



OFFICE OF INSPECTOR GENERAL

*Catalyst for Improving the Environment*

# Annual Superfund Report to Congress for Fiscal Year 2007



# ***OIG Scorecard Summary of Superfund Results by OIG Goal – Fiscal Year 2007***

**OIG GOAL: Contribute to human health and environmental quality through improved business practices, accountability, and integrity of program operations. Below are Superfund results of OIG work in terms of outputs, actions by EPA, and impacts.**

***Dollars in Millions***

## **Audits, Program Evaluations, and Special Reviews**

2	Legislative/Regulatory Changes, Decisions, or Actions
3	Examples of Environmental Improvement
8	Management Best Practices Implemented
18	Policy, Practice, Process Actions, or Changes Made
5	Critical Public or Congressional Concerns Addressed
51	Recommendations for Agency/Stakeholder Action
36	Certifications/Validations/Verifications
8	Best Management Practices Identified
1	Environmental Risk Identified
1	New FMFIA/Management Challenge/A-123 Risk Identified
\$2.9	Total Questioned Costs (all EPA)
\$15.1	Cost Efficiencies, All Federal (all EPA)
\$4.5	Total Questioned Cost Sustained by Management Decision
\$15.1	Total Cost Efficiencies Sustained by Management Decision

## **Investigative Operations**

\$0.3	Fines, Settlements, Restitutions
2	Indictments
1	Sentencing
1	Civil Settlement
5	Administrative Actions

Sources: Performance Measurement and Results System, Inspector General Operations and Reporting System, and other OIG reports

**To find out more about the U.S. Environmental Protection Agency  
Office of Inspector General and its activities, visit our Website at:**

**<http://www.epa.gov/oig>**

**Cover photos:** *Clockwise, from top left:* The Libby, Montana, mine site (EPA photo); a caution sign at the Ringwood Mines/Landfill site in New Jersey (EPA OIG photo); and the Tremont City Landfill near Springfield, Ohio, which is a Superfund Alternative site (EPA photo).



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## **Foreword**

This report covers Fiscal Year 2007 Superfund activity of the U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG). The Superfund Amendments and Reauthorization Act of 1986 requires the OIG to annually audit the Superfund program and report the results to Congress.

We found several ways EPA can improve its management of Superfund resources and free up funds for better use. We identified funding on Superfund cooperative agreements that could be deobligated in both New York and New Jersey. New York could have deobligated \$486,744 on a project that had been frequently amended since 1987. For New Jersey, although EPA had identified \$9.1 million for deobligation in November 2005 as part of its Fiscal Year 2006 deobligation plan, it had still not deobligated those amounts as of September 2006. In another review, we noted that EPA missed an opportunity to make timely and better use of \$2.8 million in the special account for the Thermo Chem Superfund site in Michigan. The Agency could have funded other priority response activities by reclassifying the funds no longer needed at that site.

Superfund interagency agreements with the U.S. Army Corps of Engineers is an area where EPA needs to better justify and support its decisions. EPA made over \$500 million in interagency agreement payments to the Corps in Fiscal Years 2005 and 2006. However, EPA had limited assurance that the agreements were based on sound financial decisions. EPA's lack of oversight also contributed to the Corps accumulating \$2.5 million in excess management and support fees from the Superfund program that should either be refunded or put to better use.

I am pleased to report that as a result of our work concerning the Superfund site in Libby, Montana, EPA has agreed to fund and execute an asbestos toxicity assessment. This assessment is critical to the determination of the health risk from asbestos contamination in Libby.

From our review of EPA's oversight of the cleanup at the Ringwood Mines/Landfill Superfund site in New Jersey we concluded that EPA met many requirements but could have conducted a more thorough initial investigation. EPA had selected a remedy that addressed site groundwater and surface water concerns, but EPA could have ensured that a more comprehensive survey was conducted of the 500-acre site. EPA removed the site from the National Priorities List in 1994, but when residents continued to discover paint sludge, EPA for the first time in Superfund's history restored a site to the list. In a separate review at the

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Ringwood site, we did not find evidence that EPA's actions to remediate environmental conditions at the site were affected by the area's racial, cultural, or socioeconomic status. However, we did note communication problems.

Although EPA has taken actions to improve its 5-year review process for Superfund sites, additional steps are needed to support and communicate conclusions, improve review timeliness, and provide fuller assurance that cleanup actions protect human health and the environment. Addressing Superfund funding and program management issues remains important. We will continue to assist Congress and EPA in their efforts to protect against the potential adverse health and environmental impacts resulting from Superfund sites. Early identification, communication, and evaluation of issues needed to reform the Superfund program can better prepare the Agency to address Superfund issues.

A handwritten signature in black ink, reading "Bill A. Roderick", is positioned above a solid horizontal line.

