



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

OFFICE OF
INSPECTOR GENERAL

February 12, 2019

The Honorable Mick Mulvaney
Director
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

RE: U.S. Chemical Safety and Hazard Investigation Board's Compliance for Fiscal Year 2018
with Improper Payments Legislation and Guidance
Report No. 19-N-0070

Dear Mr. Mulvaney:

Pursuant to our role under the Improper Payments Elimination and Recovery Act (IPERA) of 2010, the Office of Inspector General (OIG) reviewed the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) compliance for fiscal year 2018 with improper payments legislation and guidance. We noted two instances in which the CSB was not in compliance with Office of Management and Budget (OMB) Circular A-123, *Requirements for Payment Integrity Improvement*, Appendix C,¹ and Circular A-136, *Financial Reporting Requirements*.² We brought these instances to the CSB's attention, and it immediately corrected them.

In November 2018, we initiated our assessment of improper payments based on direction provided by the OMB.³ The OMB "determined that CSB does not need to request relief from reporting improper payments at this point given that they do not have any programs that they have identified as susceptible to significant improper payments and therefore are just in the risk assessment phase." The OMB also said, "Under statute, the OIG needs to complete an IPERA compliance review annually" and the "only two criteria that the OIG would need to assess at this point would be #1 and #2."

We sought to determine whether the CSB had completed the following two requirements:

1. Published an Agency Financial Report or a Performance and Accountability Report (PAR) for fiscal year 2018 and posted the report on its website by 6 p.m. Eastern Standard Time on November 15, 2018, in a location that was clearly identified on its web homepage, per OMB Circular A-136.
2. Conducted an improper payment risk assessment within the last 3 years, per OMB Circular A-123, Appendix C.

¹ OMB Memorandum M-18-20, issued June 26, 2018, modified OMB Circular No. A-123, Appendix C, to create a more unified, comprehensive and less burdensome set of requirements for agencies to assess improper payments.

² Dated July 30, 2018.

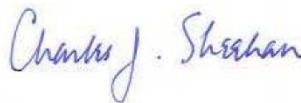
³ Email dated May 30, 2018, from OMB Senior Policy Analyst Heather Pajak.

To determine compliance with the first requirement, we reviewed the CSB's fiscal year 2018 PAR and the CSB's website and homepage. On November 16, 2018, we determined that the CSB had not published its fiscal year 2018 PAR anywhere on the website. We reviewed the CSB's website several times from November 16, 2018, until we met with the CSB on November 29, 2018. During our meeting, we notified the CSB that we saw no evidence that the PAR for fiscal year 2018 had been posted on the website. Upon receiving this information, the CSB's Interim Executive Authority acknowledged that the agency—in error—had not posted the report. We also informed the CSB that the PAR or a link to it must be located on the agency's homepage. Immediately following the meeting, the CSB corrected both issues by posting the PAR on the agency's website and including a clear link to the report on the homepage.

To determine the CSB's compliance with the second requirement, we reviewed the CSB's risk assessment, *CSB Review of Programs & Activities Susceptible to Significant Improper Payments*, dated November 19, 2018. The CSB determined that, based on its annual budget of \$11 million, the agency did not meet the \$10 million threshold for significant improper payments reporting. As stated above, the OMB also made the same determination that a waiver was not required. The CSB additionally noted that recent audits and reviews of CSB activities had not identified significant improper payment concerns.

If you have questions regarding this or any other matter, please contact Michael Davis, Director, Efficiency Directorate, Office of Audit and Evaluation, at davis.michaeld@epa.gov or (513) 487-2363.

Sincerely,

A handwritten signature in blue ink that reads "Charles J. Sheehan". The signature is written in a cursive style.

Charles J. Sheehan
Acting Inspector General