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Annual Superfund Report to the Congress for Fiscal 1997



ANNUAL SUPERFUND REPORT TO THE CONGRESS FOR FISCAL 1997

April 1998

Required by
Section 111(k) of the
Comprehensive Environmental Response, Compensation,
and Liability Act of 1980 (CERCLA),
as amended by the Superfund Amendments and
Reauthorization Act of 1986 (SARA)

**OFFICE OF THE INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY**

FOREWORD

This report covers fiscal 1997 activities, and is our 11th Annual Superfund Report to the Congress. The Superfund Amendments and Reauthorization Act of 1986 (SARA) requires the Office of the Inspector General (OIG) to audit the Superfund program annually and to report to Congress annually on these audits.

In addition to reviewing Agency performance, we also take a proactive role to help the Environmental Protection Agency (EPA) prevent future problems. During fiscal 1997, we assisted EPA management in a number of ways. We responded to the Agency's request that we assess its controls over the emergency removal process for methyl parathion, and made suggestions for improvements. We helped the Agency improve its financial management so that it could prepare acceptable financial statements. We helped the Agency streamline its response claim procedures. We worked with Region 5 in the negotiation of Environmental Performance Partnership Agreements with states. We continued to work with the Agency in its efforts to improve its information resources management.

The beginning of the Superfund program created new and unique accounting requirements. Although EPA has resolved several previous material internal control weaknesses, its efforts to get its financial management in order were still not yet complete. In our sixth and latest audit of the Hazardous Substance Superfund financial statements, we were able for the first time to give an unqualified opinion on the *Statement of Financial Position* (Balance Sheet). However, we had to qualify our opinion on the *Statement of Operations and Changes in Net Position* (Income and Expense Statement) because of material errors in one region's accounting for its unbilled Superfund oversight costs. Also, EPA had not yet substantially complied with the Federal Financial Management Improvement Act's Federal financial management system requirements.

We reviewed the billing of responsible parties for EPA's oversight of their cleanups of Superfund sites in two regions. Both regions did not send many of the bills timely, with delays as long as seven years. One region

had sent no bills for four sites. Both regions indicated they were revising their procedures to correct the problems.

Our review of environmental data quality at Federal facility Superfund cleanups indicated serious problems. Federal agencies spent millions of dollars for unusable data. The data quality problems also resulted in significant cleanup delays. EPA's oversight role was unclear due to ambiguous legal authorities, and EPA remedial project managers generally relied on the other Federal agencies to ensure compliance with quality assurance requirements. Of the 19 Quality Assurance Project Plans we reviewed, 14 had not established or properly defined data quality objectives and 13 had not been approved by regional quality assurance staffs.

EPA had not worked with the Department of Defense (DOD) or the Department of Energy (DOE) in assessing their environmental data quality systems. DOD did not have a system for tracking laboratory performance and sharing laboratory audit results with other military services or Federal agencies. The DOE Office of Inspector General found problems with DOE's commercial laboratory quality assurance program allowing laboratories that failed to qualify or were suspended at one site to continue testing samples for other sites.

The Federal government had no system to share laboratory evaluations even though such a system could help avoid the use of incompetent laboratories and the costs of duplicate audits. EPA lacked procedures for exchanging laboratory performance information between its own programs, and for ensuring that poor quality data was not used at Federal facility Superfund sites. EPA had not established performance measures for environmental data quality at Superfund sites.

In response to our recommendations, EPA agreed to develop a framework for a minimum quality assurance program for Federal facilities. Also, the Agency agreed to assess the adequacy of DOD's and DOE's environmental data quality systems, issue regional guidance addressing the oversight of

laboratory data quality, and amend its data quality objectives guidance.

We worked jointly with EPA's Office of Acquisition Management to review implementation of forty 1992 contract management recommendations made by EPA's Standing Committee on Contracts Management (now called the Resource Management Committee). We found indications of potential vulnerabilities in (1) personal services, (2) contractor access to confidential or sensitive data, and (3) contractor conflicts of interest.

We reviewed a number of contracts management issues in response to a request from the Office of Management and Budget. We found EPA relies extensively on cost-reimbursement level-of-effort (LOE) contracts that essentially buy hours, not results, thereby placing the burden of cost control on the government. The Agency's cultural preference for LOE contracts, insufficient knowledge of alternative contract types, lack of program accountability for the type of contract to be awarded, inability to clearly define its needs, and broad contract statements of work have perpetuated this continuing reliance on LOE contracts and precluded a complete transition to more efficient, cost-effective contract types.

We found EPA did not always adequately prepare and effectively use independent government cost estimates to analyze proposed contract costs or to establish prenegotiation objectives. EPA relied heavily on contractors' estimates, often choosing to award contracts and related work at amounts closer to that proposed by the contractor rather than the EPA estimate. EPA's ability to properly estimate its needs and related costs and effectively use these estimates in contract negotiations is crucial for the

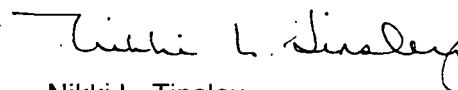
Agency's transition to more performance-based service contracts.

The Agency indicated it generally agreed with our findings and would implement our recommendations for improvement. We will continue to review the Agency's efforts to improve its contracts management, and will work cooperatively with the Agency in this endeavor.

Our Superfund investigative efforts continued to produce fines, restitutions, recoveries, and convictions for fraud and other improper actions of EPA contractors. A former analytical laboratory executive received a prison sentence of one year and one day for falsely claiming to analyze and dispose of waste. A major EPA contractor agreed to pay as much as \$2.4 million to replace defective backfill used in cleaning up a Superfund site. Several other EPA contractors agreed to settlements arising out of false claims and fraud charges.

The Administration proposed in its fiscal 1998 budget to eliminate the requirement to issue this report, along with the specific annual audits the report is required to summarize. This report is largely duplicative of our semiannual reports. Elimination of the specific audit requirements will allow us to focus our audit efforts each year on those areas where they can be most productive. We hope the Congress will approve this recommendation.

We will continue to help Agency management deliver the most effective and efficient Superfund program through a comprehensive program of audits, investigations, fraud prevention, and cooperative efforts with Agency management.



Nikki L. Tinsley
Acting Inspector General

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PURPOSE

We provide this report pursuant to section 111(k) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, as amended. The Superfund Amendments and Reauthorization Act (SARA) of 1986 amended that section of CERCLA to add several annual requirements for the Inspector General of each Federal agency carrying out CERCLA authorities. These requirements include four audit areas and an annual report to Congress about the required audit work. This report covers fiscal 1997 OIG Superfund activities. We discuss the required four audit areas below.

This report contains chapters on the mandated audit areas. We also summarize other significant Superfund audit work, assistance to EPA management, and Superfund investigative work. We exceed the statutory requirements by providing Congress with the significant results of Superfund work beyond that specifically mandated in section 111(k).

Trust Fund

CERCLA requires "... an annual audit of all payments, obligations, reimbursements, or other uses of the Fund in the prior fiscal year. ..." We now meet this requirement through the financial statement audit required by the Government Management Reform Act.

Claims

CERCLA requires an annual audit to assure "... that claims are being appropriately and expeditiously considered ..." Since SARA did not include natural resource damage claims as allowable Fund expenditures, the only claims provided in CERCLA, as amended, are response claims.

Cooperative Agreements

CERCLA requires audits "... of a sample of agreements with States (in accordance with the provisions of the Single Audit Act) carrying out response actions under this title ...". We perform financial and compliance audits of cooperative agreements with States and political subdivisions. Some of our audits also review program performance.

Remedial Investigations/Feasibility Studies (RI/FS)

CERCLA requires our "... examination of remedial investigations and feasibility studies prepared for remedial actions ..." Our RI/FS examinations review the adequacy of the studies to provide a sound technical basis for remedial action decisions. We usually perform these examinations as special reviews by our technical staff.

BACKGROUND

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), Public Law 96-510, enacted on December 11, 1980, established the "Superfund" program. The purpose of the Superfund program is to protect public health and the environment from the release, or threat of release, of hazardous substances from abandoned hazardous waste sites and other sources where other Federal laws do not require response. CERCLA established a Hazardous Substance Response Trust Fund to provide funding for responses ranging from control of emergencies to permanent remedies at uncontrolled sites. CERCLA authorized a \$1.6 billion program financed by a five-year environmental tax on industry and some general revenues. CERCLA requires EPA to seek response, or payment for response, from those responsible for the problem, including property owners, generators, and transporters.

The Superfund Amendments and Reauthorization Act of 1986 (SARA), Public Law 99-499, enacted October 17, 1986, revised and expanded CERCLA. SARA reinstituted the environmental tax and expanded the taxing mechanism available for a five-year period. It authorized an \$8.5 billion program for the 1987-1991 period. It renamed the Trust Fund the Hazardous Substance Superfund. The Budget Reconciliation Act of 1990 reauthorized the program for three additional years and extended the taxing mechanism for four additional years. Congress has continued to fund Superfund after expiration of the authorization and the taxing mechanism.

The basic regulatory blueprint for the Superfund program is the National Oil and Hazardous Substances Contingency Plan (NCP), 40 CFR Part 300. The NCP was first published in 1968 as part of the Federal Water Pollution Control Plan, and EPA has substantially revised it three times to meet CERCLA requirements. The NCP lays out two broad categories of response: removals and remedial response. Removals are relatively short-term responses and modify

an earlier program under the Clean Water Act. Remedial response is long-term planning and action to provide permanent remedies for serious abandoned or uncontrolled hazardous waste sites.

CERCLA recognized that the Federal Government can only assume responsibility for remedial response at a limited number of sites representing the greatest public threat. Therefore, EPA must maintain a National Priorities List (NPL), updated at least annually. The NPL consists primarily of sites ranked based on a standard scoring system, which evaluates their threat to public health and the environment. In addition, CERCLA allowed each State to designate its highest priority site, without regard to the ranking system.

