



**U.S. Chemical Safety and  
Hazard Investigation Board**

**Performance and  
Accountability Report**

**Fiscal Year 2022**

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*Additional copies of this document may be downloaded from the CSB’s website [www.csb.gov](http://www.csb.gov)*

# **MESSAGE FROM THE INTERIM EXECUTIVE AUTHORITY**

As an independent, nonregulatory agency, the U.S. Chemical Safety and Hazard Investigation Board's (CSB) mission is to drive chemical safety change through independent investigations to protect people and the environment. To that end, the CSB is charged with investigating, determining, and reporting to the public in writing the facts, conditions, and circumstances and the cause or probable cause of any accidental chemical release resulting in a fatality, serious injury, or substantial property damages. The CSB issues safety recommendations based on data and analysis from investigations and safety studies. The CSB advocates for these changes to prevent the likelihood or minimize the consequences of accidental chemical releases. CSB investigations have identified gaps in regulatory safeguards, industry standards and guidance, workforce training and operations, emergency response, and community planning that exacerbated the consequences of incidents and contributed to serious injury and/or loss of life and property.

The information provided in this Performance and Accountability Report (PAR) offers fiscal and programmatic accountability to the American people regarding our stewardship of the funds that have been entrusted to us for fulfillment of our mission in Fiscal Year (FY) 2022. The results also summarize our success in achieving CSB performance goals for FY 2022. The PAR is organized in three sections:

**1. Management Discussion and Analysis.** Provides an overview of the agency's performance and financial results. It summarizes the CSB's mission, organization, goals, accomplishments, financial condition, and legal compliance.

**2. Performance Report.** Presents the CSB's strategic goals and objectives. In addition, it provides the FY 2022 performance targets and results.

**3. Financial Report.** Presents the CSB's financial statements and notes for the years ended September 30, 2022, and 2021. It includes the independent auditor's report with an Unmodified Opinion, the highest level of assurance that the CSB's financial statements are presented, in all material respects, in accordance with applicable financial reporting requirements.

The Federal Manager's Financial Integrity Act (FMFIA) requires the CSB to annually evaluate its management controls and identify any material weaknesses. This requirement covers all the CSB's programs and administrative functions. As the CSB works to serve the American people, we must administer our programs as efficiently, economically, and responsibly. The CSB relies on a system of management controls to provide reasonable assurance that our financial activities comply with all applicable laws, and safeguards resources as well as properly accounts for expenditures.

Based on both internal and external evaluations, knowledge gained from daily operations and information provided by CSB staff with responsibility for implementation of the CSB's programs and administrative functions, I can certify with reasonable assurance that the CSB follows the provisions of the FMFIA.

Steve Owens



Interim Executive Authority  
November 16, 2022

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Overview

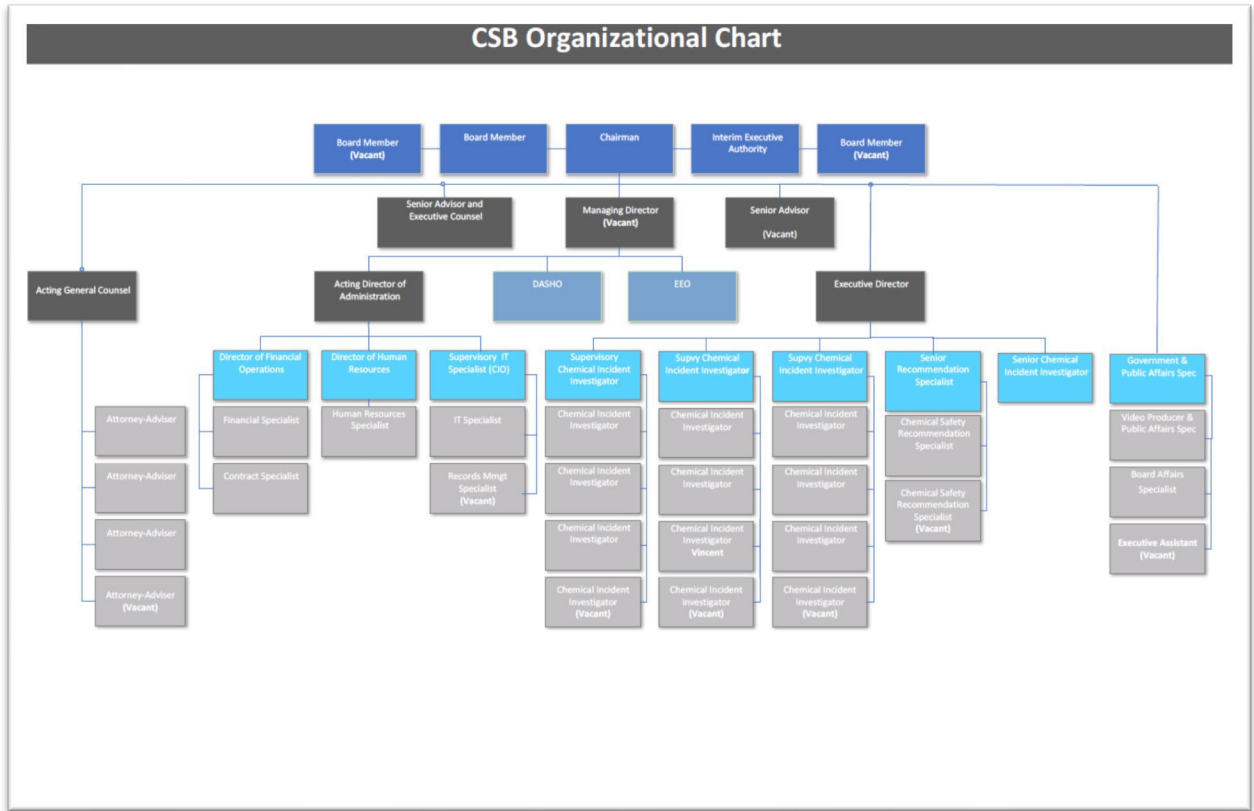
The U.S. Chemical Safety and Hazard Investigation Board (CSB) is an independent Federal agency charged with investigating industrial chemical incidents and hazards. CSB investigations examine all aspects of chemical incidents, including the probable cause or causes such as equipment failures, inadequacies in safety management systems, and safety culture. The Board issues safety recommendations to prevent incident reoccurrence or to prevent or mitigate incident consequences. Recipients of the safety recommendations include but are not limited to government agencies, facility management, industry organizations, and labor groups. The following is a concise overview of the CSB. For detailed information visit our website at [www.csb.gov](http://www.csb.gov).

## Mission and Organizational Structure

This report addresses accomplishments in the fourth year of *CSB's 2022-2026 Strategic Plan*. The mission of the CSB is to drive chemical safety change through independent investigations to protect people and the environment. Our vision is a nation safe from chemical disasters.

The CSB began operations in fiscal year (FY) 1998. The CSB is headquartered in Washington, DC, and has employees working remotely throughout the continental United States. The CSB is governed by its Board, which consists of one presidentially appointed Chairman (who also serves as a Board Member) and four presidentially appointed Board Members. All nominations to the Board are subject to Senate confirmation; each member serves a five-year fixed term. As of September 30, 2022, the CSB has only two Board Members and does not have a presidentially appointed Chairman. One of the Board Members has been delegated Interim Executive and Administrative Authority, pending Senate confirmation of a new Chairman. Also as of September 30, 2022, the CSB has a professional staff of only 29. The agency currently has three Board Member vacancies, as well as vacancies in several staff positions.

The following is the organizational chart, which was in effect September 30, 2022.



**Performance Goals, Objectives, and Results**

The strategic goals outlined in the agency’s strategic plan are as follows:

- **Goal 1:** Prevent recurrence of significant chemical incidents through independent investigations.
- **Goal 2:** Advocate safety and achieve change through recommendations, outreach, and education.
- **Goal 3:** Create and maintain an engaged, high-performing workforce.

## Overview of CSB Accomplishments

### *Goal 1: Prevent recurrence of significant chemical incidents through independent investigations.*

Goal 1 focuses on the core mission of the agency by ensuring that we deploy and complete incident investigations, and that we issue recommendations with broad preventive impact. In FY 2022, the CSB completed 3 investigations and made significant progress on 15 open investigations. The incident investigation reports approved by the CSB Board in FY 2022 include:

- Loy Lange Box Company Pressure Vessel Explosion
- Sunoco Logistics Partners Flash Fire
- Philadelphia Energy Solutions (PES) Refinery Fire and Explosions

The Loy-Lange report was released in July, and the Sunoco report was released in September. The PES report was approved by the Board in September but was not released until October, shortly after the end of FY 2022.

