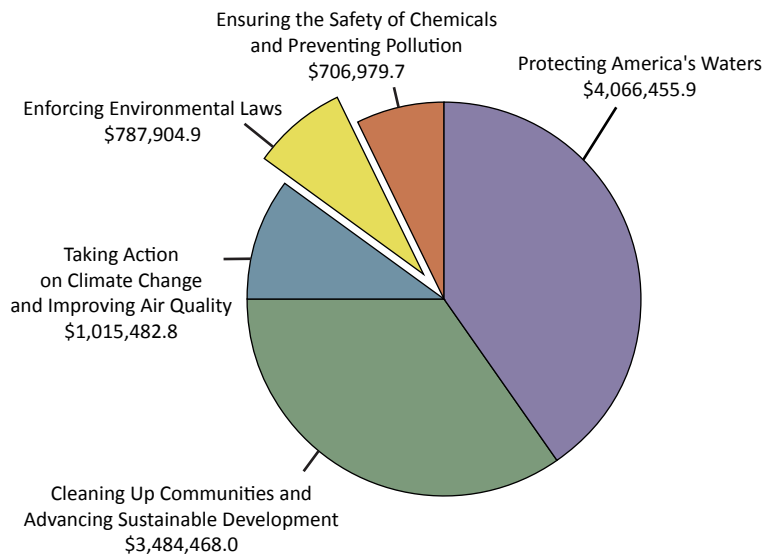
Goal 5 at a Glance

ENFORCING ENVIRONMENTAL LAWS

Protect human health and the environment through vigorous and targeted civil and criminal enforcement. Assure compliance with environmental laws.

FY 2013 Performance Measures

Met: 10 Not Met: 5 Data Unavailable: 0 (Total Measures: 15)



Strategic Objective	FY 2013 Obligations (in thousands)	% of Goal 5 Funds
Objective 5.1: Enforce Environmental Laws. Pursue vigorous civil and criminal enforcement that targets the most serious water, air, and chemical hazards in communities. Assure strong, consistent, and effective enforcement of federal environmental laws nationwide.	\$787,904.9	100%
Goal 5 Total	\$787,904.9	100%

Due to rounding, some numbers might add up to slightly less or more than 100%.

Cross-Cutting Fundamental Strategies



EPA's five cross-cutting fundamental strategies set clear expectations for changing the way EPA does business in achieving its results. Selected highlights from the FY 2013 Action Plan Annual Progress Reports are described below.

Strategy 1: Expanding the Conversation on Environmentalism

- To support community and citizen involvement in environmental decision-making, EPA published 74 datasets and 9 applications from the agency's national programs in Data.gov. Since FY 2011, EPA has published 296 raw datasets and 44 applications in Data.gov.
- EPA's Region 3 collaborated with Haverford Township, Pennsylvania, the Community Capital Campaign and the YMCA of Philadelphia to address environmental issues associated with the development of a YMCA adjacent to the Havertown PCP Superfund site. This 7,000 square-foot facility, comprising a wellness and aquatic center, a gymnasium, a running and walking track, and a child and family development center, was built over a portion of the groundwater plume that is originating from the Superfund site.

Strategy 2: Working for Environmental Justice and Children's Health

- EPA headquarters and regional staff participated in 40 outreach forums to promote the Agency's voluntary guidelines for schools. Forty additional outreach forums supported other school environmental health program tools (e.g. Tools for Schools, the School Chemical Cleanout Campaign and the "Sensible Steps" brochure.)
- In the aftermath of Hurricane Sandy, EPA's Region 2 identified and prioritized severely affected areas through the EPA tool, EJSCREEN, alerting disaster relief providers with detailed information on the existing demographics, environment, health, and economic condition of those particularly vulnerable communities most impacted by the storm.

