



# At a Glance

## Why We Did This Review

The U.S. Environmental Protection Agency (EPA), Office of Inspector General (OIG), performed this audit to determine whether the EPA manages the Pesticides Reregistration and Expedited Processing Fund (known as the FIFRA Fund) and the Pesticide Registration Fund (known as the PRIA Fund) effectively to minimize reliance on appropriated funds.

The 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 maintenance fees from pesticide manufacturers. The fees are deposited into the FIFRA Fund. In addition, to expedite the registration of certain pesticides, Congress authorized the EPA to assess and collect pesticide registration fees, which are deposited into the PRIA Fund.

### This report addresses the following:

- *Operating efficiently and effectively.*

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## EPA Needs to Manage Pesticide Funds More Efficiently

### What We Found

The EPA should manage the FIFRA and PRIA Funds more effectively by reducing excess fund balances to within a target range. As of September 30, 2016, we identified excess funds of approximately \$21.4 million for FIFRA and \$8.5 million for PRIA, for a total of \$29.9 million. A reduction in fund balances would increase the availability of appropriated funds for other environmental purposes.

**With improved funds management, the EPA may achieve maximum use of its FIFRA and PRIA Funds and will reduce the reliance on appropriated funds.**

The EPA used more appropriated funds to cover operating expenses than was necessary and allowed the fund balances to trend up to levels higher than needed for current operations. According to the U.S. Government Accountability Office, it is important for entities with operating reserves to establish appropriate target amounts using a risk-based strategy to efficiently use resources. However, the EPA did not establish a target range for its FIFRA and PRIA Funds.

FIFRA and PRIA Fund balances did not agree with the corresponding liabilities from pesticide registrant fee payments because the EPA did not reconcile the accounts. The EPA records a liability for the fees collected until it completes the pesticide review. The U.S. Government Accountability Office includes reconciliations among its standard internal control activities for management to respond to internal control risks. Without performing periodic reconciliations, the EPA cannot confirm the accuracy of its FIFRA and PRIA recorded liabilities.

### Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Chemical Safety and Pollution Prevention establish a target range for its FIFRA and PRIA Fund balances and develop and implement a plan to reduce excess funds to within the target range. We also recommend that the Chief Financial Officer reconcile the FIFRA and PRIA Funds' balances to the corresponding liabilities.

The agency concurred with establishing a target range and developing a plan to reduce excess funds for FIFRA Fund balances. The agency did not agree with establishing a target range and developing a plan to reduce excess funds for PRIA Fund balances, citing the lack of predictability of PRIA collections. We still believe PRIA has excess funds that should be addressed. The agency agreed to reconcile FIFRA and PRIA balances.