CERCLA section 104(c)(3) does not allow EPA to fund remedial actions unless the State in which the release occurs enters into a contract or cooperative agreement with EPA to provide certain assurances, including cost sharing. At most sites, the State must pay 10 percent of the costs of remedial action. EPA may fund 100 percent of site assessment activities (preliminary assessments, site inspections), remedial planning (remedial investigations, feasibility studies, remedial designs), and removals. For facilities operated by a State or political subdivision at the time of disposal of hazardous substances, the State must pay 50 percent of all response costs, including removals and remedial planning previously conducted.

CERCLA sections 104(c)(3) and 104(d) authorize EPA to enter into cooperative agreements with States or political subdivisions to take, or to participate in, any necessary actions provided under CERCLA. A cooperative agreement serves to delineate EPA and State responsibilities for actions to be taken at the site, obtains required assurances, and commits Federal funds. EPA uses cooperative agreements to encourage State participation in the full range of Superfund activities - site assessment, remedial, removal, and enforcement.

ASSISTANCE TO EPA MANAGEMENT

Besides performing audits and investigations, the OIG responds to EPA management requests for review of vulnerable program areas and OIG input in the development of regulations, manuals, directives, guidance, and procurements. These are efforts to prevent problems that might later result in negative audit findings or investigative results. The OIG reviews and comments on draft documents prepared by Agency offices. OIG staff also participate in conferences and EPA work groups to provide input. The OIG continued to be active in fiscal 1997 in such assistance to EPA management in the Superfund area. We summarize below some of our major activities assisting management.

Controls Over Emergency Removal Actions at Methyl Parathion Sites

At the Agency's request we assessed controls over emergency Superfund removal actions at sites contaminated with methyl parathion. Methyl parathion, a highly toxic pesticide registered for outdoor agricultural use, was illegally sprayed inside numerous businesses and residences. The methyl parathion removal actions included environmental and biological sampling, resident relocation, and residence decontamination and restoration.

We found that EPA could strengthen controls over the emergency removal process for methyl parathion. The lack of clear and concise guidance resulted in potential risks in implementing new sampling procedures to detect excessive levels of methyl parathion in residents, and increased costs and delays in completion of residential restorations. EPA did not adequately address resources to collect and analyze the samples, subsequent monitoring, or procedures for disclosure and notification of changes in residential occupancy. Without adequate resources and procedures, implementation of the new procedures could result in reduced effectiveness of the program and create increased exposure and adverse health effects.

Lack of clear guidance also contributed to inconsistencies in decisions to clean up contaminated businesses, the potential for

fraudulent and excessive relocation costs, and inconsistencies in the documentation of personal property items. The lack of specific detail in some regions could expose EPA to fraudulent claims and additional expenses should residents dispute reimbursements and/or claim items as missing or damaged.

We issued a report (7400069) to the Acting Assistant Administrator for Solid Waste and Emergency Response on September 23, 1997. We suggested that EPA modify existing guidance and develop new guidance to address emergency removal actions at methyl parathion sites. EPA has issued several new directives which address some of our concerns.

Financial Management

Grant Accrual - During the fiscal 1996 financial statement audit, the Agency did not have documentation available allowing us to determine if the statement fairly presented the accrual for grant liabilities. The grant accrual represents amounts owed grantees for costs they have incurred, but for which they have not billed EPA. In fiscal 1997, we participated on an Agency workgroup to develop a proposed solution. The workgroup decided that the best approach to resolving this issue was to request accrual information from a sample of grantees. This method required the Agency to seek OMB approval to obtain this information from grantees. We helped the Agency determine the types of information needed, reviewed the Agency's request letter to the grantees, and selected the sample of grantees. We also worked closely with the Agency in clarifying problems with calculating the grant accrual. Our work put the Agency in a sound position to develop a supportable year-end grant accrual and cleared a longstanding obstacle to issuing an unqualified opinion on the Agency's financial statements.

Superfund State Contracts - During the fiscal 1996 financial statement audit, we determined that EPA materially misstated reimbursements earned, unearned advances, and unbilled receivables related to Superfund State Contracts (SSCs). Based on our audit analysis, we provided adjustments to fairly

present the financial statements. During fiscal 1997, we provided the Agency with an analytical tool to use in analyzing SSCs, so finance offices could uniformly and properly recognize SSC revenue. We also worked with headquarters officials to clarify the information needed to properly analyze the account balances.

Response Claims

CERCLA requires us to review claims submitted by potentially responsible parties performing responses preauthorized by EPA. We help Superfund program officials adjust, as necessary, and pay the claims. During fiscal 1997, we consulted with Superfund officials who were considering streamlining their claim procedures. As part of this effort, we provided information on laws and regulations concerning claim payment, contracting, and Federal fund audits. EPA is continuing to consider streamlining the claims procedures, and we anticipate providing additional advice and assistance during fiscal 1998.

National Environmental Performance Partnership System

We actively participated with Region 5 in the negotiation of Environmental Performance Partnership Agreements for five states in Region 5. Each Agreement represents a comprehensive strategy of how Region 5 and the state will work together to improve the quality of the state's air, water, and land. Our role in the process was to ensure that the Agreements met all regulatory requirements and were adequate to ensure state accountability for funds received from EPA. We continue to work with Region 5 to improve the quality of the Agreements in meeting the goals of the National Environmental Performance Partnership System.

Information Resources Management (IRM)

Several prior audits identified concerns with EPA's IRM program which provides Agency policies and guidance for Superfund and other programs. Therefore, during fiscal 1997, we reviewed several revisions to the Agency's IRM policies. We reviewed those parts of Directive 2100 which establish

Agency policies for *Public Access to EPA Information and Data Standards*. In addition, we provided comments to EPA's Infrastructure Desktop Subcommittee regarding proposed changes to the Agency's Desktop Standard Operating System, and also assisted the Agency in formulating a comprehensive policy on *Management Integrity*, EPA Order 1000.24. During the course of our reviews, we met with Agency IRM Officials to discuss ways to improve or enhance the policies before they finalized them. We also contributed to the Agency's response to Federal Register notices regarding National Institute of Standards and Technology plans to revise Federal Information Processing Standard 186, *Digital Signature Standard*.

In addition, we participated in Agency workgroups associated with EPA's initiative to Reinvent Environmental Information, aimed at accelerating and strengthening our capacity to use information effectively to manage environmental programs and enhancing public access to the information needed to make decisions about health and environmental issues.

Throughout the year, we continued to participate in the Agency's Travel Steering Committee. The Committee is responsible for implementing the best automated system for EPA, integrating changes in regulations, and re-engineering and standardizing our internal processes. OIG participation resulted in a unified, complementary approach to achieving these goals while addressing procurement, software, and accounting concerns.

During fiscal 1997, we participated with Agency personnel in the implementation of upgrades and enhancements to the Agency's Integrated Financial Management System (IFMS). Based on our involvement, we made observations and formulated suggestions for improving strategic management of IFMS' software maintenance and upgrade processes, which the Agency's Financial Management Division favorably received.

In addition, we introduced monitoring software to several Agency Local Area Networks (LANs) which access and/or process sensitive Agency data (e.g., financial, Confidential Business Information).

Introducing appropriate personnel to this software tool may expedite the use of it across the Agency and, therefore, aid Agency security personnel in their overall mission. Also, briefing Agency personnel on specific LAN security findings prompts timely corrective actions, promotes security awareness for electronic data, and reduces the level of risk on individual LAN servers. We conducted several regional audits which noted deficient physical and environmental controls which degrade the security and reliability of the regional computer facilities and data.

Throughout the year, we also met with key officials in the IRM community to address new and outstanding audit issues which affect the reliability of Agency information systems data. In particular, we briefed the Chief Information Officer regarding an emerging material weakness (i.e., lack of validated general support system and major application security plans) so that his staff had additional time to address the deficiency before EPA's annual management assessment process began.

Superfund Reauthorization

We continued to stay abreast of the consideration of reauthorization of Superfund, consulting with Agency and Congressional officials. During fiscal 1997, several OIG staff met with staff of the House Transportation and Infrastructure Committee to discuss what lessons they could learn from our audit work to help in their consideration of reauthorization issues.

Consultation on Program Development

We continued to respond to Agency requests for advice as EPA developed procedures and guidance on Superfund matters. For example, the Office of Enforcement and Compliance Assurance consulted with us about procedures for disbursements to potentially responsible parties under special accounts to assure proper accountability for the funds.

Work with Other OIGs

We have continued to respond to many inquiries from OIGs of other Federal agencies for advice and assistance in

handling Superfund audit issues applying to their agencies. We held two meetings with staff of the National Aeronautics and Space Administration OIG regarding their Superfund-related work, and provided them with documents and contact points to assist in their audits. We provided information related to pump and treat remedies to the Department of Defense OIG to assist their audit work.

Superfund Issue Area Plan

In July 1997, we issued a Superfund Issue Area Plan to focus our future Superfund performance audit work. Our overall goal is to determine the effectiveness of Agency efforts to improve the Superfund Program. The Plan identified four priority issue areas for the 1998-1999 audit planning period to enable us to address the overall goal. We selected areas based on importance to EPA's environmental goals, potential for improving Agency program operations, and input from Agency management and OIG personnel. The four priority audit areas are Superfund reform initiatives; enforcement; state and tribal roles in Superfund; and priority setting and risk. We will update the plan periodically.