Strategy 3: Advancing Science, Research, and Technological Innovation

- EPA supported the implementation of several Next Generation Air Monitoring (NGAM) initiatives in order to promote the development and implementation of low-cost air monitoring technology for use by citizens, community groups, schools, researchers, government agencies, and industries. One example is the first public pilot launch of the Village Green Project, a community-based monitoring system built into a park bench platform using solar power with wireless streaming in Durham, NC. EPA also continued to support challenge competitions like the DHHS/EPA *My Air My Health* challenge.
- EPA's Region 4 partnered with each of its eight states to create the nation's first region-wide customized recycling measurement program. This program allows local government to collect, manage, report and analyze all information related to solid waste recycling and diversion programs without creating a new reporting requirement. This program allows access to real-time data and has reduced the administrative time associated with paper-based reporting

systems, increased the accuracy of reporting and increased the states' efficiency in responding to legislative requests. For example, the State of Tennessee estimates a savings of \$75,000 per year in reduced information technology expenses.

Strategy 4: Strengthening State, Tribal, and International Partnerships

- In response to Hurricane Sandy, EPA's Region 2 worked with state personnel on ambient air monitoring for burning vegetative debris, developed guidance on the handling of abandoned boats and vehicles, advised on rebuilding using EnergyStar and WaterSense products, and coordinated issuance of fuel waivers and other necessary documentation to minimize disruption to fuel supplies. The region also worked with the states to determine project eligibility and other criteria for nearly \$600 million in supplemental SRF assistance to New York and New Jersey. In addition, Region 2 worked to assess storm impacts at all hazardous waste sites in the affected areas.
- Working in partnership through the Yukon River Inter-Tribal Watershed Program Hazardous Waste effort, EPA diverted one million pounds of junk vehicles, batteries, scrap metal and electronics from the 53 member communities.
- In November 2013, the United States signed the Minamata Convention on Mercury, a new multilateral environmental agreement that addresses specific human activities which are contributing to widespread mercury pollution. EPA worked closely with the U.S. State Department and other federal agencies in the negotiation of this agreement. Implementation of this agreement will help reduce global mercury pollution over the coming decades.

Strategy 5: Strengthening EPA's Workforce and Capabilities

- In support of the President's request to expedite the disposal, consolidation, and realignment of unneeded property to realize savings, promote sustainability, and reduce the deficit, EPA consolidated space for three offices, resulting in a projected savings of over \$1.6M per year.
- EPA saved nearly \$2.6 million in FY 2013 with the implementation of strategic sourcing solutions for cellular service, domestic deliveries, and office supplies. EPA anticipates saving an additional \$500,000 in FY 2014 with the November 2013 Blanket Purchase Agreement for Lab Supplies.
- To improve work productivity in field settings, EPA's Region 1, with assistance from EPA's Office of Environmental Information, developed and tested a mobile application that allows EPA inspectors to complete their off-site work using automated forms on a tablet device that sends inspection results back to EPA in real time.

Financial Performance

Sound Financial Management

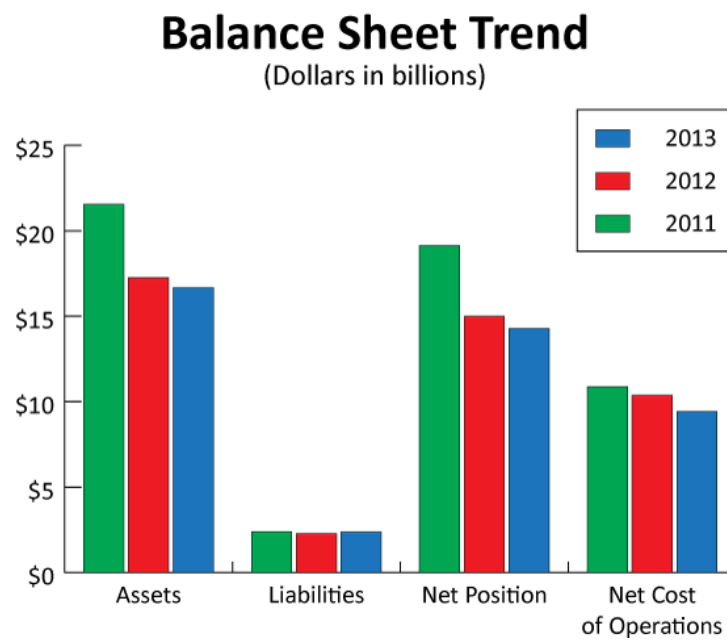
EPA carries out its mission to protect human health and the environment with the support of strong financial management. For the 14th consecutive year, EPA's Office of Inspector General (OIG) issued an unqualified or "clean" opinion on the Agency's financial statements. A clean opinion means that the Agency's numbers are reliable.

