



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We performed this review to examine a potential Superfund cost recovery issue noted during our audit of the U.S. Environmental Protection Agency's (EPA's) fiscal year 2003 financial statements. As of August 2003, EPA had recorded payments of \$97 million for Superfund response costs to a general site identifier "WQ" that should have been redistributed to specific sites or other general site identifiers to improve EPA's cost recovery.

Background

EPA has the authority through the Superfund program to respond directly to releases of hazardous substances and seek recovery of its costs from the responsible parties. EPA accounts for response costs at a site-specific level to enable cost recovery. EPA obligates costs not readily identifiable to a site to the general site identifier "WQ," and upon payment redistributes the costs 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/2006/20060731-2006-P-00027.pdf

EPA Could Improve Its Redistribution of Superfund Payments to Specific Sites

What We Found

EPA did not make timely redistributions of Superfund cooperative agreement, interagency agreement, and small purchase payments from the general site identifier "WQ" to the specific Superfund sites or other general site identifiers. The finance offices that we reviewed recorded the payments to "WQ" instead of redistributing them to the appropriate general or site-specific identifiers, as required. As of January 2006, \$39 million was recorded in "WQ" for those funding vehicles. The payments remained undistributed for periods ranging from 2 months to 10 years. As a result, the \$39 million 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 cleanup activities.

We found various reasons why EPA did not timely redistribute the "WQ" costs. EPA did not establish "WQ" procedures, consistently monitor the "WQ" accounts, and provide "WQ" training. EPA also did not require cooperative agreement recipients to provide the site-specific cost detail needed.

Subsequent to our audit, EPA provided unaudited data reports that indicated the undistributed "WQ" was reduced to \$13 million as of May 12, 2006.

What We Recommend

We recommend that EPA (1) develop written "WQ" procedures, including timeliness standards and monitoring procedures; (2) provide training; (3) change cooperative agreement conditions to require recipients to provide cost details within 24 hours of drawing down funds, and enforce those conditions; and (4) redistribute the remaining historical "WQ" costs.

EPA began corrective action on several of our recommendations before we completed the audit, and generally agreed with all recommendations.