HAZARDOUS SUBSTANCE SUPERFUND

The Government Management Reform Act requires Federal agencies to prepare annual audited financial statements. The requirement for audited financial statements was enacted to help bring about improvements in agencies' financial management practices, systems and controls so that timely, reliable information is available for managing Federal programs. One of the major entities covered by these financial statements is the Hazardous Substance Superfund Trust Fund. The EPA OIG's requirement to audit EPA's financial statements also meets our CERCLA audit requirement to annually audit the Superfund Trust Fund, which we previously referred to as our Trust Fund audit. The summary below of our fiscal 1997 financial statement audit concentrates on findings related to the financial statements of the Hazardous Substance Superfund.

Superfund Receives First Unqualified Opinion on Balance Sheet, But Further Improvements Still Needed

Findings in Brief

During fiscal 1997, EPA continued to improve its financial reporting systems and practices. We also worked jointly with the Agency to improve the accuracy and reliability of the Agency's financial statements. As a result, we issued an unqualified or clean opinion on the Superfund Trust Fund Statement of Financial Position, but still had to qualify our opinion on the Superfund Trust Fund Statement of Operations and Changes in Net Position.

We Found That

- The *Fiscal 1997 Statement of Financial Position* (Balance Sheet) fairly presented the financial position of the Superfund Trust Fund and EPA as a whole.
- The *Fiscal 1997 Statement of Operations and Changes in Net Position* (Income and Expense Statement) fairly presented

the results of operations for EPA as a whole. However, material errors in one region's accounting for its unbilled Superfund oversight costs prevented us from being able to determine if the Statement fairly presented the fiscal 1997 Superfund Trust Fund beginning balance for unbilled oversight costs. The beginning balance for unbilled oversight costs affected fiscal 1997 revenue. Therefore, except for the effects of any adjustments that might have been necessary to correct the revenue reported, the Consolidating Statement of Operations and Changes in Net Position fairly presented the fiscal 1997 results of operations of the Superfund Trust Fund. Additional information on this issue follows.

Material Internal Control Weakness

In evaluating the Agency's internal controls, we identified weaknesses in the Agency's accounting for unbilled Superfund oversight costs. The Agency incurs these costs to monitor cleanups of hazardous waste sites performed by potentially responsible parties. They are recoverable from these parties based on the terms and conditions of Consent Decrees or Orders. Regional personnel estimate the amount of unbilled oversight costs at the end of the fiscal year so they can include them in the financial statements.

Two of the six regions we audited encountered difficulties in estimating their unbilled oversight costs. Based on the concerns we raised, the Agency performed additional work in these two regions to revise the estimate of unbilled oversight costs. Our supplemental audit work still found material errors in one region's recalculated beginning balance. The difficulties encountered by Agency personnel in developing an estimate of unbilled oversight costs were primarily related to inadequate tracking of Superfund sites. EPA devoted substantial resources to manually generate an estimate since most of the necessary data was not readily available. The obstacles encountered in estimating the unbilled oversight costs also make billing of these costs a formidable task. The Agency

estimated it had \$162 million of unbilled oversight costs at the end of fiscal 1997.

Noncompliance Issues

We did not identify any instances of noncompliance with laws and regulations that would result in material misstatements to the audited financial statements.

The Federal Financial Management Improvement Act (FFMIA) requires us, during our annual financial statement audits, to determine whether EPA's financial management systems substantially comply with Federal financial management system requirements, applicable accounting standards, and the Standard General Ledger at the transaction level. We determined that, as of September 30, 1997, the Agency did not substantially comply with FFMIA requirements. In addition to the previously reported material weakness concerning accounting for Superfund oversight costs, we also identified the following noncompliance issues which could impact the accounting for the Superfund Trust Fund:

- Year 2000 Activities - The Agency's Core Financial Systems and the EPA Payroll and Personnel System (EPAYS) did not have required management controls, including approved formal decision papers and system plans, to provide reasonable assurance that EPA will complete Year 2000 activities before the systems are subject to failure. Maintenance projects for Year 2000 fixes exceeded dollar thresholds without obtaining required management approvals.
- Financial Systems Security (also reported as a material weakness in EPA's fiscal 1997 Integrity Act Report) - As of September 30, 1997, the Agency's Core Financial Systems and EPAYS did not have required application security plans.
- Financial Systems Inventory Data - There was no assurance that the fiscal 1996 financial systems annual inventory data, required by OMB Circulars A-127 and A-11 was

consistent, comparable and accurate.

- Annual Update of Chief Financial Officer (CFO) Financial Management Report and Five-Year Plan - EPA omitted significant system changes in the financial systems inventory from its annual update to the CFO Financial Management Report and Five Year Plan 1994 - 1999, dated October 1996.

What Action Was Taken

We issued our final report (8100058) to the Acting CFO on March 2, 1998. In responding to our draft report, the Acting CFO agreed that the Agency needed to improve the timeliness of its oversight cost billings. Regarding FFMIA compliance, the Acting CFO stated the Agency was in substantial compliance with the requirements of the Act. We recognize that the Agency took a number of significant steps to address the noncompliance issues after the end of fiscal 1997, and scheduled additional actions for completion later. We will evaluate the adequacy of these corrective actions and report Agency progress in our Semiannual Report to the Congress. The Agency's response to our final report is due by June 1, 1998.

COOPERATIVE AGREEMENTS AND CREDITS

In fiscal 1997, we issued reports on a cooperative agreement with the Missouri Department of Natural Resources and on credits claimed by the State of Washington for the Boomsnub site. We summarize the cooperative agreement audit report below.

Missouri Needed to Ensure Accuracy of Accounting Data

Findings in Brief

The Missouri Department of Natural Resources (MDNR) improved its ability to accumulate, and report expenditures with the implementation of its Integrated Administrative System (IAS). However, MDNR had not ensured the accuracy and completeness of IAS processed data by reconciling IAS data to the data in Missouri's official accounting system.

Background

MDNR had 13 active Superfund cooperative agreements in 1996, totaling more than \$4 million in Federal assistance. The agreements provided funding to identify, assess, and respond to sites which potentially threatened public health and the environment from the uncontrolled release of hazardous substances. We reviewed the two agreements that had the highest claimed costs, with total funding levels of \$1.7 million and total claimed costs of \$1.2 million.

We Found That

In an April 1992 audit report we reported several internal control and compliance issues. Since then, MDNR improved its ability to accumulate and report Federal expenditures with the implementation of its Integrated Administrative System (IAS). IAS improved MDNR's allocation of personnel costs to federally funded projects. Also, IAS reported costs incurred using Federal object class cost categories which allowed MDNR to more efficiently track federally funded projects.

While MDNR improved its reporting capabilities with IAS, MDNR had not ensured the accuracy and completeness of IAS processed data. MDNR had not reconciled IAS system data to data in Statewide Accounting for Missouri (SAM), Missouri's official accounting system. As a result, MDNR was not assured IAS generated accurate grant and project cost data. The lack of reconciliations was a control problem that affected all EPA financial assistance to MDNR.

In addition, MDNR had not documented its methodology, standards, or guidelines for verifying the accuracy and completeness of IAS data. MDNR needed to prepare documentation of IAS processes, control procedures, and exception reporting responsibilities. We also thought that MDNR should have an independent assessment conducted on the propriety, reliability, and accuracy of IAS.

We Recommended That

The Regional Administrator, Region 7, direct MDNR to:

1. Develop and implement procedures to consistently reconcile all IAS cost data to SAM.
2. Document its methodology, standards, or guidelines for verifying the accuracy and completeness of IAS data.
3. Establish clear standard procedures for addressing exception report issues and ensure responsibilities are clearly defined.
4. Consider obtaining an independent assessment of the reliability and completeness of IAS processed data and the adequacy of IAS controls.
5. Develop a transaction level detail report which supports the IAS standard report cost summaries.

What Action Was Taken

We issued the final report (7100220) to the Regional Administrator, Region 7, on June 9, 1997. In response to our draft report, MDNR generally agreed with our findings and recommendations, and indicated it had initiated appropriate corrective actions. In its Final Determination Letter to MDNR of September 23, 1997, the Region imposed requirements on MDNR consistent with our recommendations.

REMEDIAL INVESTIGATIONS AND FEASIBILITY STUDIES

In fiscal 1997, we issued a technical report on remedial investigation/feasibility study (RI/FS) activities at one Superfund site. The OIG Engineering and Science Staff conducted this review, which we summarize below.

Cleanup Acceleration Efforts at Greenwood Chemical Unsuccessful

Findings in Brief

Region 3 attempted to take advantage of existing information about the Greenwood Chemical Company (GCC) Superfund site to accelerate the cleanup process. However, new information made the Region's accelerated timetable no longer feasible.

Background

The GCC site in Newtown, Virginia, was used historically as a batch processing facility for the production of various organic compounds for the industrial, pharmaceutical, and pesticide trades. The site had a long history of safety violations, fish kills, and cattle kills. A 1985 explosion and fire killed four workers. EPA began investigative work at the site in 1985, and listed it on the National Priorities List in 1987.

EPA completed a removal action at the site in mid-1988. The Region dealt with the remaining contamination problems at the site through a series of remedial actions.

We Found That

EPA Region 3 generally performed remedial planning activities at the site in a manner consistent with the National Contingency Plan and applicable guidance. Because the Region realized the availability of an abundance of existing information about site conditions, it sought to accelerate the cleanup process. Its cleanup strategy involved establishing cleanup priorities through identification of operable units (OUs), not completing a complete separate remedial

investigation before issuing the Record of Decision (ROD) for OU1, and conducting focused feasibility studies.

While the Region's efforts to accelerate cleanup were commendable, additional site information resulted in two significant changes in the OU1 ROD after EPA issued it. The Region eventually referred to each of these as a separate OU. Enforcement activities and difficulties in finding an acceptable location for a rail transfer facility resulted in further delays. As a result, EPA did not complete the remedial action for OU1 until September 1996, five years later than the Region originally hoped.

