Appendix D
Report of the Inspector General

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

OCT 22 1998

OFFICE OF
THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: Review of the Superfund Annual Reports to Congress for Fiscal Years 1995 and 1996
Audit Report E1SFF7-11-0022-9100024

FROM: Nikki L. Tinsley
Acting Inspector General

TO: Carol M. Browner
Administrator

Background and Summary of Results

Section 301 (h)(1) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, requires EPA (the Agency) to submit to Congress, by January 1st of each year, a report on its progress in implementing Superfund during the prior fiscal year.

We have completed our mandated review of two of the Agency's Annual Reports to Congress (Annual Reports), Progress Toward Implementing Superfund. This review covers the Annual Reports for fiscal years 1995 and 1996. In accordance with Section 301 (h)(2), we reviewed these Annual Reports for reasonableness and accuracy. This report becomes part of the Annual Reports.

After conducting a limited scope review, we determined that the fiscal years 1995 and 1996 Annual Reports were generally reasonable and accurate, though we observed that the two reports are being issued late. This led us to question their usefulness since, in their absence, Congress had to obtain needed information through means other than the Annual Reports. We believe the Agency should consider alternative reporting methods like the Internet to transmit accomplishment data and the SARC faster to Congress and the public with less administrative costs.

We are closing this report on issuance. Accordingly, no written response to the report is necessary.

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Purpose, Scope and Methodology

We conducted our review at EPA Headquarters' Office of Emergency and Remedial Response (OERR) in the Office of Solid Waste and Emergency Response (OSWER), and in Regions 1 and 5. For purposes of this review, we defined "reasonableness" as information that was rationally grounded and not excessive in nature. We defined "accuracy" as consistent with supporting documentation and not contradicting past or similar information. See the attachment to this report for a complete discussion of the scope and methodology of our review.

Objectives

The overall objective of our review was to determine whether the Agency's fiscal years 1995 and 1996 Annual Reports were reasonable and accurate, as required by the statute. Sub-objectives we pursued in order to meet our overall objective were to determine whether:

1) the Annual Reports presented consistent accomplishment information within each report, between the two reports and with supporting documentation.

2) the necessary statutory requirements were met.

3) internal controls over data entry and reporting were adequate.

4) construction completion accomplishments, one of the Agency's main indicators of site progress, were supported by source documentation.

We also inquired into the causes for significant delays in issuing the Annual Reports.

Results of the Review

Based on our review, we believe the Annual Reports for fiscal years 1995 and 1996 were generally accurate and reasonable. Below are the review results individually addressing each of our four specific sub-objectives.

To answer our first sub-objective, we selected a judgmental sample of the majority of data relating to accomplishment results. We identified inconsistencies, most of which were minor, within and between the Annual Reports and with supporting documentation. We communicated our concerns to OERR staff who made the necessary corrections.

Concerning our second sub-objective, we noted that the draft Annual Reports did not include statutorily required information for a detailed description of each feasibility study at each facility. We notified OERR which added a reference to an alternative source for a detailed description of the feasibility studies (a CD-ROM provided by National Technology Information Services). Additionally, Record of Decision abstracts, another source for detailed information on a site, can be found at *http://www.epa.gov/superfund*. Therefore, the statutory information requirements were reasonably met.

For sub-objective three, we conducted a partial review of internal controls over data entry procedures for the data system supporting compilation of the accomplishment information and observed that in EPA Regions 1 and 5 the controls appeared adequate. (We last looked at CERCLIS data internal controls in depth in our report entitled "Reliability of CERCLIS Data: Superfund Performance Measures for Fiscal 1993," audit report number 4100229, March 30, 1994.)

Under sub-objective four, we determined that source documentation supported 100 percent of the construction completion accomplishments, one of the Agency's main indicators of site progress. (See our report entitled "Superfund Construction Completion Reporting," audit report number 8100030, December 30, 1997, which further details our work in this area.)

