



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

**Performance and  
Accountability Report  
Fiscal Year 2019**

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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

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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, CSB conducts comprehensive, root cause investigations of serious chemical incidents, which are often preventable with robust safety management systems. The agency makes recommendations to prevent similar incidents from occurring. 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 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) 2019. The results also summarize our success in achieving CSB performance goals for FY 2019. 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 2019 performance targets and results.
3. **Financial Report.** Presents the CSB's financial statements and notes for the years ended September 30, 2019, and 2018. 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 of 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, and knowledge gained from daily operations, I am able to certify with reasonable assurance that the CSB is in compliance with the provisions of the FMFIA.



Kristen M. Kulinowski, Ph.D.

Interim Executive Authority

November 19, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Overview**

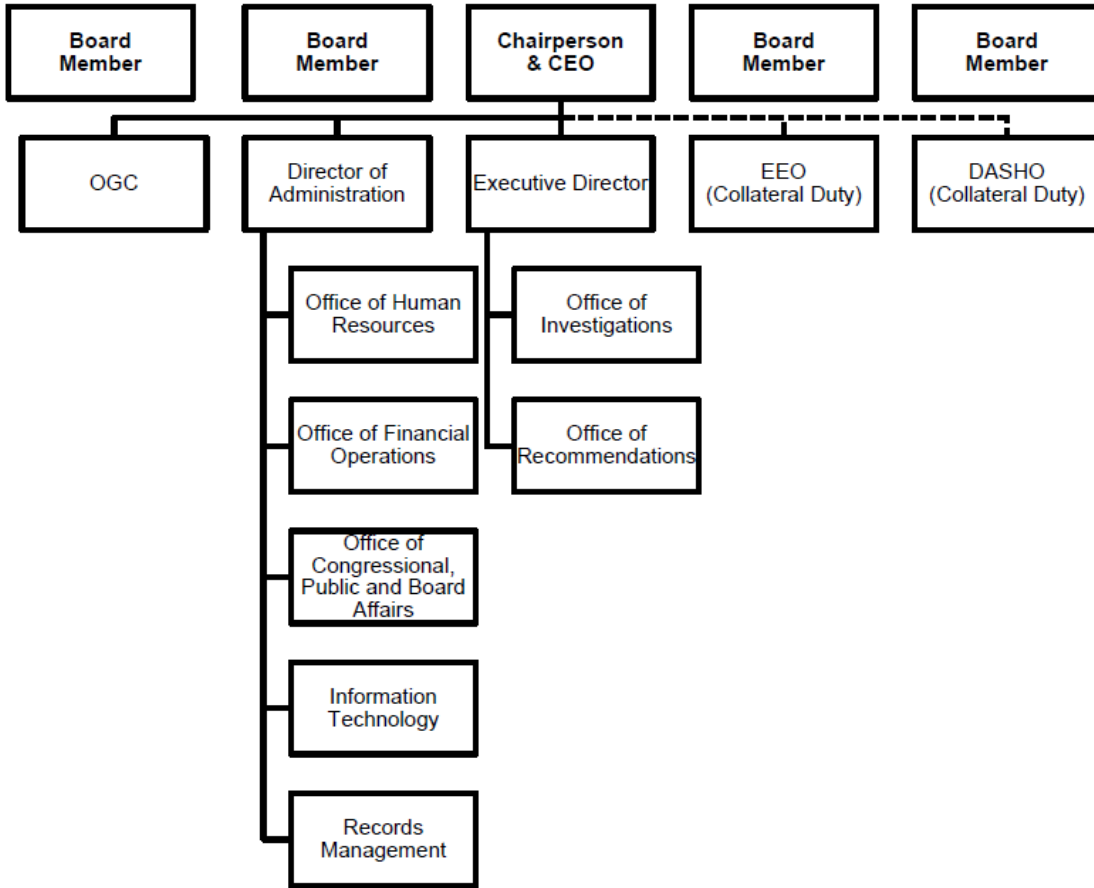
The U.S. Chemical Safety and Hazard Investigation Board (CSB) is an independent Federal agency charged with investigating industrial chemical incidents and hazards. CSB investigations examine all aspects of chemical incidents, including the probable cause or causes such as equipment failures, and root causes such as inadequacies in safety management systems and safety culture. The Board makes safety recommendations 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 second year of *CSB's 2017-2021 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, has a field office in Denver, Colorado, and employees working remotely in Houston, Texas, and other locations. The CSB is governed by its Board, which consists of one presidentially-appointed Chairperson (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, 2019, there were three appointed Board Members and a professional staff of 28. There are currently two Board Member vacancies, including the Chairperson. In accordance with CSB policy, one Board Member serves as the Interim Executive Authority.

The following is the organizational chart, which was in effect September 30, 2019.