### New Deployments

In FY 2022, the CSB deployed a team to investigate the accidental release event that occurred at approximately 9:00 p.m. local time on Tuesday September 20, 2022, at the BP Toledo Refinery in Oregon, OH. The incident involved an explosion and fire that resulted in two fatalities, the release of sulfur dioxide and hydrogen sulfide, and significant property damage.

### Ongoing Investigations

- **Combustible Dust Explosion (Cambria, WI):** On May 31, 2017, an explosion occurred at the Didion Milling facility in Cambria, Wisconsin, where sixteen employees were working the night shift. Thirteen people were injured, five fatally. If this incident had occurred twelve hours earlier during the day shift, up to fifty people would have been working in the damaged buildings, and the number of injuries and fatalities could have been considerably higher. The packing facility, where some employees had been working, completely collapsed as a result of the explosion. The CSB released a factual investigative update in May 2018. In September of 2020, the CSB released a “Dust Hazard Learning Review,” which presented combustible dust hazards from multiple perspectives. **The investigation team is developing the final investigation report.**
- **Refinery Fire and Explosion (Superior, WI):** On April 26, 2018, an explosion and subsequent fire occurred at the Husky Superior Refinery in Superior, Wisconsin. The explosion occurred during a scheduled break time and many workers who were previously in the unit before the explosion had moved either into blast-resistant buildings or away from the process unit at the time of the explosion. As a result of the explosion, 36 people sought medical attention, including 11 refinery and contract workers who suffered OSHA- recordable injuries. In addition, a large portion of the community of Superior, Wisconsin, was evacuated. The CSB released a factual investigative update in Superior, Wisconsin, in August 2018, and held a public meeting in the community in December 2018. **The investigation team is developing the final investigation report.**
- **Manufacturing Facility Explosion (Pasadena, TX):** On May 19, 2018, an explosion injured 21 workers at the Kuraray America EVAL facility in Pasadena, Texas. The facility manufactures ethylene vinyl-alcohol copolymers, sold as EVAL. Kuraray America is a Tokyo- based specialty

chemical manufacturer. The CSB released an investigative factual update in October 2018. **The investigation team is developing the final investigation report.**

- **Aboveground Storage Tank Fires and Explosions (Deer Park, TX):** On March 17, 2019, a tank fire erupted at the Intercontinental Terminal Company (ITC) aboveground storage tank facility. The CSB released an investigative factual update in October of 2019. **The investigation team is developing the final investigation report.**

- **Custom Chemical Blending and Processing Company Fire and Explosion (Crosby, TX):** On April 2, 2019, a fire and explosion at the KMCO custom chemical processing and specialty chemical manufacturing facility caused one fatality and multiple injuries. The CSB released an investigative factual in September 2019. **The investigation team is developing the final investigation report.**

- **Chemical Facility Fire and Explosion (Port Neches, TX):** On November 27, 2019, an explosion and fire occurred at the TPC Group chemical plant in Port Neches, Texas. The initial explosion caused extensive damage to the facility and injuries to two facility employees and a contractor. The CSB released an investigative factual in October 2020. **The investigation team is developing the final investigation report.**

- **Manufacturing Facility Fire and Explosion (Houston, TX):** On January 24, 2020, an explosion fatally injured two workers at Watson Grinding, a machining, grinding, lapping, and thermal spray coatings services company. The explosion caused extensive damage to nearby homes and businesses. The CSB released an investigation update in October of 2022. **The investigation team is developing the final investigation report.**

- **Gas Well Explosion (Burlison County, TX):** On January 29, 2020, a gas well explosion at the Wendland 1H Well fatally injured three contract workers during an onshore drilling operation. **The investigation team is analyzing the data collected during the on-scene phase of the investigation of the incident.**

- **Chemical Fire Following Hurricane Laura (Westlake, LA):** On August 27, 2020, a fire occurred at the Bio-Lab Lake Charles chemical facility following landfall of Hurricane Laura. The fire led to a call for residents to shelter-in-place. **The investigation team is developing the final investigation report.**

- **Chemical Release (Conyers, GA):** On September 14, 2020, a thermal decomposition event occurred at the Bio-Lab facility in Conyers, GA. Interstate Highway 20 was closed temporarily due to smoke produced by the event. **The information on this investigation will be included in the Bio-Lab Lake Charles investigation report.**

- **Wacker Polysilicon Chemical Release (Charleston, TN):** On November 13, 2020, seven workers were exposed to a release of hydrochloric acid during a maintenance activity. One of the workers was fatally injured, while three other workers sustained serious injuries. The CSB released an investigation update in October of 2022. **The investigation team is analyzing the data collected during the on-scene phase of the investigation of the incident.**

- **Optima Belle, (Belle, WV):** On December 8, 2020, an explosion occurred at Optima Chemical LLC in Belle, WV. The incident led to one fatality, two injuries and a shelter-in-place order for community members within a two-mile radius of the facility. The CSB released an investigation

update in October of 2022. **The investigation team is analyzing the data collected during the on-scene phase of the investigation of the incident.**

- **Foundation Food Group (Gainesville, GA):** On January 28, 2021, a liquid nitrogen release at the Foundation Food Group's Prepared Foods Division in Gainesville, GA led to six fatalities and multiple injuries. The CSB released an investigative update in October of 2022. The investigation team is analyzing data collected during the on-scene phase of the investigation. The CSB released an investigation update in October of 2022. **The investigation team is analyzing data collected during the on-scene phase of the investigation.**
- **Yenkin-Majestic Paint and OPC Polymers Corporation (Columbus, OH):** On April 8, 2021, an explosion and fire erupted at the Yenkin-Majestic paint and OPC Polymers Corporation. One employee was fatally injured and eight were transported to area hospitals for injuries. **The investigation team is analyzing data collected during the on-scene phase of the investigation.**
- **LyondellBasell (La Porte, TX):** On July 27, 2021 a release of approximately 100,000 pounds of acetic acid during a maintenance event at the LyondellBasell facility in La Porte, TX, resulted in fatal injuries to two contract employees, as well as 30 employees being transported to medical facilities for evaluation and/or treatment. **The investigation team is analyzing the data collected during the on-scene phase of the investigation of the incident.**

***Goal 2: Advocate safety and achieve change through recommendations, outreach, and education.***

Goal 2. Concentrates on disseminating updates on the status of recommendations, product releases, new initiatives, and public events. In FY 2022, due to the high quality of the CSB's recommendations and the agency's commitment to working with recommendation recipients on their implementation, the CSB closed 40 recommendations, advanced four recommendations, and issued 13 new recommendations. For the CSB's overall recommendations statistics, 782 (89%) of the 874 recommendations issued have been closed and just 92 (11%) remain open.

Examples of the kind of especially impactful recommendations acceptably closed during FY2022 include two issued to the American Petroleum Institute (API) from the Gas Well Blowout and Fire at Pryor Trust Well 1H-9 investigation and one to the Packaging Corporation of America (PCA) because of the PCA Hot Work Explosion investigation.

**Gas Well Blowout and Fire at Pryor Trust Well 1H-9:** On January 22, 2018, a blowout and rig fire occurred at Pryor Trust 0718 gas well number 1H-9, located in Pittsburg County, Oklahoma. The fire resulted in the fatalities of five workers, who were inside the driller's cabin on the rig floor. They died from thermal burn injuries and smoke and soot inhalation. The blowout occurred approximately three-and-a-half hours after removing drill pipe ("tripping") out of the well. The cause of the blowout and rig fire was the failure of both the primary barrier (hydrostatic pressure produced by drilling mud) and the secondary barrier (human detection of influx and activation of the blowout preventer) which were intended to be in place to prevent a blowout.

During the investigation, the CSB noted that that safety-instrumented systems designed to automatically bring the well to a safe state in the event other barriers fail are not used in the drilling industry. Therefore, the CSB issued a recommendation to the American Petroleum Institute (API) to develop and issue a technical bulletin to address this situation. The resulting API action brought experts together who developed a bulletin that not only reviewed existing equipment for potential automation, but also provided an overview of components to target for future research and development.



The CSB also determined that rig design changes are needed to help protect workers on drilling rig floor and in the driller's cabin from blowout and fire hazards, and to allow quick escape from the rig. The CSB issued a recommendation to API to develop guidance on drilling rig floor and drilling cabin design to increase crew member survival during a blowout. The result was a revised national guidance with detailed life-saving information on drilling cabin design as well as minimum required evacuation methods from the driller's cabin and doghouse during a catastrophic event at the well center, such as a well blowout.