The changing plans for site remediation resulted in a variety of inconsistent designations of OUs in the site Administrative Record. This made the Administrative Record of limited use to the public in understanding EPA's site cleanup decisions.

We Suggested That

While we made no formal recommendations, we did offer the Region some suggestions to avoid a recurrence of a confusing Administrative Record at other Superfund sites. We suggested that the Region:

- Develop periodic revised editions of the Administrative Record Index that clarify what documents exist for OUs and list planning documents with the appropriate OU.
- Produce more frequent Fact Sheets to explain the ramifications of later decisions on statements made in RODs and other earlier site documents.

RESPONSE CLAIMS

Section 111(a)(2) of CERCLA, as amended by SARA, authorizes EPA to pay any claim for response costs incurred by "any other person" as a result of carrying out the NCP. Additionally, section 122(b)(1) of CERCLA, as amended by SARA, authorizes the President to reimburse Potentially Responsible Parties (PRPs) for "certain costs of actions under the agreement that the parties have agreed to perform but which the President has agreed to finance." The President delegated this authority to the EPA Administrator under Executive Order 12580, January 26, 1987, who further delegated it to EPA's Office of Solid Waste and Emergency Response (OSWER). Authority for decisions regarding claims against the Fund is currently delegated to the Director, Office of Emergency and Remedial Response.

During fiscal 1997, we issued one desk review report on a response claim, summarized below.

Colbert Landfill Claim Raised Cost Issues

Results in Brief

Our desk review of Spokane County's response claim for the Colbert Landfill site raised several issues regarding allowability of costs, which are possibly moot due to a limit in the amount EPA is obligated to pay. We also raised an issue about the effect of Spokane County's receipt of other funds for the response on the amount EPA should reimburse the County.

Background

A Preauthorization Decision Document (PDD) authorized EPA payment of 11.5% of the costs of implementing a Superfund remedy at the Colbert Landfill site in Colbert, Washington, conducted by Spokane County. EPA and the County subsequently entered into a consent decree requiring the County to complete the remedy, and allowing it to claim reimbursement of up to \$1.4 million of its costs from EPA. The County submitted a

final claim for total costs of \$13,540,308. Of this, \$1,557,135 would be EPA's proportionate share before applying the consent decree's \$1.4 million limit. EPA requested the OIG's assistance in adjusting this claim.

We Found That

We raised questions for EPA review about three parts of the County's claim:

- The County purchased and charged to the project \$115,652 in equipment. The County had not obtained EPA approval to purchase this equipment, although OMB Circular A-87 requires specific approval of the Federal agency for purchase of equipment.
- The County claimed fees of \$194,176 on contracts which provided for compensation based on a cost plus percentage of cost basis prohibited by Federal regulations.
- The County claimed other direct costs of \$621,900, consisting primarily of costs for water sampling/testing, administrative expenses, and phone and electric bills. OMB Circular A-87 allows utilities costs with approval of the Federal agency. Additionally, some of these costs may be considered operation and maintenance costs. The PDD made long-term operation and maintenance costs ineligible for EPA reimbursement.

Subtraction of the costs we found ineligible would reduce the County's claimed total costs to \$12,608,580. Of this, EPA's 11.5% share would be \$1,449,987, which still exceeds the consent decree's \$1.4 million limit.

We also noted that the County reported receipt or anticipated receipt of \$19,435,827 from the State of Washington, the Colbert Landfill Trust (containing payments by responsible parties), insurance settlements, and EPA, an amount greatly exceeding the

County's claimed costs. The County noted they have an obligation for operation and maintenance of the treatment facility at the site and other potential future site costs. However, the PDD made long-term operation and maintenance costs ineligible for EPA reimbursement. EPA needs an interpretation of the consent decree and the PDD to determine the effect of the funds received from other sources on the amount of the County's costs eligible for reimbursement from EPA.

We Recommended That

We considered this review to be an advisory service rather than an audit, so we did not include formal recommendations in our report.

What Action Was Taken

We issued our desk review report (7200011) to the designated response claims official in the Office of Emergency and Remedial Response (OERR) on June 6, 1997. Because the report contained no recommendations, no response was required. OERR subsequently authorized payment of \$1.4 million to Spokane County in settlement of the claim.

CONTRACTS

The OIG is responsible for conducting and supervising independent and objective audits of Superfund programs and operations. To carry out this responsibility, the OIG performs financial and compliance audits and special reviews of EPA contractors. Each Public Law authorizing EPA to award contracts provides the Agency authority to audit and examine the books and records of the contractors and subcontractors receiving Federal funds. Each EPA contract also contains audit provisions. Our primary audit objectives are to determine (1) whether the controls exercised by the contractors and subcontractors through their accounting, procurement, contract administration, and property management systems are adequate to account for costs claimed; and (2) costs claimed are reasonable, allowable, and allocable, in accordance with applicable laws and regulations, to the sponsored project.

Audits of contracts not only yield financial benefits to the Agency, but also aid in improving Agency management. These audits also play an integral part in supporting EPA's cost recovery actions.

Of the 115 contract reports we issued in fiscal 1997, 67 covered incurred costs under EPA contracts. Another 14 of our reports were initial pricing reviews in which we reviewed costs proposed by offerors or bidders seeking EPA contract awards. Because these are only proposed costs, our reviews do not question costs but rather recommend as efficiencies costs that we believe EPA should not incur. We also issued 4 reports on proposed indirect cost rates, 20 system survey reports, 2 program review reports, and 8 Cost Accounting Standards reports on EPA contractors.

The OIG can choose to have the reviews performed by in-house staff, independent public accounting firms or another Federal audit agency. During fiscal 1997, our Superfund contract reviews were performed as follows:

By OIG Staff	23
By Defense Contract Audit Agency	91
By Independent Public Accountants	1

Exhibit I contains a listing of all Superfund reports issued by the OIG during fiscal 1997.

We also conduct performance reviews of EPA's management of contracts and procurement.

We summarize below two of our contract management review reports (in one summary) and two of our contract financial review reports.

Potential Vulnerabilities in Contracts Management May Still Exist

In June 1992, the Standing Committee on Contracts Management--now the Resource Management Committee--identified seven problem areas and made forty recommendations to correct longstanding weaknesses in contracts management. During fiscal 1997, we performed a survey jointly with EPA's Office of Acquisition Management to determine whether these initiatives were implemented and effective in correcting the identified weaknesses. We found indications of potential vulnerabilities in (1) personal services, (2) contractor access to confidential or sensitive data, and (3) contractor conflicts of interest.

Although we reported on the status of our work to date, we will continue to conduct additional audit work in each of these areas to assess the potential vulnerabilities. We issued a survey report (7400070) to the Acting Assistant Administrator for Administration and Resources Management on September 30, 1997.

In response to an Office of Management and Budget request, we reviewed EPA's: (1) use of fixed-price contracts, (2) accuracy of independent government cost estimates (IGCEs), (3) contract capacity, (4) use of award and incentive fees, (5) use of completion vs. term forms, (6) length of base and option periods, (7) management of Response Action Contracts (RACs), (8) competition of task orders under RACs, and (9) use of performance-based service contracting. We found that EPA has made some progress in correcting past problems related to IGCEs and the management of

award fee contracts, such as issuing IGCE guidance, requiring IGCEs for all significant contract actions, and limiting award fees to above-satisfactory performance. However, EPA still needed to improve and had substantial opportunities to lessen its dependence on cost-reimbursable, level-of-effort contracts and move toward more efficient, results-oriented contracting mechanisms.

EPA relies extensively on cost-reimbursement level-of-effort (LOE) contracts that essentially buy hours, not results, thereby placing the burden of cost control on the government. The Agency's cultural preference for LOE contracts, insufficient knowledge of alternative contract types, lack of program accountability for the type of contract to be awarded, inability to clearly define its needs, and broad contract statements of work have perpetuated this continuing reliance on LOE contracts and precluded a complete transition to more efficient, cost-effective contract types.

EPA awarded RACs with adequate competition and in accordance with prescribed procurement procedures. EPA intended contract provisions that appeared to provide opportunities for competition of RACs work assignments only for use in capacity shortfalls and conflict of interest situations and, according to EPA contract managers, use of these provisions to compete work assignments could potentially increase contract costs. Although RACs provided for using more efficient completion form work assignments, the contracts did not include any incentives to induce program staff to use this contracting mechanism.

We found EPA did not always adequately prepare and effectively use IGCEs to analyze proposed contract costs or to establish prenegotiation objectives. A good IGCE that identifies activities and deliverables and assigns estimated costs to these activities provides a baseline to track actual versus estimated costs and identify potential cost overruns, thus promoting cost-effective contracts. In certain instances, IGCEs did not include detailed cost estimates and represented projections of available funding rather than actual cost estimates to complete contract requirements. Also, EPA had not implemented procedures for evaluating past

IGCEs or accumulating historical cost information for preparation of current and future IGCEs. As a result, EPA relied heavily on contractors' estimates, often choosing to award contracts and related work at amounts closer to that proposed by the contractor rather than the EPA estimate. EPA's ability to properly estimate its needs and related costs and effectively use these estimates in contract negotiations is crucial for the Agency's transition to more performance-based service contracts.

We Recommended That

The Acting Assistant Administrator for Administration and Resources Management, in coordination with other appropriate senior managers:

- Provide program personnel with proper training in cost estimation and alternative contract types.
- Require that IGCEs contain estimated costs for each work assignment task and be effectively used for contract cost negotiations.
- Develop processes to evaluate the quality of IGCEs and create historical cost databases for use in preparing IGCEs.
- Establish program goals for awards of completion, fixed-price, and performance-based contracts.
- Require Senior Resource Officials to implement OMB's policy that requires documented justification for use of contract types other than performance-based.
- Develop a strategy for meeting OMB's contract reform goals.
- Where appropriate, modify award fee plans for current contracts with more than two years until expiration to limit awards to above satisfactory ratings.