## 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 2019, the CSB completed eight safety products, including three final reports, three interim investigative factual updates, and two safety videos. The CSB issued a total of 26 new recommendations to improve chemical safety and reduce hazards. Incident investigation reports issued in FY 2019 include:

- **Toxic Chemical Gas Release (La Porte, TX):** On November 15, 2014, approximately 24,000 pounds of highly toxic methyl mercaptan was released from an insecticide production unit (Lannate® Unit) at the E. I. du Pont de Nemours and Company (DuPont) chemical manufacturing facility in La Porte, Texas. The release killed three operators and a shift supervisor inside a manufacturing building. They died from a combination of asphyxia and acute exposure (by inhalation) to methyl mercaptan. **The final investigation report was released on June 25, 2019.**
- **Onshore Oil Rig Explosion and Fire (Pittsburg County, OK):** 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 killed 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 about three-and-a-half hours after removing drill pipe from 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. **The final investigation report was released on June 12, 2019.**
- **Loss of Containment, Fires, and Explosions at Gas Plant (Pascagoula, MS):** On June 27, 2016, a major loss of containment resulted in the release of methane, ethane, propane, and several other hydrocarbons at the Enterprise Products Pascagoula Gas Plant in Pascagoula, Mississippi. The hydrocarbons ignited, initiating a series of fires and explosions that shut down the site for almost six months. Two workers on the night shift when the incident occurred were uninjured. Had the event happened during the day, when a larger number of personnel were working amid the process line, the consequences could have been much worse. Enterprise Products incurred \$10.4 million of expense due to fire response activities and another non-cash loss of \$7.1 million as a consequence of this incident. **The final investigation report was released on February 13, 2019.**

In addition to completing investigations, the CSB deployed to four new incidents and continued work on several ongoing investigations, including:

### **New Deployments**

- **Refinery Fire and Explosion (Philadelphia, PA):** On June 21, 2019, there was a release of vapor in the Philadelphia Energy Solutions refinery alkylation unit. The vapor found an ignition source, causing a major fire and multiple

explosions. This was one factor leading to the refinery's permanent closure and the loss of more than 1,000 jobs.

- **Specialty Blending Company Fatal Fire and Explosion (Waukegan, IL):** On May 3, 2019 a massive explosion and fire occurred at the AB Specialty Silicones facility in Waukegan, IL, killing four workers and causing extensive damage to nearby businesses.
- **Custom Chemical Blending and Processing Company (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.
- **Tank Fires and Explosions (Deer Park, TX):** On March 17, 2019, a massive tank fire erupted at the Intercontinental Terminal Company (ITC) bulk liquid storage terminal located in Deer Park, TX. No ITC personnel or emergency responders were injured as a result of the incident, however the local community experienced several disruptions, including notifications to shelter-in-place, and closures of schools, highways, the Houston Ship Channel and waterfront parks in the area.

### Ongoing Investigations

- **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.
- **Refinery Explosion and Fire (Superior, WI):** On April 26, 2018, an explosion and subsequent fire occurred at the Husky Superior Refinery in Superior, WI. 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. However, as a result of the explosion, thirty-six people sought medical attention, including eleven refinery and contract workers who suffered Occupational Safety and Health Administration (OSHA) recordable injuries. In addition, a large portion of the community of Superior, WI was evacuated. **The CSB released a factual investigative update in Superior, WI in August 2018 and held a public meeting in the community in December 2018.**
- **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 injured and killed could have been considerably higher. The packing

facility where some employees had been working completely collapsed as a result of the explosion. Forensic examination of two gap mills involved in the explosion is scheduled to be conducted this year. Completion of this teardown and examination will provide critical information necessary to complete the investigation. **The CSB released a factual investigative update in May 2018.**

- **Tank Explosions (Barbour County, WV):** On May 24, 2017, an out-of-service tank exploded at the Midland Resource Recovery facility in Philippi, West Virginia, killing two workers and severely injuring another. A few weeks later, on June 20, 2017, another vessel exploded and killed one contractor working at the site. The explosions happened in pressure vessels that were being decommissioned and cleaned, following use in natural gas service to add odorant to natural gas pipelines.
- **Catastrophic Pressure Vessel Rupture (St. Louis, MO):** On April 3, 2017, an overpressure within a steam condensate storage tank at the Loy-Lange Box Company launched the vessel into a neighboring dry-cleaning facility and fatally injured one worker at the box company and three members of the public at the adjacent facility.
- **Hot Work Explosion and Fire (Nederland, TX):** On August 12, 2016, seven workers were injured at the Sunoco Logistics Partners natural gas terminal in Nederland, Texas. The incident involved a flash fire during welding activities.

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

Goal 2 focuses on implementing recommendations and their associated advocacy and outreach. Safety recommendations are the CSB's primary tools for bringing about significant improvements in chemical safety. Investigations may result in multiple recommendations to the parties best able to carry them out. Once the CSB issues a recommendation, Board Members and staff encourage implementation, ensure the recommendations are effectively communicated to the recipient(s), together with any needed justification or explanation, and track the recommendations to completion.

In FY 2019, the CSB closed 17 previously issued recommendations. Of the recommendations addressed in FY 2019, one response from the American Petroleum Institute (API) stands out. On March 23, 2005, the BP Texas City refinery experienced severe explosions and fire in an isomerization unit (ISOM) that resulted in 15 deaths, 180 injuries, and significant monetary losses. The accident was caused by the overfilling of a raffinate splitter tower during startup that in turn opened pressure relief devices and dumped flammable liquid into a blowdown drum with a stack that was open to the atmosphere. The flammable liquid released from the stack exceeded the capacity of both the blowdown drum and its stack and was released into the surrounding area where it ignited, resulting in the explosions and fire.



