



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We sought to determine (1) the status of corrective actions taken in response to an Office of Inspector General report, *EPA Could Improve Its Redistribution of Superfund Payments to Specific Sites*, issued in July 2006; and (2) whether the Action Official sufficiently documented and certified the corrective actions.

Background

Audit follow-up is essential to good management and improving the efficiency and effectiveness of U.S. Environmental Protection Agency (EPA) programs and operations. EPA has audit follow-up procedures and designated officials who manage this process. EPA Manual 2750 requires EPA to form a corrective action plan and complete the actions by the agreed upon milestone dates. In our prior report, we noted that EPA did not timely redistribute Superfund payments from a general site identifier to specific sites.

For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2008/20080825-08-P-0236.pdf

Follow-up on Audit of Undistributed Site Costs Finds Corrective Actions Not Complete

What We Found

EPA initiated some corrective actions in response to our prior report on undistributed site costs, but did not complete them. Also, EPA did not maintain accurate information in the Management Audit Tracking System.

Management control weaknesses contributed to a breakdown in the audit follow-up process. EPA did not document formal work assignments for audit follow-up and maintain accountability. EPA did not consistently monitor audit follow-up activities, communicate follow-up status among program offices and obtain follow-up agreements, and document work completion. The policies and procedures in EPA Manual 2750 are the design framework for EPA's internal controls over the audit follow-up process. Since EPA did not complete the corrective actions, its financial management and environmental protection efforts could be impacted. Superfund costs not redistributed appropriately from a general site identifier to specific sites may not be considered in settlement negotiations and oversight billings. Consequently, these funds may not be recovered from responsible parties and be available for future site clean-up activities.

Because EPA did not complete the corrective actions, we could not fully address our second audit follow-up objective, which was to determine whether the Action Official sufficiently documented the corrective actions and certified them, as required by EPA Manual 2750.

What We Recommend

We recommend that EPA make formal work assignments, document the assignments, and hold assignees accountable. EPA also needs to monitor audit follow-up activity, communicate among program offices, document work progress, and elevate future disagreements for resolution. Further, we recommend that EPA resolve an interagency agreement redistribution problem and redistribute interagency agreement costs of \$4.9 million, including \$1.8 million in additional costs recorded after May 12, 2006, and redistribute \$2.8 million cooperative agreement costs to the correct general and site specific identifiers. In response to the draft report, EPA agreed with all our recommendations and its proposed corrective actions should address our recommendations.