**PCA Hot Work Explosion:** On February 8, 2017, three contractors were fatally injured, and seven contractors sustained injuries in an explosion at the PCA facility in DeRidder, LA. The fatally injured contractors were conducting hot work activities near a tank which contained a flammable atmosphere and ultimately exploded. The CSB reviewed PCA's corporate and facility process safety management (PSM) programs and determined that a broader application of the company's process safety management systems and other industry best practices were needed. The result was safety management practices and policy revisions that included equipment interlocks, explosion protection, and worker safety training, all of which significantly increased personnel safety not only at the DeRidder facility but also all their similar paper mill facilities.

During FY 2022, the former Chairman (who resigned in July 2022) participated in several events virtually and in person to promote the CSBs' mission and vision. The Chairman participated in three in-person events in Houston TX, in one of which she was a panelist with Baker Botts. The Chairman spoke at a session entitled - "CSB Priorities and Performance" during the Baker Botts 2022 Environmental, Safety and Incident Response Seminar on February 24, 2022, in Houston, Texas. During her presentation and Q&A, the Chairman emphasized:

- Focus on the Mission – Continuing to Deliver High Quality Products
- Efficiency -> Processes -> Staff -> Products
- Strengthen Relationships – Stakeholders, Federal Counterparts
- Maximize Resources, Information, and Knowledge
- Increase Transparency

Additionally, the Chairman discussed the agency's position on the release of pre-decisional information, as well as the growing role of fence-line communities in risk management planning.

On February 23, 2022, the Chairman met with the Air Alliance Houston (AAH) advocacy office to continue the dialog the CSB started last year with the Coalition to Prevent Chemical Disasters. AAH's current Executive Director and Community Air Monitoring Program Manager, provided a Fenceline Community Tour, also referred to as a "Toxic Tour" through some of Houston's most affected neighborhoods. The dialog with AAH will continue as we examine ways the CSB can respond effectively to ongoing fence-line community concerns.

On March 1, 2022, the Executive Director of Investigations and Recommendations along with one of the agencies Chemical Incident Investigators, provided a presentation during the virtual 14<sup>th</sup> AIChE Midwest Conference on the outcomes from the investigation of the explosion and fire event at the (ABSS) facility that took place in Waukegan, IL, on May 3, 2019. The presentation included a description of the incident, the safety issues identified during the investigation, significant findings, and the key learnings from the CSB's investigation. The presentation also included an overview of the CSB's mission and statutory authority, as well as a review of the Accidental Release Reporting Rule. The presentation generated many questions that fully utilized the allotted Q and A period.

On April 4, 2022, the CSB released a safety video to the public addressing the fatal accident that took place in Canton, North Carolina, September 21, 2020, at the Evergreen Packaging Paper Mill. The video highlights the events leading up to the incident and sets forth the four safety issues identified by our investigators that caused the incident.

On Wednesday, April 13, 2022, the Investigator-In-Charge gave a presentation on the Evergreen investigation at the American Institute of Chemical Engineers (AIChE) Global Congress on Process Safety conference in San Antonio, TX. He discussed the safety issues of the investigation, including hot work safety, pre-job planning, confined space safety, and combustible materials of vessel construction, to an audience of chemical engineers and process safety practitioners. He did an outstanding job explaining the lessons learned to the attendees, who may apply the information at their facilities. Additionally, in May a safety video for AB Specialty Silicones was also released in the third quarter.

From May 9- May 11, 2022, the former Chairman participated on a panel with senior executives from Chevron and Georgia-Pacific LLC on day two of the American Fuel and Petrochemical Manufacturers National Occupational and Process Safety Conference in San Antonio, TX. The event was an opportunity for the panel to share their perspectives on human performance and how it relates to leadership, culture, operations, and the future of safety.

For the month of June, the Investigator-In-Charge of the Evergreen Packaging Mill accident discussed the completed investigation with employees of INEOS during their Annual Safety Training to provide insight from the investigators perspective and participate in question-and-answer sessions for the entire month of June with INEOS Employees. Additionally, on June 9, 2022, the Executive Director of Investigations and Recommendations discussed Process Safety Management with the Schuylkill County LEPC which consists of members from the private and public sector as well as local volunteer agencies. They have members from chemical facilities, healthcare facilities, school facilities, local law enforcement, fire, and EMS.

In July the CSB Board released the Loy Lange Investigation report. The Board released the Sunoco Investigation report in September and the PES Investigation Report in October. In September, the CSB Board also released updates on the status of four current investigations.

In addition, throughout 2022, the two new Board members, who joined the CSB in February 2022, met with stakeholders to discuss CSB activities and operations, including the American Chemical Council, the United Steelworkers, the Coalition to Prevent Chemical Disasters, and others.

In 2022, the CSB released two safety videos as well as a new Process Safety Management (PSM) training application. The first video titled "Simultaneous Tragedy: Fire at Evergreen Packaging" is about the September 21, 2020, hot work incident at the Evergreen Packaging Paper Mill in Canton, North Carolina. A fire erupted in a confined space when a heat gun fell into a bucket of flammable resin killing two contract workers. At the end of FY 2022 the video had received almost 600,000 views. The second video released in FY 22 is titled "Incompatible Chemicals: Explosion at AB Specialty Silicones," details the May 3, 2019, reactive chemistry incident at the AB Specialty Silicones manufacturing facility in Waukegan, Illinois. Two incompatible chemicals were mixed and reacted, producing flammable hydrogen gas that ignited, causing a massive explosion that killed four workers. At the end of FY 2022 the video had been viewed almost 500,000 times on YouTube.

In FY 2022 the CSB released a brand-new safety training application focused on agency findings from the devastating 2005 BP Texas City explosion and fire and how they relate to OSHA's Process Safety Management (PSM) standard. The PSM standard outlines requirements for the management

of hazards associated with highly hazardous chemicals. The training covers all 14 elements of PSM using the 2005 explosion as a model.

Since 2005 the CSB has produced 66 online animated videos which are available on YouTube, with nearly 40 million total views and more than 230,000 subscribers”.

***Goal 3: Create and maintain an engaged, high-performing workforce.***

Goal 3 emphasizes organizational excellence. In FY 2022 CSB continued its recruiting efforts to fill multiple vacancies for the agency’s mission critical position, Chemical Incident Investigator. Industry trends drive a need for the CSB to strengthen our capacity to analyze increasingly complex engineering processes and human interactions with these processes and deploy to incidents in new industries and with emerging technologies. In FY the CSB hired two chemical incident investigators, with another chemical incident investigator scheduled to join the agency in November. The CSB also is actively recruiting to fill four additional chemical incident investigator positions, as well as a vacant chemical incident investigator supervisor position. Moreover, the CSB filled critical non-Investigator positions in FY 2022, including a Human Resources Director, Chief Information Officer and a Contracting Specialist. Additionally, two new recommendations specialists have been hired and will join the CSB in October and November.

In FY 2022, the Information Technology team was successful in restoring the administration control panel on the mail server that was not functioning for the last year. Restoring the control panel reestablished the very necessary and critical functionality needed for customer support, which is a required component in the process of migrating to Exchange Online in the up-and-coming year. The planned Exchange Online migration will allow us to decommission the on-premises Exchange Server and provide improved email reliability, security, and spam filtering.

**Analysis of Financial Statements**

The CSB’s financial statements have been prepared to report the financial position and operational results pursuant to the requirements of the Accountability of Tax Dollars Act of 2002. The principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The following chart summarizes the CSB’s budget and net outlays since FY 2018.

**CSB’s Budget and Net Outlays  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Budget<sup>1</sup></b>	<b>Net Outlays<sup>2</sup></b>
2022	\$13,400	\$11,656
2021	12,000	9,972
2020	12,000	10,517
2019	12,000	9,933
2018	11,000	10,554

Allmond & Company, LLC, an Independent Public Accounting firm, audited the CSB’s FY consolidated financial statements included in this report and issued an Unmodified Opinion, the highest level of assurance, which states the financial statements present fairly, in all material respects, the financial position of the CSB as of September 30, 2022, and 2021, and its net costs, changes in net positions, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States. This achievement demonstrates both CSB’s continued dedication to sound financial management and the reliability of the financial data upon which the CSB bases our critical decisions.

***Limitations of the Financial Statements***

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b).

While the statements have been prepared from the books and records of the entity in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

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<sup>1</sup>Budget is the annual budget authority to enter obligations for salaries and expenses. The amount shown excludes a no-year Emergency Fund, which was provided to be a funding mechanism for investigation cost fluctuations. As of September 30, 2022, the Emergency Fund had not been used and had a balance of \$844,000.