Among the findings, the CSB investigation concluded that the ISOM operators were likely fatigued from working long hours over consecutive days during the turnaround of the unit prior to startup. Additionally, the CSB found that the OSHA has no regulations addressing fatigue and that there were no industry safety guidelines or voluntary standards to manage and prevent fatigue as a risk factor. The CSB recommended that the API develop a fatigue standard and that the United Steel Workers work with API in its development. API issued the American National Standards Institute-approved Recommended Practice (RP) 755 - Fatigue Risk Management Systems for Personnel in the Refining and Petrochemical Industries in April 2010. It was the first-ever fatigue standard for the refining and petrochemical industries. Though it was a positive effort as well as innovative, the new fatigue standard fell short of what the CSB intended. As the result of CSB interaction and participation on the API RP 755 Revision Committee, a newly revised fatigue standard was issued on May 1, 2019, that provides guidance to employees, managers, and supervisors on recognizing, understanding and managing workplace fatigue. It also outlines how owners and operators should establish policies and procedures to address these issues. As such, the revised fatigue standard addressed CSB concerns and will enhance future risk reduction related to fatigue issues and drives positive chemical safety change. This recommendation, coupled with CSB involvement, is a prime example of how the CSB and its recommendations can have a national life-saving impact.

Throughout FY 2019, the CSB targeted its outreach to advance strategic safety topics described in the *Drivers of Critical Chemical Safety Change Program*. This program identifies the most critical chemical safety improvements needed to protect both people and the environment. CSB staff use this program to direct outreach initiatives and ensure that the agency's limited resources are optimized to address the most critical chemical hazards facing the nation. The CSB has identified four drivers of critical safety change: 1) Combustible Dust Safety; 2) Process Safety Management for the 21<sup>st</sup> Century; 3) Emergency Planning and Response; and 4) Safe Hot Work Practices.

The CSB's newly launched website capitalized on the CSB's 20-year anniversary, as well as the agency's *Drivers of Critical Chemical Safety Change Program*, while seeking to improve the user experience and enhance accessibility to our products and videos. The site also seeks to expand the agency's audience by providing Spanish translations for most CSB products and closed captioning of CSB safety videos.

In addition to its *Drivers of Chemical Safety Change Program*, and as part of its continued focus on safety outreach and advocacy, the CSB 1) issued a Safety Spotlight document on Standard Developing Organizations; 2) drafted and sent a letter to the U.S. Environmental Protection Agency (EPA) requesting that the agency reexamine the potential hazards of hydrogen fluoride (HF) at US petroleum refineries and the need for improved safeguards for this chemical; 3) issued public comments on the state of Washington's PSM rulemaking; and 4) participated with, and sent agency comments to, the API on API RP 75 (Offshore Safety and Environmental Management Program), API RP 755 (Fatigue Standard), and API Standard 2350 (Overfill Prevention for Atmospheric Storage Tanks in Petroleum Facilities).

The CSB has also collaborated with other Federal agencies and safety organizations to advance shared safety goals. The CSB participated in the nationwide Safe + Sound Week, partnering with OSHA, the National Institute for Occupational Safety and Health, the National Safety Council, the American Society of Safety Professionals and the American Industrial Hygiene Association to raise awareness and understanding of the value of safety and health programs. The CSB will continue to identify opportunities to collaborate with other Federal agencies and safety organizations in FY 2020.

Finally, the CSB released safety video products to view and download, free of charge, on its website and on YouTube. The video products released since October 2018 include an interactive graphic detailing the fire damage at a natural gas facility in Pascagoula, MS, and a preliminary animation detailing the effective emergency response activities at a refinery in Superior, WI.

CSB videos have been viewed more than 16.6 million times on YouTube, and the agency's YouTube channel has more than 80,000 subscribers.

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

Goal 3 emphasizes organizational excellence. In FY 2019 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. CSB hired two new senior level Investigators in FY 2019. The CSB made offers to two additional Investigators that are expected to onboard during the first quarter of FY 2020. The CSB also filled critical non-Investigator positions in FY 2019 including the General Counsel, a Contracting Officer, and a Human Resource Specialist.

In FY 2019, the CSB also worked to improve operational excellence for maintaining electronic records. The CSB uses two systems for records management. The CSB uses one system primarily for electronic document and records management database, and the other system for temporary document and records storage and editing, data entry, and file sharing. In order to maximize efficiencies and increase security, the CSB worked with a contractor to integrate the systems and maximize their functionality. The CSB made significant progress on this project in FY 2019, which it expects to complete in early FY 2020.