What Action Was Taken

We issued the final audit report (7100301) to the Acting Assistant Administrator for Administration and Resources Management on September 30, 1997. In response to the draft report, the Acting Assistant Administrator generally agreed with the findings and proposed actions to implement report recommendations. At the time we prepared this Annual Report, we were evaluating the Agency's response to the final report.

paid. The unsupported costs were labor costs which the contractor's accounting records did not adequately support. The contractor was unable to provide the necessary assurance that it had actually paid employees all the hours claimed. In addition, we were unable to apply audit procedures to determine if the labor amounts claimed were reasonable, allocable, and allowable under the Federal Acquisition Regulation since the contractor's accounting records did not always adequately segregate labor costs. The EPA Contracting Officer disallowed the costs we questioned and applied the ineligible percentage to the costs we indicated were unsupported.

Inadequate Supporting Documentation and Misclassified Costs

An audit of an incurred cost proposal resulted in questioned indirect pool costs of \$2,861,238. The questioned costs consisted of numerous unallowable, unallocable, and misclassified costs. Our findings included costs of \$281,686 associated with the contractor's annual meeting which the contractor incorrectly classified in its accounting records. This resulted in an inequitable allocation to government contracts. In addition, the contractor incorrectly classified computer and reproduction activities as overhead expenses rather than accumulating and accounting for them in a separate service center. This increased the risk of an inequitable allocation of costs to government contracts. Finally, the contractor improperly included marketing costs of \$2,365,406 in the general and administrative pool. We questioned this entire amount because it included unallowable costs, unsupported costs, and costs which did not have a causal/beneficial relationship to government contracts and should not have been allocated to them.

Proposed Labor Costs Overstated by \$87,601 and Unsupported by \$3,042,852

An audit of \$11,265,658 of labor costs incurred under an EPA contract disclosed \$87,601 of questioned costs and \$3,042,852 of unsupported costs. The questioned costs exceeded the costs the contractor actually

INTERNAL AUDITS AND SPECIAL REVIEWS

In addition to reviews required by CERCLA, as amended, we conduct other reviews of EPA's management of the Superfund program. We summarize below some particularly significant internal audits and special reviews completed in fiscal 1997 not summarized elsewhere in this Report.

Serious Environmental Data Quality Problems Impair Federal Facility Superfund Cleanups

Findings in Brief

EPA and Federal facilities need sufficient procedures to ensure that environmental laboratory data is of acceptable quality. Sharing information on poor performers and effective quality assurance systems could have helped avoid millions in expenditures and years of cleanup delays at the nine sites audited.

Background

Federal facilities comprise nearly 60 percent of EPA's Superfund workload under remedial investigation or feasibility study phases. In 1995, the Department of Defense (DOD) and the Department of Energy (DOE) had more than 90 percent of the Federal facility sites on or pending inclusion on EPA's Superfund National Priorities List (NPL). Executive Order 12580 gave DOD and DOE cleanup responsibilities at their NPL sites, and the National Contingency Plan further defined their responsibilities but did not describe EPA's oversight role for these cleanups. Since 1992, environmental data quality had been a material weakness in the Agency's management control system.

We Found That

Federal facilities had experienced serious problems with the quality of laboratory analyses used to make cleanup decisions, and there was evidence these problems were widespread. For example, extensive laboratory fraud was found at one laboratory, which DOD used at 28 sites in three EPA regions, resulting in about \$5 million of lost

data and associated expenses. In another case, EPA suspended a laboratory which did work at five DOD sites in two EPA regions. At one site, this laboratory and another produced \$2.5 million of data found unusable, delaying cleanup two years. We believe that one of the primary reasons for these problems was that EPA's oversight role at Federal facility Superfund cleanups was unclear due to ambiguous legal authorities. Also, remedial project managers generally relied on Federal facilities to ensure compliance with quality assurance project plan (QAPP) requirements.

Of the 19 QAPPs audited at nine sites in Regions 8, 9, and 10, data quality objectives (the driving component of QAPPs) were not established or properly defined for 14 of them, the regional quality assurance staffs did not approve 13 QAPPs, and a QAPP was not used to collect data for one site. Eleven QAPPs did not include data validation, laboratory audits, or magnetic tape availability, activities which we found particularly effective in detecting inappropriate quality data. Further, EPA's guidance for preparing QAPPs did not require these data quality activities when warranted. Poor quality data can lead to incorrect decisions resulting in inadequate health protection or expenditures for unneeded cleanup remedies.

EPA had not worked with DOD or DOE in assessing their environmental data quality systems department-wide, which would have identified significant deficiencies. Because of problems with their quality assurance systems, EPA could not presume laboratory analyses conducted at DOD and DOE Superfund sites to be of appropriate quality for decision making. DOD did not have a system for tracking laboratory performance and sharing laboratory audit results with other military services or Federal agencies. The DOE Office of Inspector General found problems with DOE's commercial laboratory quality assurance program allowing laboratories that failed to qualify or were suspended at one site to continue testing samples for other sites.

The Federal government had no system to share laboratory evaluations even though

such a system could help avoid the use of incompetent laboratories and the costs of duplicate audits. EPA lacked procedures for exchanging laboratory performance information between its own programs, and for ensuring that poor quality data was not used at Federal facility Superfund sites. The Federal Facilities Restoration and Reuse Office, which develops guidance and policy for Superfund cleanups at Federal sites, and one EPA region had not documented their data quality systems in acceptable quality management plans. Also, EPA had not established performance measures for environmental data quality at Superfund sites.

We Recommended That

The Acting Assistant Administrator for Solid Waste and Emergency Response:

- Work with the regions to ensure that Federal facility Superfund QAPPs include requirements that are based on well-defined data quality objectives.
- Develop a national quality management plan and performance measures for the environmental data quality system.
- Issue guidance specifying regional oversight responsibilities for Federal facility Superfund cleanups and establish procedures for ensuring fraudulent or poor quality data is not used.
- Assess the adequacy of DOD's and DOE's environmental data management systems and create a forum for sharing environmental laboratory evaluations among Federal agencies.

The Assistant Administrator for Research and Development:

- Refine the data quality objectives process and work with the Federal Facilities Restoration and Reuse Office and regions to develop acceptable quality management plans.

The Assistant Administrator for Enforcement and Compliance Assurance:

- Request modification of Executive Order 12580 to expressly identify EPA's oversight role for environmental data quality.

What Action Was Taken

We issued the final audit report (7100132) to the respective Assistant Administrators on March 20, 1997. In responding to the draft and final reports, Agency officials generally agreed with the findings and recommendations, and stated that EPA would develop a framework for a minimum quality assurance program for Federal facilities. Also, the Agency agreed to assess the adequacy of DOD's and DOE's environmental data quality systems, issue regional guidance addressing the oversight of laboratory data quality, and amend its data quality objectives guidance.

Superfund Oversight Bills to Responsible Parties Were Delayed for Years

Findings in Brief

Region 3 took extraordinary amounts of time to bill responsible parties for recovery of Superfund oversight costs. In several instances, delays amounted to years, even though the Region should have sent the bills annually. Consequently, the Agency sometimes agreed to responsible party challenges to significant Agency costs.

Background

EPA incurs oversight costs while monitoring cleanup work performed by responsible parties at "Enforcement-lead" Superfund sites. Such costs can include charges for Agency personnel, EPA contractors, or state employees. EPA recovers these costs through the use of enforcement documents, which are legally binding agreements between the Agency and the responsible parties.

We Found That

Region 3 had 76 enforcement dockets for sites with annual billing provisions during fiscal 1996. Of the 15 dockets we reviewed, there were:

- Eight instances where the Region delayed the bills, in one case for seven years.
- Three instances where the responsible parties complained that the billing delays adversely affected their ability to verify what the Region was billing.
- Four instances where the responsible parties requested documents to support earlier bills, and the Region took between eight months and seven years to provide them.
- Four instances where the Region had never sent any bills, even though it had incurred costs as far back as 1988.

Delays occurred because oversight billings were considered a low priority, and there was a reluctance by Superfund program personnel to relinquish control of the billings to financial personnel. As a result, reimbursement to the Superfund Trust Fund was delayed, and the responsible parties were given additional opportunities to challenge the charges, causing more delays.

The Region's delay in assessing oversight bills sometimes resulted in other problems with a cumulative effect of not recovering oversight costs from the responsible party. For example, when the Region delayed submitting a bill for more than six years, the responsible party challenged \$185,525 in indirect costs and the Region settled for only \$19,472. Had the Region submitted the bill timely, it could have resolved the indirect cost issue early enough to possibly recover these costs.

In another instance, the Region was unable to bill a responsible party \$149,000 for State oversight costs. Under the terms of a Multi-Site Cooperative Agreement, EPA paid the State of Maryland for assistance in

overseeing cleanups, and then billed the responsible parties. The Region delayed billing the responsible parties for six years and excluded \$149,000 it had already paid to the State because the Maryland Department of the Environment had destroyed the time sheets needed to verify the costs. If Region 3 had submitted a bill in accordance with the enforcement document, it might have learned of the problem years earlier.

We Recommended That

The Regional Administrator, Region 3:

- Ensure billing of oversight costs in accordance with the enforcement agreements signed by the Region, e.g., on their anniversary date.
- Determine if Maryland's Department of the Environment lacks time sheets to support oversight charges at Superfund sites covered by other cooperative agreements.
- Initiate sanctions against the State of Maryland's Department of the Environment if it does not adhere to the record-keeping and retention criteria stipulated by the Code of Federal Regulations.