<sup>2</sup> Net outlays are gross outlays (total disbursements made during the year) that are reduced by offsetting collections and increased by distributed offsetting receipts. Net outlays may be for payment of obligations incurred the same year or in prior years. As a result, the net outlay amounts may exceed the budget authority for a fiscal year.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

## **Systems, Controls, and Legal Compliance**

The CSB is cognizant of the importance of establishing and maintaining adequate controls for the programs and administrative functions for which it is responsible. As mentioned, the CSB is developing, implementing, evaluating, and modifying controls to provide reasonable assurance that the CSB has adequate accountability of resources. In addition, given the small size of our agency, the CSB determined it to be more cost effective to obtain accounting, travel support, and personnel services from outside Federal agencies that provide additional levels of control.

Based on internal and external evaluations, and knowledge gained from daily operations, our controls provide reasonable assurance that our resources are safeguarded and properly managed. Board Members and managers continue to emphasize the importance of internal controls and evaluate and further enhance them as necessary.

## **Management Assurances**

### ***Federal Managers' Financial Integrity Act***

In accordance with the Federal Managers' Financial Integrity Act (FMFIA), the CSB has an internal management control system, which helps provide assurance that obligations and costs comply with applicable law, assets are safeguarded against waste, loss, unauthorized use or misappropriation, and revenues and expenditures are properly accounted for and recorded. This includes appropriate policies and controls to mitigate the risk of fraud and inappropriate charge card practices. The FMFIA also requires assurance that funds are being used in accordance with the agency's mission and that they are achieving their intended results; that resources are protected from waste, fraud and mismanagement, and that appropriate laws and regulations are followed. The FMFIA encompasses program, operational and administrative areas, as well as accounting and financial management.

In FY 2022, the Office of Inspector General (OIG) identified one management challenge, expressing concern due to the lack of Board members, which presented an internal control failure as the agency lacked segregation of duties on the board. However, on February 2, 2022, Dr. Sylvia Johnson and Steve Owens were sworn in as board members for the CSB; which brought the board to a total of three. Although Dr. Katherine Lemos resigned as the Chairman of the CSB effective July 22, 2022, there currently are two board members at the CSB, which remediates the concerns of the OIG regarding the agency not having separation of duties due to there being only one board member. Additionally, Mr. Owens is currently serving as the Interim Executive Authority of the CSB and has been nominated by President Biden to be the new CSB Chairman.

The FMFIA requires the agency head to provide an assurance statement on the adequacy of management controls and conformance of financial systems with Government-wide standards. This assurance statement is contained in the Message from the Interim Executive Authority.

### ***Improper Payments Information Act***

The Improper Payments Information Act of 2002 (IPIA), as amended by the 2010 Improper Payments Elimination and Recovery Act (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires agencies to review annually all programs and activities to identify those susceptible to significant improper payments, estimate the annual improper payments in the susceptible programs and activities, and report the results of their improper payment reduction plans

and activities. For that reason, the CSB has not identified any significant risk regarding improper payments.

To maintain adequate internal controls to ensure proper payments, CSB renewed its agreement with the Bureau of the Fiscal Service (BFS) to process financial transactions, process administrative payments, and prepare various financial reports. In addition, CSB works diligently with the BFS Charge Card Program to ensure all transactions are legitimate, as well as confirming that all purchase cardholder's transactions are in full compliance with federal regulatory laws and regulations. In FY 2022, BFS conducted their annual purchase card audit for the CSB. The audit results concluded that the agency's purchase card program had no findings and was rated perfect. Additionally, CSB renewed its agreement with the Interior Business Center (IBC) to process payroll and ensure proper payments. Working with IBC, CSB uses compensating control and follows up with IBC to correct any payroll errors.

Although the OIG has not conducted a FY22 review of CSB's IPERIA compliance, it has started a preliminary assessment on the purchase card program; CSB has provided the OIG with all requested information and is waiting for the report. The Inter Agency agreements referenced, promote the accuracy of our financial records and payments. The annual and impromptu audits reflect our compliance.

# PERFORMANCE REPORT

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The *CSB's 2022-2026 Strategic Plan* serves as a guide in setting priorities, allocating resources, and making decisions. CSB's mission is to drive chemical safety change through independent investigations to protect people and the environment and our plan has the following three strategic goals:

- **Goal 1:** Prevent recurrence of significant chemical incidents through independent investigations. Centers on incorporating the impact of the Accidental Release Reporting Requirement and updating metrics to include this shift. This includes expanding 1.1 to include investigation of all incidents enabled by the desk investigation program.
- **Goal 2:** Advocate safety and achieve change through recommendations, outreach, and education. Concentrates on matching measurements to goals, incorporating transparency, and a focus on quality over quantity for recommendations. The only recommended revision concentrates on the creation of highly engaging CSB videos.
- **Goal 3:** Create and maintain an engaged, high-performing workforce. Centers on implementing actions to support the current objectives. Consensus is the hiring process needs improving and the specialized skills needed for CSB positions goes beyond standard recruiting practices currently in place.

**GOAL 1: Prevent recurrence of significant chemical incidents through independent investigations.**

OBJECTIVES	FY 2022 TARGET	RESULTS
1.1. Investigate or review incidents and hazards to generate recommendation or findings with broad preventive impact.	No specific deployment target set	Deployed to 1 incident: <ul style="list-style-type: none"> <li>• BP Toledo Refinery</li> </ul>
1.2. Complete timely, high-quality investigations that determine the causes of incidents.	No specific target set	Completed and approved reports on 3 investigations: <ul style="list-style-type: none"> <li>• PES Refinery Fire &amp; Explosion</li> <li>• Sunoco Logistics Partners Flash Fire</li> <li>• Loy Lange Box Company Pressure Vessel Explosion</li> </ul>
1.3. Develop and issue recommendations with broad preventive impact.	No specific target set	Issued 13 new safety recommendations.

**GOAL 2: Advocate safety and achieve change through recommendations, outreach, and education.**

OBJECTIVES	FY 2022 TARGET	RESULTS
2.1. Pursue the implementation of recommendations, with focused effort on those designated as high impact.	No specific target set	<ul style="list-style-type: none"> <li>• (3) closed; (4) advanced</li> <li>• (89) % total of closed recommendations</li> </ul>
2.2. Identify and strategically promote key chemical safety issues.	Safety Digests / Safety Alert	There were no safety digests/alerts
	Safety Spotlight	CSB input to the EPA during its RMP rulemaking listening sessions
2.3. Create and disseminate chemical safety information using a variety of engaging high-visibility tools and products.	Video Animations  Video Safety Messages	Released two full length Videos which include animations. <ul style="list-style-type: none"> <li>• Incompatible Chemicals: Explosion at AB Specialty Silicones-Simultaneous Tragedy: Fire at Evergreen Packaging</li> <li>• PSM Training Application-Focusing on BP Texas City and how it relates to OSHA's PSN Standard.</li> </ul>



**GOAL 3: Create and maintain an engaged, high-performing workforce.**

OBJECTIVES	FY 2022 TARGET	RESULTS
3.1. Implement effective recruiting, and skills-based training and mentorship.	Fill Investigator Position Vacancies	Hired two new Investigators in FY 2022. One additional Investigator hired in FY 2022 but scheduled to start in FY 2023.
	Fill Non-Investigator Positions	Hired three Non-Investigator positions: <ul style="list-style-type: none"> <li>• Director of Human Resources</li> <li>• Chief Information Officer</li> <li>• Contracting Specialist</li> </ul> Two recommendations specialists hired in FY 2022 but scheduled to start in FY 2023.
	Conduct Board Seminar Series	There were no Board Seminars for FY 2022.
3.2. Encourage management development and leadership at all levels.	Board & Staff Training	Completed training on topics including: <ul style="list-style-type: none"> <li>• EEO Training</li> <li>• FOIA Training</li> </ul>
3.3. Deploy retention actions across the agency to ensure continuity.	No specific target set	To improve retention strategies, the CSB is working diligently to improve employee engagement and implementation of our DEIA plan. In addition to identifying management training courses that will be beneficial for current and new managers. As well as training managers to connect more effectively with employees and act meaningfully on their feedback.
3.4. Strengthen operational performance and project management efforts.	Annual Action Plan Quarterly Tracking	Action Plan tracked and updated quarterly throughout the FY in December, April, July and September.
	Administration Control Panel Restoration	Reestablished critical functionality needed for customer support.

## **Completeness and Reliability of Performance Data**

Reported performance data are free from any material inadequacies in the completeness and reliability of the data. As a small agency, the CSB can readily monitor and report on its actual performance in achieving its goals.