## **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 2014.

**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>
2019	\$ 12,000	\$ 9,933
2018	11,000	10,554
2017	11,000	10,683
2016	11,000	10,182
2015	11,000	11,139
2014	11,000	10,474

Allmond & Company, LLC, an Independent Public Accounting firm, audited the CSB’s FY 2019 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, 2019, and 2018, 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 into 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, 2019, 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 May 2019, the Office of Inspector General (OIG) identified two management challenges.<sup>3</sup> The first challenge is that the CSB had three Board Members with terms expiring in December 2019, February 2020 and August 2020, respectively. It took an average of 10.5 months to confirm the current members after they were nominated. Following this timeline, there is a risk that if no new members are nominated and confirmed in the next several months in anticipation of expiring terms, the governing body will not have enough members to maintain full functionality by February 2020 and may even have no members by August 2020. The OIG noted that the actions necessary are outside the control of the CSB. After the OIG identified this management challenge, the President nominated an individual to serve as a Board Member and Chairperson. In September 2019 the Senate Committee on Environment and Public Works held a

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<sup>3</sup> The OIG's report is available on EPA's website: [https://www.epa.gov/sites/production/files/2019-05/documents/epaig\\_20190520-19-n-0156.pdf](https://www.epa.gov/sites/production/files/2019-05/documents/epaig_20190520-19-n-0156.pdf)

confirmation hearing and approved her nomination for consideration by the full Senate, which CSB is hopeful will occur in a timely manner. CSB is also drafting a contingency plan on how to operate in the absence of a Board Quorum.

The next OIG identified challenge is that the CSB had not developed guidance on Board Member responsibilities. Specifically CSB needed to finalize Board Member roles and responsibilities, and improve onboarding materials for new Board Members. The OIG also suggested that the CSB should request that Congress assess the issues and make necessary changes to give the Chairperson supervisory authority to hold board members accountable. CSB efforts to engage an external consultant to assist with assessment of board roles and responsibilities was tabled in July 2019 shortly after the White House nominated a new Chairperson. The assessment will be revisited in FY 2020 after a new Chairperson is appointed. In the meantime, CSB offices are developing guidance for the incoming Chairperson.

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 Chairperson.

### ***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.

The CSB has not identified any significant risk of improper payments. In order to maintain adequate internal controls to ensure proper payments, the CSB renewed its agreement with the Bureau of the Fiscal Service (BFS) to process financial transactions, make administrative payments, and prepare various financial reports. This agreement promotes the accuracy of our financial records and payments.

Finally, in FY 2019, the OIG conducted a review of CSB's IPERIA compliance and found CSB was compliant with improper payments legislation.<sup>4</sup> The OIG also reported that the CSB Purchase Card Program is at low risk for unauthorized purchases.<sup>5</sup>

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<sup>4</sup> The OIG's report is available on EPA's website: [https://www.epa.gov/sites/production/files/2019-02/documents/epaig\\_20190212-19-n-0070.pdf](https://www.epa.gov/sites/production/files/2019-02/documents/epaig_20190212-19-n-0070.pdf).

<sup>5</sup> The OIG's report is available on EPA's website: [https://www.epa.gov/sites/production/files/2019-07/documents/epaig\\_20190726-19-p-0245.pdf](https://www.epa.gov/sites/production/files/2019-07/documents/epaig_20190726-19-p-0245.pdf).

## PERFORMANCE REPORT

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The *CSB's 2017-2021 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.* Focuses on the core mission of the agency by ensuring that we select and complete incident investigations, and that we issue recommendations with broad preventive impact. CSB investigations inform all stakeholders of lessons learned to prevent and mitigate future accidents.
- **Goal 2:** *Advocate safety and achieve change through recommendations, outreach, and education.* Concentrates on implementing our recommendations and their associated advocacy and outreach. The highly successful CSB safety videos are an important component of the agency information dissemination efforts.
- **Goal 3:** *Create and maintain an engaged, high-performing workforce.* Emphasizes optimizing our human capital resources and continually improving organizational efficiency. This includes the agency's high-performing information technology and administrative functions.

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

<b>OBJECTIVES</b>	<b>FY 2019 TARGET</b>	<b>RESULTS</b>
1.1. Select for investigations those incidents and hazards that are most likely to generate recommendations or findings with broad preventive impact.	No specific deployment target set	Deployed to four incidents: <ul style="list-style-type: none"> <li>• Philadelphia Energy Solutions</li> <li>• AB Specialty Silicones</li> <li>• KMCO, LLC</li> <li>• Intercontinental Terminal Company</li> </ul>
1.2. Complete timely, high-quality investigations that determine the causes of incidents.	No specific target set	Completed and issued reports on three investigations: <ul style="list-style-type: none"> <li>• Pryor Trust</li> <li>• Enterprise Products</li> <li>• DuPont.</li> </ul>
1.3. Develop and issue recommendations with broad preventive impact.	No specific target set	Issued 26 safety recommendations.