What Action Was Taken

We issued the final report (7100292) to the Regional Administrator, Region 3, on September 22, 1997. In its final response to our report dated January 20, 1998, the Region concurred with our recommendations and reported that it had taken steps to eliminate the backlog and had developed procedures to assure that billings are current in the future.

Superfund Oversight Costs Were Not Billed or Collected Timely

Findings in Brief

Region 5 did not promptly establish receivables, send initial billings, or follow up on unpaid accounts to responsible parties for Superfund site oversight costs.

Background

An important objective of the Superfund program is recovering funds that EPA spends cleaning up a Superfund site, including the cost of overseeing cleanup work that the responsible party performs, to replenish the Superfund Trust Fund. Region 5 is responsible for billing and collecting accounts receivable for these costs at sites it monitors.

We Found That

Region 5 often took months, and sometimes years, to establish accounts receivable and bill responsible parties for Superfund oversight costs. Of the 24 Superfund site files we reviewed, EPA billed 17 late and did not bill 4 at all. In addition, EPA sent 36 percent of letters demanding payment late and did not send 62 percent at all. Reliance on manual procedures contributed to both of these problems.

The Region's billing practice hindered collection and accounting efforts since annual billings included only the current year's oversight charges and excluded unpaid balances and accumulated interest from prior years. This practice does not provide the Region or the responsible party with the magnitude of the entire unpaid balance or enough detail to permit reconciliation to accounting records. Cumulative balance billings would allow EPA staff to identify and pursue parties with the highest debt and allow prioritization of resources in the collection of unpaid balances.

The Regional Comptroller's Office (RCO) received payments for accounts receivable which did not exist in its accounting records because the Office of Regional Counsel (ORC) did not forward a number of court orders needed to establish accounts receivable. Agency directives require ORC to send court orders to the RCO, but some attorneys were unaware of this requirement. In addition, there was no follow-up system to ensure that ORC responded to the RCO's requests for supporting documents. As a result, Region 5's accounts receivable were incomplete and the RCO was not able to match collections to the related receivable.

We Recommended That

The Regional Administrator, Region 5, direct the Regional Comptroller to:

- Develop and implement specific time frames for preparing and forwarding annual oversight bills to responsible parties.
- Emphasize timely issuance of dunning letters following annual oversight billings.
- Modify the new billing and collection system so that annual billing and dunning letters include outstanding unpaid balances.

The Regional Administrator, Region 5, direct the Regional Counsel to:

- Establish and implement internal control procedures to routinely follow up on the RCO's requests for documentation.

What Action Was Taken

We issued the final report (7100139) to the Regional Administrator, Region 5, on March 26, 1997. In responding to the draft report, the Agency agreed with our findings and indicated it had implemented or planned actions to address the report's recommendations. On September 29, 1997, the three Regional offices involved in the billing process signed a Memorandum of Agreement establishing time frames for each office's responsibilities. Because Region 5 adequately responded to the draft report, we needed no response to the final report.

INVESTIGATIVE ACTIVITY

During fiscal 1997, our Superfund investigative efforts resulted in monetary fines, restitution, and recoveries totaling more than \$2.7 million from one criminal and nine civil/administrative actions. At the end of fiscal 1997, we had 54 active Superfund investigations, 34 percent of all active OIG investigations at EPA.

The OIG Office of Investigations (OI) is continuing a major proactive investigative effort in the Superfund program. The OI continues to focus on all stages of the Superfund program, with a special emphasis on contracting for removals and remediation. As a result of OI proactive efforts in prior years, we continue to initiate criminal investigations across the nation. We have seen a corresponding increase in the number of civil cases filed. We expect to see an increase in significant civil actions as OI's investigative emphasis on major Agency contracting continues to increase.

We give examples of Superfund investigative activity with results in fiscal 1997 in the following synopses.

Allegations of Fraud in Methyl Parathion Program

OI special agents investigated fraud in the methyl parathion relocation program. Early in the investigation, OI identified systemic vulnerabilities within the program and helped establish identification and verification procedures for subsistence payments to applicants. OI suggested other improvements in the application process to help protect against abuse and fraud, to include a certification form with a warning regarding penalties for false statements, a medical release form, and interview questions designed to identify fraudulent claims. OI conducted fraud awareness briefings for Agency and Army Corps of Engineers personnel who were assisting with the relocation of residents from contaminated dwellings and with removal and cleanup activities, and for other state and local officials in the affected regions. Individual investigations have identified ineligible applicants resulting in cost savings, and

several cases are being prosecuted by the Department of Justice.

Former Laboratory Chief Executive Sentenced in Waste-dump Scheme

On December 23, 1996, Alan P. Stevens, former chief executive of Stevens Analytical Laboratory in Stoneham, Massachusetts, was sentenced to serve one year and one day in Federal prison, ordered to pay \$7,467 in restitution to the victims of his fraud, and assessed a \$50 fee after pleading guilty to wire fraud. Between May 1993 and May 1996, Stevens posed as a representative of an environmental laboratory that collected, tested, and disposed of waste, knowing that such services would not be provided and reports of such activities would be false and fraudulent. Stevens collected waste materials, some containing Polychlorinated Biphenyls (PCBs), for analysis and prepared a false test report with a fraudulent signature, knowing that the waste had not been tested. Stevens, claiming to be working for Alliance Testing and Consulting, contracted to dispose of six 55-gallon drums of waste oil containing PCBs when, in fact, Stevens abandoned them in a highway median area. At the time, Stevens was under supervised probation for falsifying water quality test results for the towns of Lynnfield and Bedford, Massachusetts. The EPA OIG, the EPA Criminal Investigations Division, and the Massachusetts Environmental Strike Force jointly investigated this case.

Contractor Agreed to Fund Up to \$2.4 Million in Cleanup Costs

CDM Federal Programs Corporation agreed to a \$2.4 million administrative settlement with EPA in response to allegations associated with the cleanup of the Asbestos Dump Site in Meyersville, New Jersey. EPA contracted with CDM to perform the \$8 million cleanup of the site, which is in a residential area adjacent to the Great Swamp National Wildlife Refuge. The contract required CDM to remove soil contaminated with asbestos and replace it with clean fill.

After completion of the cleanup, the EPA OIG investigated allegations that CDM obtained

the soil used to replace the asbestos-contaminated soil from a hazardous waste site being cleaned up under the New Jersey State Environmental Cleanup Responsibility Act. EPA concluded that the soil did not meet the contract specifications because it contained unacceptable levels of debris and chemical contaminants.

The agreement requires CDM to pay as much as \$2.4 million in cleanup costs for the removal and disposal of the defective backfill, the installment of clean fill, and the performance of any additional asbestos work at the site.

Company Agreed to \$150,000 Settlement on False Claims Charges

On September 3, 1997, Waste-Tron, Inc., of Charleston, West Virginia, agreed to a \$150,000 settlement with the United States Attorney's Office, Eastern District of Pennsylvania, to resolve allegations that the company caused the submission of false subcontract claims through the government's prime contractor in connection with a Superfund cleanup. The Fike/Artel Chemical Superfund site in Nitro, West Virginia includes a chemical production facility and various disposal areas for wastes resulting from chemical processes. Waste-Tron, as a subcontractor, was responsible for the transportation and disposal of waste from the Fike/Artel site. Our investigation resulted in allegations that Waste-Tron submitted fraudulent invoices to the prime contractor that inflated the quantities or nature of the wastes disposed, and improperly added previously billed charges for transportation and disposal of waste. Waste-Tron was also paid twice in some instances.

Cleanup Company Settled for \$38,000

On January 31, 1997, OHM Remediation Services Corporation agreed to pay the government \$38,000 to resolve disputed claims arising from invoices that OHM submitted to EPA from January 1, 1990, through December 21, 1995, for cleanup services on seven contracts. The contracts and the Federal Acquisition Regulation required that OHM bill EPA only for those subcontractor and vendor charges that it had actually paid at the time it submitted the invoices. After an inquiry, OHM disclosed

that it had submitted invoices to EPA that included subcontractor and/or vendor charges which it had not paid at the time of submission.

Contractor Required to Pay More than \$92,000

On April 21, 1997, Chemical Waste Management, Inc. (ChemWaste), of Bensalem, Pennsylvania, entered into a settlement agreement with the Department of Justice requiring ChemWaste to pay \$92,685 to resolve civil fraud and contract claims arising out of work performed at the Moyer Landfill Superfund site in Montgomery, Pennsylvania. In 1989, the U.S. Army Corps of Engineers contracted with ChemWaste for remediation work at the site. In January 1993, ChemWaste disclosed to the Department of Defense that ChemWaste employees had failed to conduct required air and Geiger counter monitoring at the site. The EPA OIG and the Defense Criminal Investigative Service jointly conducted this investigation.

Company Agreed to Compliance Agreement After Forgery of EPA Signature

On December 5, 1996, EPA signed a compliance agreement with Environmental Waste Technology, Inc. (EWT), following an OIG investigation of an allegation that an EPA On-Scene Coordinator's (OSC) signature was forged on two manifests used to transport hazardous waste from a cleanup site to an unintended landfill. OHM Remediation Services, Inc., EPA's prime contractor, hired EWT to transport hazardous waste to two approved landfills in Detroit, Michigan, and Wyandotte, Michigan. The Detroit landfill rejected waste not approved for that particular site. An EWT employee, acting independently, created a new manifest so that the rejected material could go to another landfill, and signed the OSC's name to the manifest. EWT reprimanded its employee, OHM suspended business with EWT, and EWT retrained its employees in subcontract compliance. As part of the compliance agreement, EWT will change company policies and procedures to prevent recurrence of the events. In consideration of EWT's compliance with the terms and conditions of the agreement, EPA will not

initiate any suspension or debarment action in conjunction with the forgery. EPA may initiate suspension and/or debarment proceedings against EWT if there is a material breach of this agreement.

