



ALLMOND & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

7501 FORBES BOULEVARD, SUITE 200
LANHAM, MARYLAND 20706

(301) 918-8200
FACSIMILE (301) 918-8201

February 26, 2024

Mr. Damon Jackson, Director
Environmental Protection Agency
Office of the Inspector General
Financial Directorate Office of Audit
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Mr. Jackson,

During the fiscal year (FY) 2023 financial statement audit of the Chemical Safety and Hazard Investigation Board (CSB) material misstatements were identified in CSB's combined statement of budgetary resources and related noted disclosures.

CSB entered into a multi-year lease agreement in FY 2014 for their Washington D.C. office building and did not recognize the legal obligation amount of the estimated total payments expected to arise under the full term of the lease contract in the initial year of the agreement as required by generally accepted accounting principles. Instead, CSB recognized only the annual portion of the lease payments due each year in the combined statements of budgetary resources. Not recording the required lease obligations at the inception of the lease resulted in an understatement of obligations of approximately \$1,331,512 and \$2,004,790, respectively, as of September 30, 2023 and 2022. Accordingly, a number of amounts are misstated on CSB's combined statements of budgetary resources and in the related notes for the years ended September 30, 2023 and 2022 including financial statement captions such as Unobligated Balance from Prior Year Budget Authority, Net, Total Budgetary Resources, New Obligations and Upward Adjustments, and Unobligated Balance, End of Year.

As a result, we determined and advised CSB that all prior period CSB financial statements audited by Allmond and Company, LLC [FY 2016 through 2022] contain material errors and should no longer be relied upon.

Also, the EPA OIG should take timely and appropriate steps to ensure that any third party in receipt of these prior period audited financial statements is informed of the error and is informed that they should no longer rely on the financial statements or auditor's reports.

Should any questions arise and additional information is needed, please contact me directly at (301) 918-8200 or jallmond@allmondcpa.com

Sincerely,

ALLMOND & COMPANY, LLC

Jason L. Allmond, CPA, CGFM, CISA, CISM