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

OBJECTIVES	FY 2019 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>• 17 closed; 19 advanced</li> <li>• 82% cumulative total of successfully closed recommendations to those issued.</li> </ul>
2.2. Identify and strategically promote key chemical safety issues.	Safety Digests	Released three safety digests: <ul style="list-style-type: none"> <li>• Emergency Planning and Response</li> <li>• The Importance of Worker Participation</li> <li>• Herrig Brothers Propane Tank Explosion</li> </ul>
	Safety Spotlight	Released a safety spotlight on The Importance of Industry Safety Guidelines, Codes, and Standards
2.3. Disseminate chemical safety information using a variety of high-visibility tools and products.	Video Animations	Released a 3D Model of Heat Exchanger Functions for the Enterprise Products Investigation
	Video Safety Messages	Released an Emergency Response Safety Message related to the Husky Investigation



OBJECTIVES	FY 2019 TARGET	RESULTS
2.3 Disseminate chemical safety information using a variety of high-visibility tools and products. (Continued)	Published Articles	Published two articles: <ul style="list-style-type: none"> <li>• Commentary: Anticipating the future of process safety in a changing climate</li> <li>• Original Article: Should Engineers Have More Influence on Safety?</li> </ul>

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

<b>OBJECTIVES</b>	<b>FY 2019 TARGET</b>	<b>RESULTS</b>
3.1. Implement effective recruiting, targeted retention, and skills-based training and mentorship.	Fill Investigator Position Vacancies	Hired two new Investigators in FY 2019 and worked with Shared Service Provider to improve the Investigator hiring process for FY 2020.
	Fill Non-Investigator Positions	Hired three Non-Investigator positions: <ul style="list-style-type: none"> <li>• General Counsel</li> <li>• Contracting Officer</li> <li>• Human Resource Specialist</li> </ul>
	Conduct Board Seminar Series	Completed three seminars on: <ul style="list-style-type: none"> <li>• Personal Liability of Engineers and Impact on High Stakes Decision Making</li> <li>• An Overview of Grenfell Tower Fire</li> <li>• A Possible Alternative to HF Alkylation – Ionikylation</li> </ul>
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 and Human Resources Ethics</li> <li>• Performance Management</li> <li>• Appropriations Law</li> </ul>
3.3. Strategically allocate resources across the organization.	No specific target set	Completed an Agency Workforce Fund Plan on How Employees will be Rewarded for Performance

OBJECTIVES	FY 2019 TARGET	RESULTS
3.4. Strengthen operational performance and project management efforts.	Annual Action Plan Quarterly Tracking	Completed
	Records Management Integration	In Process. CSB worked with a contractor to integrate two electronic record systems and maximize their functionality. The CSB made significant progress on this project in FY 2019, which it expects to complete in early FY 2020.

**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 *2017–2021 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 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 2019 and 2018. 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.



Anna Brown  
Acting Chief Financial Officer

November 19, 2019



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

*U.S. Chemical Safety Board*

# **Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2019 and 2018 Financial Statements**

Report No. 20-F-0032

November 19, 2019

## Abbreviations

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

### Are you aware of fraud, waste or abuse in an EPA or CSB program?

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# At a Glance

## Why We Did This Project

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

The U.S. Environmental Protection Agency's OIG, which also serves as the Inspector General for the CSB, contracted with Allmond & Company LLC to perform the audit of the CSB's fiscal years 2019 and 2018 financial statements.

### This report addresses the following 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](#).

## ***Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2019 and 2018 Financial Statements***

### What Allmond & Company Found

Allmond & Company rendered an unmodified opinion on the CSB's financial statements for fiscal years 2019 and 2018, meaning that the statements were fairly presented and free of material misstatements.

**The CSB received an unmodified opinion on its fiscal years 2019 and 2018 financial statements.**

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 2019 and 2018 audit disclosed no instances of noncompliance or other matters that are required to be reported.

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 and regulations.

Allmond & Company made no recommendations to the CSB.



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

OFFICE OF INSPECTOR GENERAL

November 19, 2019

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

Dear Dr. Kulinowski:

RE: Report No. 20-F-0032, *Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2019 and 2018 Financial Statements*

This letter transmits the audit report on the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) fiscal years 2019 and 2018 financial statements. The audit is required by Public Law 107-289, Accountability of Tax Dollars Act of 2002.

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, 2019 and 2018. The audit was conducted in accordance with the Comptroller General of the United States' *Government Auditing Standards* and Office of Management and Budget Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Allmond & Company is responsible for the enclosed auditor's report, which is dated November 12, 2019, and the opinions and 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 and regulations.

Because this report contains no recommendations, 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,

A handwritten signature in black ink, appearing to read "Paul C. Curtis".

Paul C. Curtis, Director  
Financial Directorate  
Office of Audit and Evaluation

Enclosure



**Chemical Safety and Hazard Investigation Board (CSB)**  
**Fiscal Year 2019 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

*Submitted by:*  
Jason L. Allmond CPA, CGFM, CISA, CISM  
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 Inspectors General (OIG) to provide financial auditing services

**U.S. CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD  
AUDIT REPORT  
SEPTEMBER 30, 2019**



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



## Independent Auditors' Report

Interim Executive Authority and Member, U.S. Chemical Safety and Hazard Investigation Board  
Acting Inspector General, Environmental Protection Agency:

### Report on the Financial Statements

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, 2019 and 2018; 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).

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the fiscal year 2019 and 2018 financial statements of CSB based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation 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 the entity'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 the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Chemical Safety and Hazard Investigation Board as of September 30, 2019 and 2018, and its net costs, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the *Message from the Interim Executive Authority*, *Message from the Chief Financial Officer*, and *Management and Discussion Analysis* sections of this report is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of CSB's financial statements. However, we did not audit this information and, accordingly, we express no opinion on it.