Some of EPA's most significant financial achievements in FY 2013 include:

- Paying 97 percent of invoices on time and 100 percent of grant payments electronically.
- Reducing conference spending by 29 percent through a more robust set of controls related to conference spending.
- Implementing a policy requiring employees to scan 100 percent of their travel receipts into the electronic travel system, allowing the Agency to audit travel vouchers as they are paid.

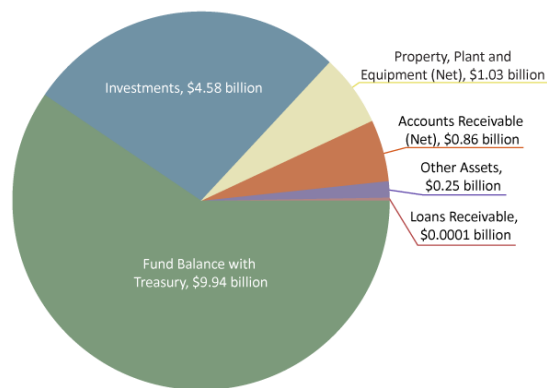
EPA's Financial Statements

The chart below displays assets, liabilities, net position, and net cost of operations as of September 30, 2013.

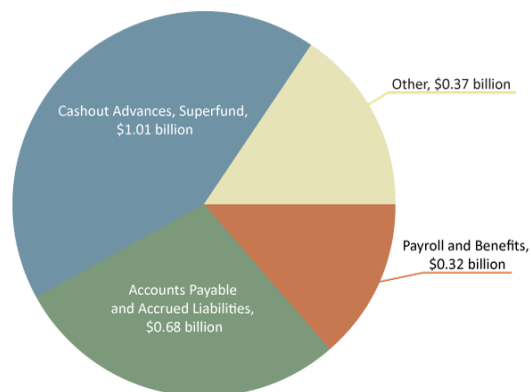


EPA's assets totaled \$16.67 billion at the end of FY 2013, a 3.45 percent decrease from FY 2012. EPA's liabilities totaled \$2.38 billion at the end of FY 2013, a 4.5 percent increase from FY 2012. The net cost of operations shows EPA's gross cost to operate, minus exchange revenue earned from its activities.

FY 2013 Composition of Assets



FY 2013 Composition of Liabilities



The EPA Holds Itself Accountable

The Federal Managers' Financial Integrity Act and Office of Management and Budget Circular A-123 require agencies to report to the President and Congress on the effectiveness of internal controls over programmatic operations and financial activities, and the conformance of the Agency's financial systems to government-wide standards. During FY 2013, the Agency reviewed 10 key financial processes and 287 key controls and found no new material weaknesses. After this review, EPA's OIG identified no new material weakness related to financial management systems. Based on the results of the FY 2013 evaluation and reviews, the Administrator provided reasonable assurance on the adequacy and effectiveness of the Agency's internal controls over programs, financial activities, and financial systems.

The Agency also responded to management challenges, which EPA's OIG identifies each year. The following are the Key Management Challenges identified in FY 2013:


1. Oversight of delegation to states
2. Safe reuse of contaminated sites
3. Enhancing information technology security to combat cyber threats
4. EPA's framework for assessing and managing chemical risk
5. Workforce planning

Fiscal Year 2013 Annual Assurance Statement

The U.S. Environmental Protection Agency conducted its Fiscal Year 2013 assessment of the effectiveness of internal controls over programmatic operations and financial activities, as well as conformance of financial systems to governmentwide standards. The assessment was conducted in compliance with the *Federal Managers' Financial Integrity Act*, Office of Management and Budget Circular A-123, *Management's Responsibility for Internal Control*, and other applicable laws and regulations.

Based on the results of the EPA's assessment and no findings of material weaknesses, I am providing reasonable assurance that the agency's internal controls over programmatic operations were operating effectively and financial systems conform to government-wide standards as of September 30, 2013.

In addition, based on the results of the EPA's assessment of the effectiveness of internal controls over financial activities and no findings of material weaknesses as of June 30, 2013, I am providing reasonable assurance that the EPA's internal controls over financial activities were operating effectively.



Gina McCarthy
Administrator

12/16/13
Date