## **Agency Plans and Schedules for Improving Performance**

The *2022–2026 Strategic Plan* is a blueprint for CSB priorities. This plan allows us to judiciously allocate our resources to achieve our strategic goals and to promote accountability for our safety mission. It is a living document that provides flexibility in executing the mission as circumstances change. The strategic plan guides the CSB to complete timely investigations of chemical incidents and influence chemical safety for the better.

# FINANCIAL REPORT

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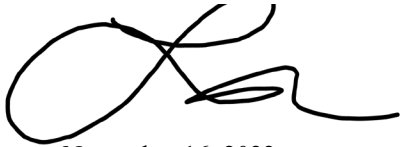
## **A Message from the Acting Chief Financial Officer**

The CSB recognizes the significance of accountability and public disclosure. This report is a demonstration of our obligation to fulfill our fiduciary responsibilities to the American taxpayers.

I am pleased to present our financial statements for fiscal years 2022 and 2021. This year the independent public accounting firm, Allmond & Company, LLC, issued an Unmodified Opinion, the highest level of assurance, which is consistent with opinions issued since our first full financial audit was conducted in FY 2001.

These financial statements fairly present our financial position and were prepared in accordance with GAAP in the United States of America and formats prescribed by the OMB.

Michele Lawson  
Chief Financial Officer



November 16, 2022



# OFFICE OF INSPECTOR GENERAL U.S. ENVIRONMENTAL PROTECTION AGENCY

CUSTOMER SERVICE ★ INTEGRITY ★ ACCOUNTABILITY

*U.S. Chemical Safety Board*

## **Contractor-Produced Report: U.S. Chemical Safety and Hazard Investigation Board Fiscal Years 2022 and 2021 Financial Statement Audit**

Report No. 23-F-0001

November 15, 2022

**Abbreviations:**

CSB  
EPA  
OIG

U.S. Chemical and Safety Hazard Investigation Board  
U.S. Environmental Protection Agency  
Office of Inspector General

**Are you aware of fraud, waste, or abuse in a CSB program?**

**EPA Inspector General Hotline**

1200 Pennsylvania Avenue, NW (2431T)  
Washington, D.C. 20460  
(888) 546-8740  
(202) 566-2599 (fax)

[OIG\\_Hotline@epa.gov](mailto:OIG_Hotline@epa.gov)

Learn more about our [OIG Hotline](#).

**EPA Office of Inspector General**

1200 Pennsylvania Avenue, NW (2410T)  
Washington, D.C. 20460  
(202) 566-2391

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

23-F-0001  
November 15, 2022

## Why This Audit Was Done

The audit was performed in accordance with the Accountability of Tax Dollars Act of 2002, which requires the U.S. Chemical Safety and Hazard Investigation Board to prepare, and the Office of Inspector General to audit, the board's financial statements each year.

The U.S. Environmental Protection Agency OIG, which also serves as the OIG for the CSB, contracted with Allmond & Company LLC to perform the audit of the CSB's fiscal years 2022 and 2021 financial statements.

### This audit supports a CSB goal:

- *Create and maintain an engaged, high-performing workforce.*

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.](#)

## ***Contractor-Produced Report: U.S. Chemical Safety and Hazard Investigation Board Fiscal Years 2022 and 2021 Financial Statement Audit***

### What Allmond & Company Found

Allmond & Company rendered an unmodified opinion on the CSB's financial statements for fiscal years 2022 and 2021, meaning that the statements were fairly presented and free of material misstatements.

**Allmond & Company found the CSB's financial statements to be fairly presented and free of material misstatement.**

As part of obtaining reasonable assurance about whether the CSB's financial statements are free of material misstatement, Allmond & Company performed tests of the CSB's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, with which noncompliance could have a direct and material effect on the financial statements. Allmond & Company's fiscal years 2022 and 2021 audit disclosed one instance of noncompliance or other matters that are required to be reported. During fiscal year 2022, the CSB reported a violation of the Antideficiency Act that occurred during fiscal year 2020 related to the purchase of office furniture.

In planning and performing its audit, Allmond & Company considered the CSB's internal control over financial reporting. During the audit, Allmond & Company did not identify any deficiencies in internal control over financial reporting that would be considered a material weakness.

Allmond & Company is responsible for the enclosed auditor's report and the conclusions expressed in the report. We do not express any opinion or conclusions on the CSB's financial statements; internal control; or compliance with laws, regulations, contracts, and grant agreements.

### Recommendations and Planned Agency Corrective Actions

Allmond & Company recommended that the CSB update its policies and guidance to include limits on expenditures for office furniture and related improvements for political appointees and provide training to CSB staff and board members on those limits. The CSB certified that it created internal policies to provide guidance to its political appointees and staff and will conduct relevant training on the limits on expenditures for office furniture and related improvements for political appointees. Allmond & Company will conduct follow-up procedures during fiscal year 2023 to determine whether the corrective actions have been implemented.



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

OFFICE OF  
INSPECTOR GENERAL

November 15, 2022

Steve Owens  
Board Member and Interim Executive Authority  
U.S. Chemical Safety and Hazard Investigation Board  
1750 Pennsylvania Avenue NW, Suite 910  
Washington, D.C. 20006

Dear Mr. Owens:

This letter transmits the audit report on the U.S. Chemical Safety and Hazard Investigation Board's fiscal years 2022 and 2021 financial statements. The audit is required by the Accountability of Tax Dollars Act of 2002, Pub. L. 107-289. The independent public accounting firm of Allmond & Company LLC performed the audit of the CSB financial statements as of and for the fiscal years ended September 30, 2022 and 2021. The audit was conducted in accordance with the comptroller general of the United States' *Government Auditing Standards* and Office of Management and Budget Bulletin 22-01, *Audit Requirements for Federal Financial Statements*.

Allmond & Company is responsible for the enclosed auditor's report, dated November 11, 2022, and the opinions and conclusions expressed in that report. We do not express any opinion or conclusions on the CSB's financial statements; internal control; or compliance with laws, regulations, contracts, and grant agreements.

You provided corrective actions in response to the recommendations. Allmond & Company will conduct follow-up procedures in fiscal year 2023 to determine whether corrective actions have been implemented. You are not required to respond to this report. However, if you submit a response, it will be posted on the Office of Inspector General's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public. If your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

Sincerely,

*Damon M. Jackson*

Damon Jackson, Director  
Financial Directorate  
Office of Audit

Enclosure

**Chemical Safety and Hazard Investigation Board (CSB)  
Fiscal Year 2022 Financial Statement Audit**

**Final Independent Auditors' Report**

*Submitted for review and acceptance to:*

Safiya Chambers  
Contracting Officer's Representative (COR)  
Environmental Protection Agency  
Office of the Inspector General 1301  
Constitution Avenue, NW Washington,  
DC 20004

*Submitted by:*

Jason L. Allmond CPA, CGFM, CISA, CISM  
Managing Member  
Allmond & Company, LLC 7501  
Forbes Blvd., Suite 200  
Lanham, MD 20706  
301-918-8200  
jallmond@allmondcpa.com

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**Final Independent Auditors' Report**

Prepared under contract to the Environmental Protection Agency (EPA) Office of Inspector General (OIG) to provide financial auditing services



**U.S. CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD  
AUDIT REPORT  
SEPTEMBER 30, 2022**



**ALLMOND & COMPANY, LLC  
Certified Public Accountants  
7501 Forbes Blvd., Suite 200  
Lanham, Maryland 20706  
(301) 918-8200**



## Independent Auditors' Reports

Interim Executive Authority and Board member, U.S. Chemical Safety and Hazard Investigation Board

Inspector General, Environmental Protection Agency:

### Report on the Financial Statements

#### Opinion

Pursuant to the Accountability of Tax Dollars Act of 2002, we have audited the accompanying financial statements of the U.S. Chemical Safety and Hazard Investigation Board (CSB), which comprise the balance sheets as of September 30, 2022 and 2021; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements (hereinafter referred to as the financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the U.S. Chemical Safety and Hazard Investigation Board as of September 30, 2022 and 2021, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CSB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

CSB management is responsible for (1) the preparation and fair presentation of these financial statements accounting principles generally accepted in the United States of America; (2) preparing, measuring, and presenting Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in CSB's Performance and Accountability Report and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 22-01 will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 22-01, our responsibilities are to exercise professional judgment and maintain professional skepticism throughout the audit, identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures that are responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. In addition, in making those risk assessments, we obtain an understanding of internal control relevant to an audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CSB's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements, and performing other procedures we consider necessary in the circumstances. We are required to communicate with those charged with governance regarding, among other matters, the planned scope of and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

*Required Supplementary Information (RSI)*

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management

about the methods of preparing the RSI and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the CSB's financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

CSB's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in CSB's Performance Accountability Report. The other information comprises the *Management Discussion and Analysis (MD&A)* and *Performance* sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exist between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Report on Internal Control over Financial Reporting**

In connection with our audits of CSB's financial statements as of and for the year ended September 30, 2022, we considered CSB's internal control over financial reporting, consistent with the auditor's responsibilities discussed below.