### **Other Reporting Required by Government Auditing Standards**

#### *Internal Control over Financial Reporting*

In planning and performing our audit of CSB's financial statements as of and for the year ended September 30, 2019, in accordance with generally accepted government auditing standards, we considered CSB's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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 the effectiveness of CSB's internal control over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 19-03. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

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 misstatement on a timely basis. A material weakness is a deficiency, or combination of deficiencies, 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 that is less severe than a material weakness yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose as described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material

weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our fiscal year 2019 audit we did not identify any deficiencies in internal control over financial reporting that we considered to be a material weakness, as defined above. However, material weaknesses may exist that have not been identified.

However, we noted one additional matter that we will report to CSB management in a separate letter.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether CSB's fiscal year 2019 financial statements are free of material misstatements, we performed tests of CSB's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, which noncompliance could have a direct and material effect on the determination of material amounts and disclosures in CSB's financial statements, and certain provisions of other laws specified in OMB Bulletin No. 19-03. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance as described in the preceding paragraph, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 19-03.

**Purpose of the Other Reporting Required by Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by Government Auditing Standards section is solely to describe the scope of our testing of internal control and compliance with selected provision of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of CSB's internal control or on compliance. This communication is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal controls and compliance with laws, regulations, contracts, and grant agreements which could have a material effect on CSB's financial statements. Accordingly, this communication is not suitable for any other purpose.

*Allmond & Company, LLC*

Lanham, MD  
November 12, 2019

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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2019 AND 2018**





**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2019 AND 2018**  
(In Dollars)

	2019	2018
<b>Assets:</b>		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 6,129,833	\$ 4,308,944
Total Intragovernmental	6,129,833	4,308,944
Accounts Receivable, Net (Note 3)	536	-
Property, Equipment, and Software, Net (Note 4)	351,428	422,658
<b>Total Assets</b>	<b>\$ 6,481,797</b>	<b>\$ 4,731,602</b>
<b>Liabilities:</b>		
Intragovernmental		
Accounts Payable	\$ 34,769	\$ 8,505
Other (Note 6)	48,273	57,749
Total Intragovernmental	83,042	66,254
Accounts Payable	742,102	374,584
Other (Note 6)	631,722	574,589
<b>Total Liabilities</b>	<b>\$ 1,456,866</b>	<b>\$ 1,015,427</b>
<b>Net Position:</b>		
Unexpended Appropriations	\$ 5,106,068	\$ 3,697,572
Cumulative Results of Operations	(81,137)	18,603
<b>Total Net Position</b>	<b>\$ 5,024,931</b>	<b>\$ 3,716,175</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,481,797</b>	<b>\$ 4,731,602</b>



**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF NET COST**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**  
**(In Dollars)**

	2019	2018
<b>Gross Program Costs:</b>		
Gross Costs	\$ 10,760,290	\$ 10,723,975
<b>Net Cost of Operations</b>	<b>\$ 10,760,290</b>	<b>\$ 10,723,975</b>

**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**  
(In Dollars)

	2019 Consolidated Total	2018 Consolidated Total
<b>Unexpended Appropriations:</b>		
Beginning Balances	\$ 3,697,572	\$ 3,250,368
<b>Budgetary Financing Sources:</b>		
Appropriations Received	12,000,000	11,000,000
Other Adjustments	(245,707)	(158,915)
Appropriations Used	(10,345,797)	(10,393,881)
Total Budgetary Financing Sources	1,408,496	447,204
Total Unexpended Appropriations	\$ 5,106,068	\$ 3,697,572
<b>Cumulative Results of Operations:</b>		
Beginning Balances	\$ 18,603	\$ (73,964)
<b>Budgetary Financing Sources:</b>		
Appropriations Used	10,345,797	10,393,881
<b>Other Financing Sources (Non-Exchange):</b>		
Imputed Financing Sources (Note 11)	314,753	422,661
Total Financing Sources	10,660,550	10,816,542
Net Cost of Operations	(10,760,290)	(10,723,975)
Net Change	(99,740)	92,567
Cumulative Results of Operations	\$ (81,137)	\$ 18,603
Net Position	\$ 5,024,931	\$ 3,716,175

**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**  
**(In Dollars)**

	2019	2018
<b>Budgetary Resources:</b>		
Unobligated balance from prior year budget authority, net	\$ 1,987,595	\$ 1,738,844
Appropriations	12,000,000	11,000,000
<b>Total Budgetary Resources</b>	<b>\$ 13,987,595</b>	<b>\$ 12,738,844</b>
<b>Status of Budgetary Resources:</b>		
New obligations and upward adjustments (total) (Note 12)	\$ 10,711,527	\$ 10,940,896
Unobligated balance, end of year:		
Apportioned, unexpired account	2,148,408	920,907
Unexpired unobligated balance, end of year	2,148,408	920,907
Expired unobligated balance, end of year	1,127,660	877,041
Unobligated balance, end of year (total)	3,276,068	1,797,948
<b>Total Budgetary Resources</b>	<b>\$ 13,987,595</b>	<b>\$ 12,738,844</b>
<b>Outlays, net:</b>		
Outlays, net, (total)	9,933,404	10,554,121
Distributed Offsetting Receipts	4,532	-
<b>Agency outlays, net</b>	<b>\$ 9,937,936</b>	<b>\$ 10,554,121</b>

The accompanying notes are an integral part of these 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 accounting policies which are summarized in this note. These statements, with the exception of 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 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 compliance with legal requirements on the use of federal funds.