Exhibit 1
Page 1 of 4

SUPERFUND REPORTS ISSUED DURING FISCAL 1997

Final Report Number	Description	Audit Control Number	Date Report Issued
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Internal and Management Reports

Reviews Related To Statutory Requirements (other than IG Act)

7200011	Response Claim - Colbert Landfill, WA	E9HGM7-10-0003	6/ 6/97
7400023	RI/FS Review - Greenwood Chemical Co., VA	E1SGG6-14-0010	3/ 6/97
7100062	Superfund Annual Report to Congress Review - FY92-94	E1SFF5-11-0029	11/21/96

Other Performance Audits

7300009	Award and Management of Response Action Contracts	E1SGB6-04-0066	11/29/96
7100292	Billing of Superfund Oversight Costs - Region 3	E5FFL7-03-0008	9/22/97
7100139	Billing of Superfund Oversight Costs - Region 5	E1AML6-05-0079	3/26/97
7100301	Contracting at EPA	E1SKF7-04-0037	9/30/97
7100288	Emergency Response Management - Region 2	E1SHF6-02-0047	9/16/97
7100132	Federal Facilities Lab. Data Quality at SF Sites	E1SKB6-09-0041	3/20/97
7100140	Superfund Field Sampling Activities - Region 3	E1SKF6-03-0104	3/27/97

Other Special Reviews

7400070	Contract Management Initiatives	E1YFB7-05-0002	9/30/97
7400069	Methyl Parathion Survey	E1SFB7-06-0020	9/23/97
7400004	Nat'l Enforcement Invest. Center Litigation Support	E1SFG6-08-0024	10/29/96

Cooperative Agreement Report

7100220	MO Dep't of Natural Resources - PA/SI & Core Program	E5BGL6-07-0035	6/ 9/97
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State Credit Report

7100188	WA - Boomsnub/Airco Site	E5HGL6-10-0027	4/30/97
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Interagency Agreement Reports

7100285	Agency for Toxic Substances & Disease Registry - FY95	H5BFL7-20-0007	9/10/97
7100013	Army Corps of Engineers - Fiscal 1995	M5BFL6-20-5001	10/18/96
7100293	Army Corps of Engineers - Fiscal 1996	M5BFL7-20-0007	9/23/97
7100148	Nat'l Institute for Env. Health Sciences-Fiscal 1995	H5BFL7-20-0007	3/31/97
7100286	Nat'l Institute for Env. Health Sciences-Fiscal 1996	H5BFL7-20-0007	9/10/97

Exhibit 1
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SUPERFUND REPORTS ISSUED DURING FISCAL 1997

Contract Reports

Final Report Number	Description	Audit Control Number	Date Report Issued
Initial Pricing Reviews			
7100059	Advanced Technologies, KY	D9AKL6-44-0078	11/14/96
7300007	Agriculture & Priority Pollutants Labs, Inc., CA	D9AGN6-44-0079	10/30/96
7400051	All American Environmental Services, MD	D9AFP7-44-1015	6/16/97
7100001	Bay West, MN	D9AGL6-05-0136	10/ 1/96
7400025	Environmental Quality Management, Inc., OH	E9AHP7-23-0005	3/ 5/97
7100222	Halliburton NUS, TX	D9AKL7-44-0028	6/ 9/97
7100134	Industrial Marine Services, Inc., VA	D9AFL6-44-0226	3/19/97
7400050	Lockheed Martin Services, TX	D9AKP7-44-0029	6/ 9/97
7300034	Mele Associates, Inc., MO	D9AFN7-44-1016	6/ 2/97
7100239	Roy F. Weston, PA	D9AFL7-44-1014	6/26/97
7100233	S. Cohen & Associates, Inc., VA	D9AFL7-44-1013	6/16/97
7400012	S&D Environmental Services, NJ	D9AHP7-02-0003	11/26/96
7100168	Smith Technology Corp., PA	D9AFL7-03-0076	4/17/97
7100196	VFL Technology Corp., PA	D9AFL6-03-0215	1/22/97
Incurred Costs			
7100265	Bechtel National, Inc., CA - Fiscal 1994	D9BFL7-44-1070	8/ 5/97
7100174	Booz, Allen & Hamilton, MD - Fiscal 1995	D9BFL6-03-0114	4/18/97
7100181	CDM Federal Programs Corp. - 1992-94	D9BFL5-03-0217	4/22/97
7100153	CH2M Hill, Inc., CO - Fiscal 1994	D9BGL5-44-0092	4/ 1/97
7100160	CMC, Inc., KY - ERCS Subcontracts - Cost & Pricing	D9BHL6-04-0054	4/15/97
7200016	DESA, Inc., SC - Enforcement Support - Fiscal 1994-95	D9BJM6-44-0056	7/16/97
7100193	Environmental Management Support, Inc., MD - 1993-95	D9BFL6-44-0124	5/13/97
7100156	Halliburton NUS Env. Corp., MD - Fiscal 1991	D9BFL2-44-0401	4/ 4/97
7100149	Halliburton NUS Env. Corp., MD - Fiscal 1992	D9BFL3-03-0176	3/31/97
7200010	Hydrogeologic, Inc., VA - FY94-95 Internal Controls	D9BFM7-44-0111	5/28/97
7100090	Jacobs Engineering Co., CA - ARCS - Fiscal 1989	D9BGL5-44-0057	1/ 3/97
7100105	Jacobs Engineering Co., CA - ARCS - Fiscal 1990	D9BGL7-44-0044	1/29/97
7300020	Jacobs Engineering Co., CA - ARCS - Fiscal 1991	D9BGN7-44-0046	2/18/97
7300024	Jacobs Engineering Co., CA - ARCS - Fiscal 1992 ¹	D9BGN7-44-0056	3/18/97
7300031	Jacobs Engineering Co., CA - ARCS - Fiscal 1992 ¹	D9BGN7-44-0056	5/21/97
7300026	Jacobs Engineering Co., CA - ARCS - Fiscal 1993	D9BGN7-44-0061	4/14/97
7100053	Life Systems, Inc., OH - Fiscal 1989	D9BGL7-05-0054	11/13/96
7100054	Life Systems, Inc., OH - Fiscal 1991	D9BGL7-05-0055	11/13/96
7100055	Life Systems, Inc., OH - Fiscal 1992	D9BGL7-05-0056	11/13/96
7100056	Life Systems, Inc., OH - Fiscal 1993	D9BGL7-05-0057	11/13/96
7100057	Life Systems, Inc., OH - Fiscal 1994	D9BGL7-05-0058	11/13/96
7100058	Life Systems, Inc., OH - Fiscal 1995	D9BGL7-05-0059	11/13/96
7100005	Malcolm Pirnie, Inc., NY	E9BFL5-02-0413	10/ 3/96
7100077	Marasco Newton Group, Ltd., VA - Mgmt. Support - FY95	D9BFL6-03-0123	12/ 5/96
7100112	Midwest Research Institute, MO	D9BKL7-07-0009	2/10/97

¹ 7300031 replaces 7300024, incorporating a contractor correction in its claimed rates.

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Final Report Number	Description	Audit Control Number	Date Report Issued
Incurred Costs (continued)			
7100003	Morrison Knudsen Corp., ID - Fiscal 1993	D9BKL7-44-0001	10/ 2/96
7100117	Morrison Knudsen Corp., ID - Fiscal 1993	D9BKL7-44-0010	2/18/97
7100155	Morrison Knudsen Corp., ID - Fiscal 1993	D9BGL7-44-0014	4/ 2/97
7100002	Morrison Knudsen Corp., ID - Fiscal 1994	D9BKL5-44-0057	10/ 2/96
7100128	OHM Remediation, OH - ERCS - 1994	D9BHL6-23-0013	3/13/97
7100066	PRC Environmental Management, IL - 1988	E9BKL4-05-0132	11/27/96
7100071	PRC Environmental Management, IL - 1989	E9BKL5-05-0086	12/ 2/96
7100186	PRC Environmental Management, IL - 1990 - CAS 405	E9BKL4-05-0135	4/30/97
7100187	PRC Environmental Management, IL-1991-CAS 418/410/402	E9BKL4-05-0137	4/30/97
7100282	PRC Environmental Management, IL - 1992	E9BKL6-05-0119	8/28/97
7100064	PRC Environmental Management, IL - 1993 Supplemental	E9BKL6-05-0139	11/25/96
7100291	Reidel Environmental Services, OR - ERCS - Overtime	E9BGL6-10-0005	9/17/97
7100093	Resource Applications, Inc., VA - 1994	D9BFL5-03-0319	1/15/97
7100044	Roy F. Weston, PA - 1992	D9BFL4-03-0053	11/ 5/96
7100102	Roy F. Weston, PA - 1993	D9BFL4-03-0284	1/23/97
7100101	Roy F. Weston, PA - 1994	D9BFL5-03-0225	1/23/97
7400061	Rust Env. & Infrastructure, Inc., SC-ARCS-1995	D9BKP7-44-0044	7/31/97
7400056	Superior Special Services, WI - ERCS	D9BHP7-23-0003	7/18/97
7200012	Sverdrup Corp., MO - ARCS - 1996-97	D9BFM7-44-1059	6/12/97
7200013	Sverdrup Civil, Inc., MO - ARCS - 1995	D9BFM7-44-1058	6/12/97
7100221	Sverdrup Environmental, Inc., MO - ARCS - 1994	D9BFL7-44-1053	6/ 6/97
7200014	Sverdrup Environmental, Inc., MO - ARCS - 1995	D9BFM7-44-1057	6/12/97
7100266	TAMS Consultants, Inc., NY - ARCS - 1989-92	D9BGL7-02-0028	8/ 6/97
7100234	TAMS Consultants, Inc., NY - ARCS - 1993-94	D9BGL7-02-0025	6/18/97
7100118	Tapanam Associates, Inc., KS - Accounting System	D9BKL7-07-0012	2/24/97
7100089	URS Consultant Corp., WA - Fiscal 1994	D9BGL5-44-0029	1/ 2/97
7100159	Viar, VA - 1993-94	D9BFL6-03-0227	4/ 8/97
7300040	Westinghouse Remediation Services, GA - ERCS - 1991-94	E9BHN5-04-0103	9/16/97