### *Results of Our Consideration of Internal Control over Financial Reporting*

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies<sup>1</sup> or to express an opinion on the effectiveness of CSB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CSB's internal control over financial reporting. Given these limitations, during our audit, we did not

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<sup>1</sup> A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses or significant deficiencies may exist that have not been identified.

*Basis for Results of Our Consideration of Internal Control over Financial Reporting*

We performed our procedures related to CSB's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

*Responsibilities of Management for Internal Control over Financial Reporting*

CSB management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibilities for Internal Control over Financial Reporting*

In planning and performing our audit of CSB's financial statements as of and for the fiscal year ended September 30, 2022, in accordance with U.S. generally accepted government auditing standards, we considered CSB's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CSB's internal control over financial reporting. Accordingly, we do not express an opinion on CSB's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

*Definition and Inherent Limitations of Internal Control over Financial Reporting*

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

*Intended Purpose of Report on Internal Control over Financial Reporting*

The purpose of this report is solely to describe the scope of our consideration of CSB's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of CSB's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards

in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

### **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

In connection with our audits of CSB's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

#### *Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements*

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed one instance of noncompliance for fiscal year 2022 that would be reportable under U.S. generally accepted government auditing standards. This matter is further discussed in *Exhibit I, Findings and Recommendations* of this report. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to CSB. Accordingly, we do not express such an opinion.

#### *Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements*

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

#### *Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements*

CSB management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to CSB.

#### *Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements*

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to CSB that have a direct effect on the determination of material amounts and disclosures in CSB's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CSB. We caution that noncompliance may occur and not be detected by these tests.

*Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements*

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

**The CSB's Responses to Findings**

The CSB's responses to the findings identified during our audit are described immediately following Exhibit I. CSB's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

*Allmond & Company, LLC*

Lanham, MD  
November 11, 2022

**CONDITION**

During fiscal year (FY) 2022 the Chemical Safety and Hazard Investigation Board (CSB) reported a violation of the Anti-Deficiency Act (ADA) that occurred during the fiscal year FY 2020, as follows:

A task order was issued on September 17, 2020 to provide office furniture for the office of the Chairman. The total cost for the furniture was \$9,690.38, 4,690.38 above the \$5,000 allowable limit established by the Appropriations Act of 1992.

**CRITERIA**

Title 31 U.S. Code (U.S.C.) Section 1517 *Prohibited Obligations and Expenditures* states:

- (a) An officer or employee of the United States Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding –
- (1) An apportionment; or
  - (2) The amount permitted by regulations prescribed under section 1514(a) of this title.

The Treasury, Postal Service, and General Government Appropriations Act, 1992 P.L. 102-141 Section 618, states “During the period in which the head of any department or agency, or any other officer or civilian employee of the Government appointed by the President of the United States, holds office, no funds may be obligated or expended in excess of \$5,000 to furnish or redecorate the office of such department head, agency head, officer or employee or to purchase furniture or make improvements for any such office, unless advance notice of such furnishing or redecoration is expressly approved by the Committees on Appropriations of the House and Senate”.

**CAUSE**

CSB staff, including legal, contracting and finance staff were unaware of the limits of expenditures on office furniture and related improvements for political appointees. Also, there were no CSB policies or guidance that documented the limits, available for review.

**EFFECT**

CSB's failure to comply with the limitations prescribed in the Appropriations Act caused a violation to the Anti Deficiency Act.

**RECOMMENDATION**

We recommend that CSB management:

- Update CSB policies and guidance to include the limits on expenditures for office furniture related improvements for political appointees.
- Provide training to CSB staff and Board members on the limits of expenditures on office furniture and related improvements for political appointees.



**MANAGEMENT RESPONSE**

The CSB's management responses to the finding identified during our audit are described immediately following this report.

**AUDITORS' RESPONSE**

We will conduct follow-up procedures in FY 2023 to determine whether corrective actions have been developed and implemented.

**U.S. Chemical Safety and  
Hazard Investigation Board**

1750 Pennsylvania Avenue NW, Suite 910 | Washington, DC 20006  
Phone: (202) 261-7600 | Fax: (202) 261-7650  
www.csb.gov


**Steve Owens**  
Interim Executive Authority

**Sylvia E. Johnson, Ph.D.**  
Board Member



---

To: Damon Jackson, Director – Financial Directorate, Office of Audit, Office of Inspector General

From: Steve Owens, Interim Executive Authority 

Cc: Sylvia E. Johnson, Ph. D. – Board Member  
Michele Lawson – Director of Financial Operations

Subject: Management Response to the Office of Inspector General (OIG) Fiscal Year 2022's Draft Audit Report

Date: November 11, 2022

The U.S. Chemical Safety and Hazard Investigation Board (CSB or “Agency”) has performed significant work to ensure the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

We are pleased to receive the independent auditor's report with an Unmodified Opinion, the highest level of assurance that the CSB's financial statements are presented, in all material respects, in accordance with applicable financial reporting requirements.

The Federal Manager's Financial Integrity Act (FMFIA) requires the CSB to annually evaluate its management controls and identify any material weaknesses. This requirement covers all the CSB's programs and administrative functions. As the CSB works to serve the American people, we must administer our programs as efficiently, economically, and responsibly. The CSB relies on a system of management controls to provide reasonable assurance that our financial activities comply with all applicable laws, and safeguards resources, as well as properly accounts for expenditures.

During this audit, the current CSB leadership discovered and disclosed to the auditor an Anti-Deficiency Action (ADA) violation pertaining to political appointee office furnishings limitations that occurred under the former CSB Chairperson during FY 2020, and the CSB has received a Notice of Findings and Recommendations (NFR) resulting from this violation. Since the violation occurred, the CSB has created internal policies to provide guidance to CSB political appointees and staff to ensure that this occurrence does not happen again, and the agency will conduct

relevant training on the limits of expenditures on office furniture and related improvements for political appointees. Nonetheless, the CSB's fiscal year 2022 financial statements are free of material statements, as testified in the independent auditor's report.

Based on both internal and external evaluations, and knowledge gained from daily operations, I can certify with reasonable assurance that the CSB follows the provisions of the FMFIA.

We appreciate the opportunity to respond to the OIG draft report. Please contact Michele Lawson in the Office of Financial Operations at (202) 713-6849 if you have further questions.

**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2022 AND 2021**





**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2022 AND 2021**  
**(In Dollars)**

	2022	2021
<b>Assets:</b>		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 10,411,024	\$ 8,891,840
<b>Total Intragovernmental</b>	<b>10,411,024</b>	<b>8,891,840</b>
Other than Intragovernmental:		
Accounts Receivable, Net (Notes 3)	33,381	33,294
General Property, Plant, and Equipment, Net (Note 4)	45,379	168,190
<b>Total Other than Intragovernmental</b>	<b>78,760</b>	<b>201,484</b>
<b>Total Assets</b>	<b>\$ 10,489,784</b>	<b>\$ 9,093,324</b>
<b>Liabilities: (Note 6)</b>		
Intragovernmental:		
Accounts Payable	27,983	24,649
Other Liabilities (Note 6)	33,123	78,329
<b>Total Intragovernmental</b>	<b>61,106</b>	<b>102,978</b>
Other than Intragovernmental		
Accounts Payable	320,238	413,472
Federal Employee [and Veteran] Benefits Payable	517,421	419,865
Other Liabilities (Notes 6)	124,520	396,058
<b>Total Other than Intragovernmental</b>	<b>962,179</b>	<b>1,229,395</b>
<b>Total Liabilities</b>	<b>\$ 1,023,285</b>	<b>\$ 1,332,373</b>
<b>Net Position:</b>		
Unexpended Appropriations - Funds from Other than Dedicated Collections	9,901,480	7,970,381
<b>Total Unexpended Appropriations (Consolidated)</b>	<b>9,901,480</b>	<b>7,970,381</b>
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(434,981)	(209,430)
<b>Total Net Position</b>	<b>9,466,499</b>	<b>7,760,951</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 10,489,784</b>	<b>\$ 9,093,324</b>

**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF NET COST**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
**(In Dollars)**