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

Fund Balance with Treasury is the aggregate amount of the CSB's funds with Treasury in expenditure, receipt, 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. Treasury disburses funds 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
Office Equipment	5
Computer Equipment	3
Software	3

## **G. Liabilities**

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

The CSB reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public 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.

## **H. 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.

## **I. 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 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 the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

## **J. Retirement Plans**

The CSB employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of CSB 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 statements 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.

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

The CSB employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGGLIP) may continue to participate in these programs after their retirement. The OPM has provided the 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.

## **L. 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.

## **M. 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, 2019 and 2018, were as follows:

	2019	2018
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 2,148,408	\$ 920,907
Unavailable	1,127,660	877,041
Obligated Balance Not Yet Disbursed	2,853,765	2,510,996
<b>Total</b>	<b>\$ 6,129,833</b>	<b>\$ 4,308,944</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 represent the amount of 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 not yet decreased the fund balance on hand (see also Note 9).

## NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2019 and 2018, were as follows:

	2019	2018
With the Public		
Accounts Receivable	\$ 536	\$ -
<b>Total Accounts Receivable</b>	<b>\$ 536</b>	<b>\$ -</b>

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

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2019 and 2018.



#### NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2019:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 271,851	\$ 262,789	\$ 9,062
Furniture & Equipment	1,377,209	1,034,843	342,366
Software	243,165	243,165	-
<b>Total</b>	<b>\$ 1,892,225</b>	<b>\$ 1,540,797</b>	<b>\$ 351,428</b>

Schedule of Property, Equipment, and Software as of September 30, 2018:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 271,851	\$ 208,419	\$ 63,432
Furniture & Equipment	1,224,349	922,720	301,629
Software	243,165	185,568	57,597
<b>Total</b>	<b>\$ 1,739,365</b>	<b>\$ 1,316,707</b>	<b>\$ 422,658</b>

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

The liabilities for the CSB as of September 30, 2019 and 2018, 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.

	2019	2018
Intragovernmental – FECA	\$ 1,020	\$ 1,020
Intragovernmental – Unemployment Insurance	-	10,527
Unfunded Leave	432,082	392,509
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>\$ 433,102</b>	<b>\$ 404,056</b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>1,023,764</b>	<b>611,371</b>
<b>Total Liabilities</b>	<b>\$ 1,456,866</b>	<b>\$ 1,015,427</b>

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims paid on the CSB's behalf and payable to the DOL.

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, 2019 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 1,020	\$ -	\$ 1,020
Payroll Taxes Pay able	47,253	-	47,253
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 48,273</b>	<b>\$ -</b>	<b>\$ 48,273</b>

With the Public			
Payroll Taxes Pay able	\$ 16,448	\$ -	\$ 16,448
Accrued Funded Payroll and Leave	183,192	-	183,192
Unfunded Leave	432,082	-	432,082
<b>Total Public Other Liabilities</b>	<b>\$ 631,722</b>	<b>\$ -</b>	<b>\$ 631,722</b>

Other liabilities account balances as of September 30, 2018 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 1,020	\$ -	\$ 1,020
Unemployment Insurance Liability	10,527	-	10,527
Payroll Taxes Pay able	46,202	-	46,202
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 57,749</b>	<b>\$ -</b>	<b>\$ 57,749</b>

With the Public			
Payroll Taxes Pay able	\$ 12,396	\$ -	\$ 12,396
Accrued Funded Payroll and Leave	169,684	-	169,684
Unfunded Leave	392,509	-	392,509
<b>Total Public Other Liabilities</b>	<b>\$ 574,589</b>	<b>\$ -</b>	<b>\$ 574,589</b>

## NOTE 7. LEASES

### Operating Leases

The CSB occupies offices in Washington, DC and Denver, CO under lease agreements, which are both accounted for as operating leases.

On July 15, 2019, the Washington DC lease agreement was amended to commence July 15, 2019 and end on July 14, 2024, with a two-year renewal option. The amendment included caps for annual adjustments to real estate taxes, operating expenses, and a 24-hour HVAC requirement. Finally, the amendment changed agreed upon rent abatements in the original lease. Below is a schedule of future payments for the lease through July 14, 2024 including agreed upon annual caps and rent abatements.

#### Washington, DC

Fiscal Year	Office Space
2020	\$ 619,275
2021	673,920
2022	740,195
2023	881,510
2024 (8 months)	846,522
<b>Total Future Payments</b>	<b>\$ 3,761,422</b>

The lease agreement for office space in Denver, CO is accounted for as an operating lease. The lease agreement is for a period of 60 months commencing on or about December 1, 2014 and ending on November 30, 2019. The CSB began negotiations to extend the lease agreement up to five years but had not executed an extension by September 30, 2019.