Bill A. Roderick  
Deputy Inspector General

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## Hazardous Substance Superfund Trust Fund

The Government Management and Reform Act requires Federal agencies to prepare annual audited financial statements. The Act was passed to help improve agencies' financial management practices, systems, and controls so that timely, reliable information is available to manage Federal programs.

One of the major entities covered by the U.S. Environmental Protection Agency's (EPA's) financial statements is the Hazardous Substance Superfund Trust Fund. Our audit of EPA financial statements also meets our Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) requirement to annually audit the Superfund Trust Fund. EPA presented the financial statements for Fiscal Year 2007 in a consolidated format and did not include a separate presentation on the Superfund Trust Fund.

The following summary of our Fiscal Year 2007 financial statement audit relates to findings from our audit of EPA's financial statements, including those of the Hazardous Substance Superfund Trust Fund. After the details on the financial statement audit are summaries on several other reviews we conducted that note ways EPA can improve its management of Superfund resources.

### EPA Earns Unqualified Opinion on Financial Statements

EPA earned an unqualified opinion on its Fiscal Year 2007 financial statements. That means we found the statements to be fairly presented and free of material misstatements. However, in evaluating internal controls, we noted seven significant deficiencies. Significant deficiencies are deficiencies in internal control that adversely affect the entity's ability to report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements will not be prevented or detected.

One of the significant deficiencies represented a material weakness in internal controls. This deficiency primarily involved Superfund receivables. During Fiscal Year 2006, EPA materially understated the Fiscal Year 2006 asset value for 31 accounts by writing off \$150 million that was collectible. EPA recorded the write-offs based on implementation of its new "Currently Not Collectible" policy, which mandates automatic write-off from accounts receivable for those receivables that had no collection activity for 2 years. However, during Fiscal Year 2007, EPA collected the \$150 million in receivables written off.

Further, we noted the following six significant deficiencies:

- EPA did not properly compute an allowance for doubtful accounts.
- In addition to the material weakness discussed above, EPA needs to improve internal controls in recording and accounting for accounts receivable.
- Key applications do not meet Federal and EPA information security requirements.
- Access and security practices for critical information technology assets need improvement.
- EPA needs to improve controls over the Integrated Financial Management System Suspense Table.

- EPA did not maintain adequate documentation for obligating accounting adjustments.

Regarding compliance with laws and regulations, we found that EPA did not comply with regulations relating to reconciling intragovernmental transactions. EPA had over \$375 million in net unreconciled differences with 46 of its trading partners.

The Agency agreed with the issues raised and indicated it has begun taking corrective actions.

We issued our report (08-1-0032) on November 15, 2007.

### **Deobligations for Superfund Cooperative Agreements with New York and New Jersey Noted**

We examined the status of funds obligated for Superfund cooperative agreements for two States and noted funding that could be deobligated.

For New York, \$486,744 could have been deobligated. EPA continued to amend and extend the project period and award amounts for this multi-site agreement, even though some sites were completed. This agreement, awarded in 1987 for an initial period of 18 months, was amended 21 times.

For New Jersey, EPA identified \$9.1 million for deobligation in its Fiscal Year 2006 deobligation plan, prepared in November 2005. However, as of September 2006, the deobligations had not occurred.

For one of three cooperative agreements we reviewed in New York, costs incurred totaling \$3 million were not billed timely. In New Jersey, two multi-site cooperative agreements totaling about \$3.4 million were not billed timely, resulting in unused obligated funds remaining idle.

We issued our report (2007-2-00003) on October 30, 2006.

### **EPA Could Better Use \$3.324 Million from Special Account for Thermo Chem Superfund Site**

EPA Region 5 missed an opportunity in 2005 to make timely and better use of \$2.8 million in the special account for the Thermo Chem Superfund site. Specifically, the Region could have funded other priority response activities by reclassifying funds no longer needed at the Thermo Chem site. Region 5 can also make use of an additional \$524,000 of the remaining special account funds that have no current planned use.

Superfund legislation authorizes EPA to retain and use funds received in settlements to address Superfund response actions contemplated in settlement agreements. EPA retains these funds in site-specific "special" accounts in EPA's Hazardous Substance Superfund Trust Fund. Thermo Chem is a former waste solvent reprocessing and storage site near Muskegon, Michigan.

In 2004, Region 5 staff recommended the reclassification of approximately \$2.8 million from the Thermo Chem special account because these funds were not needed at the site. However, these funds were not reclassified because the site managers were unaware that action was needed or required.

We recommended that Region 5 reclassify approximately \$2.8 million (plus additional accrued costs) from the Thermo Chem special account to fund other priority response activities. We also recommended that Region 5 reclassify, or transfer to the Trust Fund as appropriate, approximately \$524,000 of the Thermo Chem special account that has no planned future use.

We noted our findings in an “Early Warning” report; our review of Thermo Chem is continuing.