	2022	2021
<b>Gross Program Costs:</b>		
Gross Costs	\$ 11,717,720	\$ 10,225,911
Less: Earned Revenue	-	(150)
<b>Net Cost of Operations</b>	<b>\$ 11,717,720</b>	<b>\$ 10,225,761</b>

**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
**(In Dollars)**

	2022	2021
	Consolidated Total	Consolidated Total
<b>Unexpended Appropriations:</b>		
Beginning Balance	\$ 7,970,381	\$ 6,408,029
Appropriations Received	13,400,000	12,000,000
Other Adjustments	(223,882)	(399,640)
Appropriations Used	(11,245,019)	(10,038,008)
Net Change in Unexpended Appropriations	1,931,099	1,562,352
<b>Total Unexpended Appropriations</b>	<b>\$ 9,901,480</b>	<b>\$ 7,970,381</b>
<b>Cumulative Results of Operations:</b>		
Beginning Balance	\$ (209,430)	\$ (295,113)
Appropriations Used	11,245,019	10,038,008
Imputed Financing (Note 9)	247,150	273,586
Other	-	(150)
Net Cost of Operations	(11,717,720)	(10,225,761)
Net Change in Cumulative Results of Operations	(225,551)	85,683
<b>Total Cumulative Results of Operations</b>	<b>\$ (434,981)</b>	<b>\$ (209,430)</b>
<b>Net Position</b>	<b>\$ 9,466,499</b>	<b>\$ 7,760,951</b>



**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
**(In Dollars)**

	2022	2021
<b>Budgetary Resources:</b>		
Unobligated Balance from Prior Year Budget Authority, Net (Note 10)	\$ 6,032,525	\$ 4,930,873
Appropriations	13,400,000	12,000,000
<b>Total Budgetary Resources</b>	<b>\$ 19,432,525</b>	<b>\$ 16,930,873</b>
<b>Status of Budgetary Resources:</b>		
New Obligations and Upward Adjustments (total) (Note 11)	\$ 13,398,974	\$ 11,375,092
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	92,984	1,494,381
Unapportioned, Unexpired Accounts	844,145	-
Unexpired Unobligated Balance, End of Year	937,129	1,494,381
Expired Unobligated Balance, End of Year	5,096,422	4,061,400
Unobligated Balance, End of Year (total)	6,033,551	5,555,781
<b>Total Budgetary Resources</b>	<b>\$ 19,432,525</b>	<b>\$ 16,930,873</b>
<b>Outlays, Net and Disbursements, Net:</b>		
Outlays, Net (total)	11,656,935	9,971,716
Agency Outlays, Net	\$ 11,656,935	\$ 9,971,716



## CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The United States Chemical Safety and Hazard Investigation Board (CSB) is an independent Federal agency with the mission of ensuring the safety of workers and the public by promoting chemical safety and accident prevention. The CSB was established by the Clean Air Act Amendments of 1990 and is responsible for advising the President and Congress on key issues related to chemical safety and evaluating the effectiveness of other Government agencies on safety requirements. The CSB receives all of its funding through appropriations. The CSB reporting entity is comprised of General Funds and General Miscellaneous Receipts.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. The CSB manages Operations and Facilities, Engineering and Development General Fund accounts.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

The CSB has rights and ownership of all assets reported in these financial statements. The CSB does not possess any non-entity assets.

#### B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the CSB. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the CSB in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and the CSB'S accounting policies which are summarized in this note. These statements, except for the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the CSB'S use

of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

### **C. Basis of Accounting**

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as the compliance with legal requirements on the use of those funds.

### **D. Fund Balance with Treasury**

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the CSB's funds with Treasury in expenditure, receipt, revolving, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The CSB does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use FBWT or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand. Foreign currency payments are made either by Treasury or the Department of State and are reported by the CSB in the U.S. dollar equivalents.

### **E. Accounts Receivable**

Accounts receivable consists of amounts owed to the CSB by other federal agencies and the general public. Amounts due from federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

### **F. Property, Equipment, and Software**

Property, equipment, and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The CSB's capitalization threshold is \$10,000 for individual purchases and \$50,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (years)</u>
Leasehold Improvements	Lease Term
Office Furniture	7
Computer Equipment	5
Office Equipment	3
Software	3

## **G. Advances and Prepaid Charges**

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

## **H. Liabilities**

Liabilities represent the amount of funds likely to be paid by the CSB due to transactions or events that have already occurred.

The CSB reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent funds owed to another government agency. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, deferred rent actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees. Deferred rent is the difference at year-end between the sum of monthly cash disbursements paid to date for rent and the sum of the average monthly rent calculated based on the term of the lease.

## **I. Annual, Sick, and Other Leave**

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken

by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

## **J. Accrued and Actuarial Workers' Compensation**

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the CSB's employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the CSB terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

## **K. Retirement Plans**

The CSB's employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the CSB's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984, through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987, are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the CSB matches any employee contribution up to an additional four percent of pay. For FERS participants, the CSB also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the CSB remits the employer's share of the required contribution.

The CSB recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the CSB for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The CSB recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The CSB does not report on its financial statement's information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

## **L. Other Post-Employment Benefits**

The CSB's employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGILIP) may continue to

participate in these programs after their retirement. OPM has provided CSB with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The CSB recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM and offset by the CSB through the recognition of an imputed financing source.

#### **M. Use of Estimates**

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

#### **N. Reclassification**

Certain fiscal year 2021 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

#### **O. Classified Activities**

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

### **NOTE 2. FUND BALANCE WITH TREASURY**

Fund Balance with Treasury account balances as of September 30, 2022, and 2021, were as follows:

	2022	2021
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 92,984	\$ 1,494,380
Unavailable	5,940,567	4,061,400
Obligated Balance Not Yet Disbursed	4,377,473	3,336,060
<b>Total</b>	<b>\$ 10,411,024</b>	<b>\$ 8,891,840</b>

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represents the remaining appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see also Note 12).

### NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2022, and 2021, were as follows:

	2022	2021
Other than Intergovernmental		
Accounts Receivable	\$ 33,381	\$ 33,294
<b>Total Accounts Receivable</b>	<b>\$ 33,381</b>	<b>\$ 33,294</b>

The accounts receivable is primarily made up of reimbursements due from employees.

Historical experience has indicated that most of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2022, and 2021.

### NOTE 4. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Schedule of General Property, Plant and Equipment, Net as of September 30, 2022:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Furniture & Equipment	\$ 1,405,249	\$ 1,383,215	\$ 22,034
Software	76,402	53,057	23,345
<b>Total</b>	<b>\$ 1,481,651</b>	<b>\$ 1,436,272</b>	<b>\$ 45,379</b>

Schedule of General Property, Plant and Equipment, Net as of September 30, 2021:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 271,851	\$ 271,851	\$ -
Furniture & Equipment	1,405,249	1,285,872	119,377
Software	226,797	177,984	48,813
<b>Total</b>	<b>\$ 1,903,897</b>	<b>\$ 1,735,707</b>	<b>\$ 168,190</b>

### NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for CSB as of September 30, 2022, and 2021, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2022	2021
Intragovernmental – FECA	\$ 1,020	\$ 1,020
Unfunded Leave	509,560	407,694
Total Liabilities Not Covered by Budgetary Resources	\$ 510,580	\$ 408,714
Total Liabilities Covered by Budgetary Resources	509,544	921,459
Total Liabilities Not Requiring Budgetary Resources	3,161	2,200
<b>Total Liabilities</b>	<b>\$ 1,023,285</b>	<b>\$ 1,332,373</b>

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on the CSB's behalf and payable to the DOL. The CSB also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

## NOTE 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2022, were as follows:

	Current	Non Current	Total
<b>Intragovernmental</b>			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 9,467	\$ -	\$ 9,467
Custodial Liability (to the General Fund)	3,011	-	3,011
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity (to the General Fund)	150	-	150
Employer Contributions and Payroll Taxes Payable	\$ 19,475	\$ -	\$ 19,475
Unfunded FECA Liability	1,020	-	1,020
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 33,123</b>	<b>\$ -</b>	<b>\$ 33,123</b>
<b>Other than Intragovernmental</b>			
Accrued Funded Payroll and Leave	\$ 124,520	\$ -	\$ 124,520
<b>Total Other than Intragovernmental Other Liabilities</b>	<b>\$ 124,520</b>	<b>\$ -</b>	<b>\$ 124,520</b>
<b>Total Other Liabilities</b>	<b>\$ 157,643</b>	<b>\$ -</b>	<b>\$ 157,643</b>



Other liabilities account balances as of September 30, 2021, were as follows:

Prior Year:	Current	Non Current	Total
<b>Intragovernmental</b>			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 24,018	\$ -	\$ 24,018
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity (to the General Fund)	150	-	150
Employer Contributions and Payroll Taxes Payable	\$ 51,091	\$ -	\$ 51,091
Unfunded FECA Liability	1,020	-	1,020
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 76,279</b>	<b>\$ -</b>	<b>\$ 76,279</b>
<b>Other than Intragovernmental</b>			
Accrued Funded Payroll and Leave	\$ 396,058	\$ -	\$ 396,058
Custodial Liability	2,050	-	2,050
<b>Total Other than Intragovernmental Other Liabilities</b>	<b>\$ 398,108</b>	<b>\$ -</b>	<b>\$ 398,108</b>
<b>Total Other Liabilities</b>	<b>\$ 474,387</b>	<b>\$ -</b>	<b>\$ 474,387</b>

## NOTE 7. LEASES

### Operating Leases

The CSB occupies office space in Washington, DC. The Washington, DC office currently has a lease agreement which is accounted for as an operating lease.

