



# At a Glance

## Why We Did This Review

We performed this audit to determine whether the U.S. Environmental Protection Agency (EPA) conducts biennial reviews of the agency's user fees and royalties programs, and reviews all agency programs to determine whether fees should be assessed for government services they provide.

The Chief Financial Officers Act of 1990 (CFO Act) directs the Chief Financial Officer (CFO) to review, on a biennial basis, the agency's fees and other charges for services provided. Office of Management and Budget (OMB) Circular A-25 provides for federal user fee reviews. The EPA's Office of the Chief Financial Officer (OCFO) oversees the EPA program offices' biennial user fee reviews.

## This report addresses the following EPA theme:

- *Embracing EPA as a high performing organization.*

For further information, contact our public affairs office at (202) 566-2391.

The full report is at:  
[www.epa.gov/oig/reports/2014/20140304-14-P-0129.pdf](http://www.epa.gov/oig/reports/2014/20140304-14-P-0129.pdf)

## EPA Did Not Conduct Thorough Biennial User Fee Reviews

### What We Found

The EPA did not conduct thorough biennial user fee reviews for fiscal years 2008–2009 and 2010–2011, and did not review all agency programs to determine whether they should assess fees for government services they provide. The EPA did not fully comply with the requirements to:

- Conduct cost reviews to determine the full cost of providing a service.
- Report biennial review results to OMB.
- Request user fee exceptions by letter to the OMB Director.
- Review all programs for fee potential.

**The EPA may not have recovered all program costs and collected millions of dollars that could have been available to reduce the federal budget deficit.**

The EPA's OCFO did not fully oversee the biennial reviews or provide internal review guidance, and the EPA's program offices were not fully aware of biennial review requirements. Consequently, the EPA may not have recovered millions of dollars in program costs and collected funds that could have been available to reduce the federal budget deficit. We identified an EPA program—the Office of Water's National Pollutant Discharge Elimination System (NPDES) program—with the potential to charge fees up to \$8.9 million per year to recover its costs of providing a service.

The EPA began improving its biennial review process with the fiscal years 2012–2013 review by issuing a biennial user fee review guide, training user fee program personnel on biennial reviews, and increasing headquarters oversight of reviews.

### Recommendations and Planned Agency Corrective Actions

We recommend that the CFO discuss biennial user fee results in the Agency Financial Report, coordinate requests for an exception to charging fees, and request fee exception programs to provide complete information about program fees and costs and help determine whether fees should be assessed. We also recommend that the Office of Water conduct an analysis to determine the EPA's full cost of issuing NPDES permits and determine whether it should charge fees for the permits. We had also recommended that the Office of Water propose a regulation to allow the EPA to charge NPDES permit fees, as appropriate.

The agency concurred and provided acceptable corrective actions and milestone completion dates for all recommendations except one—to propose a regulation to allow the EPA to charge NPDES permit fees. We revised our recommendation by removing the proposal for a regulation to charge NPDES fees and adding the option for requesting an exception to fees, to which the Office of Water agreed.