In addition to our four sub-objectives, we also examined the causes of significant delays in the issuance of the Annual Reports. Even though the Agency streamlined content information included in the fiscal years 1995 and 1996 Annual Reports, the reports significantly exceeded their January 1996 and January 1997 deadline dates. The fiscal year 1995 report is over two and a half years late and the fiscal year 1996 report is over a year and a half late. Part of the delay in preparing the two reports originated in the untimeliness of prior reports spanning back to the fiscal 1992 Annual Report. (For background information concerning delays in earlier Annual Reports, see our special report entitled "Superfund Reports to Congress Were Not Timely," audit report number 2400033, March 31, 1992.) Additional reasons given by the Agency for delays in preparation of the fiscal years 1995 and 1996 Annual Reports were:

- A reorganization in the report preparation office in early 1996;
- Expiration of the contract to support the fiscal 1992 through 1994 Annual Reports' preparation and a delay in awarding the subsequent support contract; and
- Subsequent in-house preparation and printing of the fiscal 1992 through 1994 Annual Reports.

Conclusions

The Agency took the necessary actions to correct and clarify information during our review of these Annual Reports; therefore, as of the date of this report, we believe the fiscal years 1995 and 1996 Annual Reports are generally reasonable and accurate. However, we observed that the two reports are being issued late, despite streamlining efforts. This led us to question their usefulness since, in their absence, Congress obtains needed information through other means. We believe the Annual Reports will continue to be late unless OSWER adopts additional corrective actions to improve the report production process. We suggest the Agency should consider alternative reporting methods like the Internet to transmit accomplishment data and the SARC faster to Congress and the public with less administrative costs. This suggestion is provided for Agency consideration, but we are not making a formal recommendation at this time.

ATTACHMENT

Scope and Methodology

With respect to the first sub-objective discussed on page 2, we compared Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) printouts and other supporting documents to the data included in the Annual Reports. We reviewed key accomplishment data in each of the Annual Reports' executive summary exhibits ("Summary of Fiscal Year 1995 [or 1996] Superfund Activities" and "Summary of Program Activity by Fiscal Year") and compared the data in the exhibits to the data within the texts of the Annual Reports themselves. We also compared the consistency between the two Annual Reports, and reviewed accomplishment numbers from past fiscal years to detect any significant increases or decreases. Additionally, we reviewed accomplishment definitions to identify any changes that would cause significant increases or decreases in accomplishment numbers.

For the second sub-objective, we reviewed the Annual Reports' content to determine whether information required by statute was included. We examined the exhibit "Statutory Requirements for the Report" to determine what information the Agency used to meet the conditions of the statute. We communicated with various Headquarters officials to discuss the text and the Agency's interpretation of the requirements using January 1998 drafts of the Annual Reports. On July 23, 1998, we received and consequently reviewed the latest versions of the two Annual Reports.

Next, we addressed the third sub-objective by performing a partial review of internal controls over data entry procedures for the CERCLIS data system which supports compilation of the accomplishment information. We interviewed staff at Headquarters and in Regions 1 and 5 regarding controls over data entry. We performed reviews of policy documentation for entering and verifying data. We reviewed documentation discussing CERCLIS and its related systems which the Agency uses to capture Superfund information. Also, we discussed issues such as employee training and the coding of Superfund information for data entry.

Fourth, we determined whether EPA met its criteria for reporting Superfund site construction completions for fiscal years 1995 and 1996. Properly supported construction completions would be an indicator that the accomplishments under this category were reasonable and accurate. For this review, acceptable support consisted of preliminary or final close-out reports, no-further-action Records of Decision, or deletion notices. These are documents the Agency would sign to confirm that the criteria for a construction completion has been met. We reviewed earlier work performed in this area by Office of Inspector General staff. We then compared our listing of construction completions to related source documents and an Agency listing.

Finally, concerning the timeliness of the Annual Reports, we obtained documents regarding requests for data to prepare the Annual Reports, who the contributors were, and progress toward finalizing the reports. We also spoke with various Headquarters staff concerning methods for ensuring accuracy and timeliness of the Annual Reports.

We began our review on October 30, 1997, and completed field work on August 28, 1998.