Under the current and proposed agreements, lease payments are increased annually based on the adjustments for operating cost. The CSB may relinquish space upon four (4) months' notice. Thus, at any future time, the CSB's financial obligation can be reduced to four (4) months of rent, plus the unamortized balance of any tenant improvements financed through Public Buildings Service (PBS) plus any rent concessions not yet earned. Below is a schedule of future payments for the Denver lease for the last two months of the current lease agreement.

#### Denver, CO

Fiscal Year	Office Space
2020 (2 months)	\$ 16,511
<b>Total Future Payments</b>	<b>\$ 16,511</b>

**NOTE 8. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT**

The President’s Budget that will include fiscal year 2019 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2020 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2020 Budget of the United States Government, with the "Actual" column completed for 2018, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

FY2018	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 13,000,000	\$ 11,000,000	\$ -	\$ 11,000,000
Unobligated Balance Not Available	(1,000,000)	-	-	-
Budget of the U.S. Government	\$ 12,000,000	\$ 11,000,000	\$ -	\$ 11,000,000

**NOTE 9. UNDELIVERED ORDERS AT THE END OF THE PERIOD**

As of September 30, 2019 budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 19,201	\$ 1,810,799	\$ 1,830,000
Total Undelivered Orders	\$ 19,201	\$ 1,810,799	\$ 1,830,000

As of September 30, 2018, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 19,008	\$ 1,880,615	\$ 1,899,623
Total Undelivered Orders	\$ 19,008	\$ 1,880,615	\$ 1,899,623

## NOTE 10. 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.

### BUDGET AND ACCRUAL RECONCILIATION FOR THE YEAR ENDED SEPTEMBER 30, 2019 (In Dollars)

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 2,343,726	\$ 8,416,564	\$ 10,760,290
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays</b>			
Property, plant, and equipment depreciation		(226,030)	(226,030)
<b>(Increase)/Decrease in assets not affecting Budget Outlays:</b>			
Accounts receivable	-	536	536
<b>(Increase)/Decrease in liabilities not affecting Budget Outlays:</b>			
Accounts payable	(26,264)	(367,519)	(393,783)
Salaries and benefits	(1,051)	(17,559)	(18,610)
Other liabilities	10,527	(39,573)	(29,046)
<b>Other financing sources:</b>			
Imputed federal employee retirement benefit costs	(314,753)	-	(314,753)
<b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>	<b>\$ (331,541)</b>	<b>\$ (650,145)</b>	<b>\$ (981,686)</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Acquisition of capital assets	-	154,800	154,800
Other	-	4,532	4,532
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ -</b>	<b>\$ 159,332</b>	<b>\$ 159,332</b>
<b>Net Outlays (Calculated Total)</b>	<b>\$ 2,012,185</b>	<b>\$ 7,925,751</b>	<b>\$ 9,937,936</b>
<b>Related Amounts on the Statement of Budgetary Resources</b>			
Outlays, net, (total) (SBR 4190)			\$ 9,933,404
Distributed offsetting receipts (SBR 4200)			4,532
<b>Outlays, Net (SBR 4210)</b>			<b>\$ 9,937,936</b>

#### **NOTE 11. INTER-ENTITY COSTS**

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 relate to employee benefits. 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, 2019 and 2018, respectively, inter-entity costs were as follows:

	2019	2018
Office of Personnel Management	\$ 314,753	\$ 336,102
National Transportation Safety Board	-	86,559
<b>Total Imputed Financing Sources</b>	<b>\$ 314,753</b>	<b>\$ 422,661</b>

#### **NOTE 12. APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS**

New obligations and upward adjustments reported in the Statement of Budgetary Resources in 2019 and 2018 consisted of the following:

	2019	2018
Direct Obligations, Category B	\$ 10,711,527	\$ 10,940,896
<b>Total New Obligations and Upward Adjustments</b>	<b>\$ 10,711,527</b>	<b>\$ 10,940,896</b>

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

#### **NOTE 13. CUSTODIAL ACTIVITY**

The CSB's custodial collection primarily consists of Freedom of Information Act requests. While these collections are considered custodial, they are neither primary to the mission of the CSB nor material to the overall financial statements. The CSB's total custodial collections are \$4,532 and \$0 for the years ended September 30, 2019, and 2018, respectively.

**NOTE 14. 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, 2019, and 2018, consisted of the following:

	2019	2018
Unobligated Balance Brought Forward, October 1	\$ 1,797,948	\$ 1,730,873
Recoveries of Prior Year Obligations	435,354	166,886
Other Changes in Unobligated Balances	(245,707)	(158,915)
<b>Unobligated Balance From Prior Year Budget Authority, Net</b>	<b>\$ 1,987,595</b>	<b>\$ 1,738,844</b>

## ABBREVIATIONS AND ACRONYMS

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API	American Petroleum Institute
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
HF	Hydrogen Fluoride
IPERA	2010 Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination & Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
ISOM	Isomerization Unit
ITC	Intercontinental Terminal Company
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
RP	Recommended Practice



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

Thank you for your interest in the CSB's FY 2019 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 manner in which 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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