On July 15, 2019, the CSB entered into a Novation Agreement which recognized the transfer in ownership of its headquarters building and established a new lease term with the new building owner. The new agreement began on July 15, 2019, and is scheduled to terminate on July 14, 2024. The CSB has the option to extend the lease for one (1) additional term, from July 15, 2024, through September 30, 2025. The novation lease includes caps for annual adjustments for real estate taxes, operating expenses, and a 24-hour HVAC requirement. Finally, the amendment changed agreed upon rent abatements delineated in the original lease. Below is a schedule of future payments for the lease through September 30, 2025, including agreed upon annual caps and rent abatements.

Fiscal Year	Asset Category Building
2023	\$ 700,631
2024	785,485
2025	620,849
<b>Total Future Lease Payments</b>	<b>\$ 2,106,965</b>

## NOTE 8. COMMITMENTS AND CONTINGENCIES

As of September 30, 2022, the CSB has pending FOIA litigation with PEER. The chance of an unfavorable outcome of the current FOIA litigation with PEER is less than probable, but more than remote.

## NOTE 9. INTER-ENTITY COSTS

The CSB recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue.

Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. The CSB recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2022, and 2021, respectively, inter-entity costs were as follows:

	2022	2021
Office of Personnel Management	\$ 247,150	\$ 273,586
<b>Total Imputed Financing Sources</b>	<b>\$ 247,150</b>	<b>\$ 273,586</b>

#### **NOTE 10. NET ADJUSTMENTS TO UNOBLIGATED BALANCE, BROUGHT FORWARD, OCTOBER 1**

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2022, and 2021, consisted of the following:

	2022	2021
Unobligated Balance Brought Forward From Prior Year, October 1	\$ 5,555,781	\$ 4,981,421
Recoveries of Prior Year Obligations	700,626	349,092
Other Changes in Unobligated Balances	(223,882)	(399,640)
<b>Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory)</b>	<b>\$ 6,032,525</b>	<b>\$ 4,930,873</b>

#### **NOTE 11. APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS**

New obligations and upward adjustments incurred and reported in the Statement of Budgetary Resources in 2022 and 2021 consisted of the following:

	2022	2021
Direct Obligations, Category B	13,398,974	11,375,092
<b>Total New Obligations and Upward Adjustments</b>	<b>\$ 13,398,974</b>	<b>\$ 11,375,092</b>

#### **NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD**

As of September 30, 2022, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 39,051	\$ 3,828,879	\$ 3,867,930
<b>Total Undelivered Orders</b>	<b>\$ 39,051</b>	<b>\$ 3,828,879</b>	<b>\$ 3,867,930</b>

As of September 30, 2021, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 39,156	\$ 2,375,444	\$ 2,414,600
<b>Total Undelivered Orders</b>	<b>\$ 39,156</b>	<b>\$ 2,375,444</b>	<b>\$ 2,414,600</b>

## NOTE 13. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

The President's Budget that will include fiscal year 2022 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2023 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2023 Budget of the United States Government, with the "Actual" column completed for 2021, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 17	\$ 11	\$ -	\$ 10
Unobligated Balance Not Available	(4)	-	-	-
Budget of the U.S. Government	\$ 13	\$ 11	\$ -	\$ 10

## NOTE 14. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

Reconciliation of Net Cost to Net Outlays as of September 30, 2022:

### RECONCILIATION OF NET COST TO NET OUTLAYS BUDGET AND ACCRUAL RECONCILIATION FOR THE YEARS ENDED SEPTEMBER 30, 2022 (In Dollars)

	Intragovernmental	Other than Intragovernmental	Total
<b>Net Operating Cost (SNC)</b>	\$ 3,315,357	\$ 8,402,363	\$ 11,717,720
<b>Components of Net Cost Not Part of the Budgetary Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(122,810)	(122,810)
Accounts Receivable, Net	-	87	87
Accounts Payable	(3,334)	93,234	89,900
Federal Employee [and Veteran] Benefits Payable	-	(97,556)	(97,556)
Other Liabilities	45,206	271,538	316,744
<b>Financing Sources:</b>			
Imputed Cost	(247,150)	-	(247,150)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays</b>	\$ (205,278)	\$ 144,493	\$ (60,785)
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	\$ -	\$ -	\$ -
<b>Misc Items</b>			
Custodial/Non-Exchange Revenue	2,432	(2,432)	-
<b>Total Other Reconciling Items</b>	\$ 2,432	\$ (2,432)	\$ -
<b>Total Net Outlays (Calculated Total)</b>	\$ 3,112,511	\$ 8,544,424	\$ 11,656,935
<b>Budgetary Agency Outlays, Net (SBR 4210)</b>			
<b>Budgetary Agency Outlays, Net</b>			\$ 11,656,935

Reconciliation of Net Cost to Net Outlays as of September 30, 2021:

**RECONCILIATION OF NET COST TO NET OUTLAYS  
BUDGET AND ACCRUAL RECONCILIATION  
FOR THE YEARS ENDED SEPTEMBER 30, 2021  
(In Dollars)**

	Intragovernmental	Other than Intragovernmen	Total
Net Operating Cost (SNC)	\$ 2,531,351	\$ 7,694,410	\$ 10,225,761
<b>Components of Net Cost Not Part of the Budgetary Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(153,196)	(153,196)
Accounts Receivable, Net	-	33,294	33,294
Other Assets	(2,856)	-	(2,856)
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	2,449	88,278	90,727
Federal Employee [and Veteran] Benefits Payable	-	135,172	135,172
Other Liabilities	1,455	(151,158)	(149,703)
<b>Financing Sources:</b>			
Imputed Cost	(273,586)	-	(273,586)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays</b>	<b>\$ (272,538)</b>	<b>\$ (47,610)</b>	<b>\$ (320,148)</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Acquisition of Capital Assets	-	66,103	66,103
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ -</b>	<b>\$ 66,103</b>	<b>\$ 66,103</b>
<b>Misc Items</b>			
Custodial/Non-Exchange Revenue	2,050	(2,050)	-
<b>Total Other Reconciling Items</b>	<b>\$ 2,050</b>	<b>\$ (2,050)</b>	<b>\$ -</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ 2,260,863</b>	<b>\$ 7,710,853</b>	<b>\$ 9,971,716</b>
<b>Budgetary Agency Outlays, Net (SBR 4210)</b>			<b>\$ 9,971,716</b>
Budgetary Agency Outlays, Net			\$ 9,971,716

## ABBREVIATIONS AND ACRONYMS

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BFS	Bureau of the Fiscal Service (within the U.S. Department of the Treasury)
CSB	U.S. Chemical Safety and Hazard Investigation Board
EPA	U.S. Environmental Protection Agency
FMFIA	Federal Manager's Financial Integrity Act
FY	Fiscal Year (October 1 to September 30)
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
IPERA	2010 Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination & Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
OIG	Office of Inspector General
OMB	Office of Management and Budget
OSHA	Occupational Safety and Health Administration
PAR	Performance and Accountability Report
RMP	Risk Management Plan

## **THE CSB WELCOMES YOUR COMMENTS!**

Thank you for your interest in the CSB's FY 2022 Performance and Accountability Report. The CSB welcomes your comments on how we can make this report a more informative document for our readers. The CSB is particularly interested in your comments on the usefulness of this information and the way it is presented. Please send your comments to [cfo@csb.gov](mailto:cfo@csb.gov) or write to:

### **Chemical Safety and Hazard Investigation Board**

Chief Financial Officer  
1750 Pennsylvania Ave, NW, Suite 910  
Washington, DC 20006

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