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7100177	Ageiss Environmental, Inc., CO - TES - Fiscal 1994	D9CKL7-44-0014	4/18/97
7100175	Ageiss Environmental, Inc., CO - TES - Fiscal 1995	D9CKL7-44-0015	4/18/97
7100048	Black & Veatch Spec. Proj. Corp., MO-ARCS-Reg. 3-1991	D9CGL5-07-0014	11/ 7/96
7100121	Black & Veatch Spec. Proj. Corp., MO-ARCS-Reg. 3-1992	D9CGL5-07-0014	3/10/97
7100084	Black & Veatch Spec. Proj. Corp., MO-ARCS-Reg. 4-1990	D9CGL5-07-0023	12/23/96
7100007	Black & Veatch Spec. Proj. Corp., MO-ARCS-Reg. 5-1990	D9CGL4-07-0072	10/ 3/96
7100047	Black & Veatch Spec. Proj. Corp., MO-ARCS-Reg. 5-1991	D9CGL4-07-0072	11/ 7/96
7100046	Black & Veatch Spec. Proj. Corp., MO-ARCS-Reg. 5-1992	D9CGL4-07-0072	11/ 7/96
7400007	The Mitre Corp., MA	D9CGP6-01-0079	10/28/96
7100167	Roy F. Weston, PA - ARCS - Annual Closeout FY 1991-94	D9CFL6-03-0148	4/16/97
7100100	Roy F. Weston, PA - ARCS - Final Closeout	D9CFL6-03-0194	1/23/97
7100136	Sverdrup Environmental, Inc., MO - ARCS - Timekeeping	D9CGL5-07-0029	3/26/97
7100137	Sverdrup Civil, Inc., MO - ARCS - Timekeeping	D9CGL5-07-0029	3/26/97
7100145	Sverdrup Environmental, Inc., MO - ARCS - 1994	D9CGL5-07-0029	3/31/97

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Final Report Number	Description	Audit Control Number	Date Report Issued
Indirect Costs			
7100176	Ageiss Environmental, Inc., CO	D9DJL4-44-0054	4/18/97
7100279	DPRA, Inc., KS - Technical Enforcement Serv... - FY94	D9DKL4-44-0078	8/25/97
7100104	Reidel Environmental Services, OR - 1990	E9DHL4-10-0067	1/28/97
7100103	Reidel Environmental Services, OR - 1991	E9DHL4-10-0067	1/28/97
System Surveys			
7100017	Bay West, Inc., MN - Accounting System	D9EGL7-05-0047	10/22/96
7100262	Bechtel National, Inc., CA - ARCS - Floorcheck	D9EFL7-44-1023	8/ 5/97
7100250	City Environmental, MI - ERCS Sub. - Account'g System	D9EHL7-44-0096	7/31/97
7100230	DPRA, Inc., KS - TES - Timekeeping	D9EFL7-44-1061	6/13/97
7400006	Enserch E&C, Inc., NY - CAS 402/408/418	D9EGP6-02-0022	10/28/96
7100255	Griffin Services, Inc., GA-Edison, NJ Lab.-Floorcheck	D9EFL7-44-1094	8/ 1/97
7100289	ICF Kaiser Int'l Consulting Group - Discl. Statement	E9EFL4-22-0174	9/17/97
7400041	ICF Kaiser Int'l Corp. Office - Disclosure Statement	E9EFP4-22-0178	5/ 7/97
7400047	ICF Kaiser Int'l Eng. Group - Disclosure Statement	E9EFP4-22-0177	5/29/97
7400003	ICF Kaiser Int'l Kaiser Tech - Disclosure Statement	E9EFP4-22-0175	10/23/96
7400001	Malcolm Pirnie, Inc., NY - Floorcheck	E9EFP5-02-0417	10/ 2/96
7100208	Marasco Newton Group, Ltd., VA-Mgmt. Supp.-Timekeeping	D9EFL7-44-1039	5/21/97
7100151	Reidel Environmental Services, OR - Billing System	E9EGL5-10-0026	3/31/97
7100238	Roy F. Weston, PA - Site Assessment/Technical Asst.	D9EFL7-44-0084	6/26/97
7100097	Roy F. Weston, PA - START - Equitable Adjustment	D9EFL7-03-0031	1/23/97
7100083	Samsel Services, OH - ERCS sub. - Accounting System	D9EHL7-05-0049	12/17/96
7100079	Smith Environmental Technologies, PA - Floorcheck	D9EFL6-03-0220	12/ 6/96
7400014	TRC Env. Consultants, Inc., MA - Disclosure Statement	E9EGP6-01-0640	12/24/96
7400065	TRC Env. Consultants, Inc., MA - Electronic Data Proc	E9EGP5-01-0612	8/22/97
7300028	URS Greiner, WA - Floorcheck & Timekeeping	D9EGN7-44-0016	4/22/97
Program Reviews			
7300017	CET Environmental, Inc., CA - Internal Controls	P9FHN5-09-0077	1/27/97
7300018	NUS Corp., MD - Legal fees for subcontract termination	D9FFN4-44-0512	1/30/97
Cost Accounting Standards			
7100260	Bechtel National, Inc., CA - ARCS - CAS 404/409	D9GFL7-44-1148	8/ 5/97
7100261	Bechtel National, Inc., CA - ARCS - CAS 404/409	D9GFL7-44-1148	8/ 5/97
7100263	Gannett Fleming, Inc., PA - Cost Acct'g Standard 405	D9GFL7-44-1147	8/ 5/97
7100268	Gannett Fleming, Inc., PA - Cost Acct'g Standard 406	D9GFL7-44-1147	8/ 5/97
7100194	PRC Environmental Management, IL - CAS 405	E9GKL7-05-0095	5/14/97
7100197	PRC Environmental Management, IL - CAS 418/410	E9GKL7-05-0097	5/16/97
7400068	TRC Env. Consultants, Inc., MA - CAS 402	E9GGP5-01-0626	9/17/97
7100126	URS Consultant Corp., WA	D9GGL7-44-0013	3/12/97

APPENDIX: ACRONYMS AND ABBREVIATIONS

Acct'g	Accounting
ARCS	Alternative Remedial Contracting Strategy
Asst.	Assistance
CA	California
CAS	Cost Accounting Standards
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended
CFO	Chief Financial Officer
ChemWaste	Chemical Waste Management, Inc.
CO	Colorado
Co.	Company
Corp.	Corporation
Dep't	Department
Discl.	Disclosure
DOD	Department of Defense (U.S.)
DOE	Department of Energy (U.S.)
Eng.	Engineering or Engineers
Env.	Environmental
EPA	Environmental Protection Agency (U.S.)
EPAYS	EPA Payroll and Personnel System
ERCS	Emergency Response Cleanup Services (EPA contracts)
EWT	Environmental Waste Technology, Inc.
FFMIA	Federal Financial Management Improvement Act
FY	Fiscal Year
GA	Georgia
GCC	Greenwood Chemical Company
IAS	Integrated Administrative System (MDNR)
ID	Idaho

IFMS	Integrated Financial Management System (EPA)
IG	Inspector General
IGCE	Independent Government Cost Estimate
IL	Illinois
Inc.	Incorporated
Int'l	International
Invest.	Investigations
IRM	Information resources management
KS	Kansas
KY	Kentucky
Lab.	Laboratory
LAN	Local Area Network
LOE	Level-of-effort (type of contract)
Ltd.	Limited
MA	Massachusetts
MD	Maryland
MDNR	Missouri Department of Natural Resources
Mgmt.	Management
MI	Michigan
MN	Minnesota
MO	Missouri
Nat'l	National
NCP	National Oil and Hazardous Substances Contingency Plan, 40 CFR Part 300
NJ	New Jersey
NPL	National Priorities List
NY	New York
OERR	Office of Emergency and Remedial Response (EPA OSWER)
OH	Ohio
OHM	OHM Remediation Services (EPA contractor)

OI	Office of Investigations (EPA OIG)
OIG	Office of the Inspector General
OR	Oregon
ORC	Office of Regional Counsel (EPA)
OSC	On-Scene Coordinator
OSWER	Office of Solid Waste and Emergency Response (EPA)
PA	Pennsylvania
PA/SI	Preliminary Assessment/Site Inspection
PCBs	Polychlorinated Biphenyls
PDD	Preauthorization Decision Document
Proc.	Processing
Proj.	Projects
PRP	Potentially Responsible Party
QAPP	Quality Assurance Project Plan
RAC	Response Action Contract (EPA)
RCO	Regional Comptroller's Office (EPA)
Reg.	Region
RI/FS	Remedial Investigation/Feasibility Study
ROD	Record of Decision
SAM	Statewide Accounting for Missouri
SARA	Superfund Amendments and Reauthorization Act of 1986
SC	South Carolina
Serv.	Services
SF	Superfund
Spec.	Special
SSC	Superfund State Contract
START	Superfund Technical Assessment and Response Team (EPA contracts)
Sub.	Subcontract or Subcontractor
TES	Technical Enforcement Support (EPA contracts)

TX	Texas
U.S.	United States
VA	Virginia
WA	Washington
WI	Wisconsin