We issued our report (2007-S-00002) on August 20, 2007.

### **EPA Can Improve Its Management of Superfund Interagency Agreements with U.S. Army Corps of Engineers**

EPA needs to better justify and support its decisions to enter into Superfund interagency agreements with the U.S. Army Corps of Engineers.

In Fiscal Years 2005-2006, EPA made over \$500 million in Superfund interagency agreement payments to the U.S. Army Corps of Engineers to perform cleanups.

Both the decision memoranda EPA used to justify use of the Corps and methods of oversight for monitoring the Corps’ work needed improving. The decision memoranda did not contain comparisons of alternatives considered. Further, EPA did not develop independent cost estimates. As a result, EPA had limited assurance that the interagency agreements it awarded to the Corps were based on sound financial decisions. EPA also did not always receive quality and timely progress reports from the Corps, or understand the services for which the Corps was billing and the Agency was paying. EPA’s lack of oversight also contributed to the Corps accumulating \$2.5 million in excess management and support fees from Superfund that should either be refunded or put to better use.

In response to our recommendations, EPA agreed to revise its policy to ensure it implemented procedures for holding regions accountable to develop and document their own independent cost estimates for Corps in-house costs, and conduct cost analysis of alternatives when determining whether to use the Corps. EPA also agreed to develop a plan for using feedback reports as an oversight tool to monitor and improve the Corps’ performance. The improved monitoring would eliminate \$2.5 million in excess and idle management and support fees that EPA paid the Corps.

In its report on EPA’s Fiscal Year 2008 budget, the House Appropriations Committee cited the OIG report as important work regarding Superfund and agreed with the report’s conclusions and recommendations.

We issued our report (2007-P-00021) on April 30, 2007.



## Assistance Agreements

About half of EPA's Fiscal Year 2007 budget was awarded to organizations outside the Agency through assistance agreements, including a significant amount of funds related to Superfund sites. CERCLA requires audits "of a sample of agreements with States." During 2007, we examined the status of funds obligated for Superfund cooperative agreements for the States of New York and New Jersey, and noted funding that could be deobligated. Details are on page 2 of this report, in the "Hazardous Substance Superfund Trust Fund" section. In addition, during 2007, we issued one report that involved a specific assistance agreement related to Superfund.

### **Cheyenne River Sioux Tribe Outlays of \$3.1 Million Questioned**

We questioned \$3,101,827 of \$3,736,560 in EPA outlays reported by the Cheyenne River Sioux Tribe under five grants because of financial management problems.

EPA awarded five agreements to the Tribe to fund a variety of environmental activities. One of the five agreements funded a Superfund pilot project that provided management assistance to enable the Tribe to coordinate data collection, human health and ecological risk assessment planning, and response activities with EPA and other Federal activities. Of the \$588,695 in outlays for this Superfund grant, we questioned costs of \$554,633.

Overall, the Tribe did not comply with financial and program management standards. The Tribe did not:

- Follow labor cost documentation requirements for Federal grants;
- Complete contracts, justify sole-source procurements, or perform cost analyses;
- Demonstrate that fuel costs charged were equitably allocated;
- Properly account for vehicle leases;
- Comply with regulations and internal policy when purchasing equipment;
- Properly compute and claim indirect costs; and
- Maintain documentation for the recipient share of costs reported.

The Tribe also was not able to demonstrate that it completed all work under the agreements.

We recommended that EPA Region 8's Regional Administrator disallow and recover the Federal share of ineligible costs of \$64,765. None of the ineligible costs applied to the Superfund grant. For the remaining \$3,037,062 questioned, including costs for the Superfund grant, the Region should require the Tribe to provide sufficient documentation and disallow and recover the Federal share of any outlays the Tribe cannot support. The Region should confirm that all work under the agreement has been satisfactorily completed.

We issued our report (2007-4-00078) on September 24, 2007.

## Remedial Action Decision Making

We performed in-depth reviews of the reliability of site-specific analytical data for sound site remediation decisions. Also, we worked closely with the Agency to characterize Superfund sites. Through these and other actions, we are working to ensure that EPA decisions on site remediation are based on data of known quality. During 2007, we found ways in which EPA could improve remedial action decision making.

### Limited Investigation at Ringwood Superfund Site Led to Missed Contamination

EPA's oversight of cleanup at the Ringwood Mines/Landfill Superfund site in New Jersey met many requirements, but EPA could have conducted a more thorough investigation.

EPA placed the Ringwood site on the Superfund National Priorities List in 1983 and removed the site from the list in 1994 after determining that the site was protective of human health and the environment. After 1994, more cleanup actions occurred at the site, and residents continued to discover paint sludge, prompting EPA for the first time in Superfund's history to restore a site to the list. Members of Congress asked us to look at several issues related to the site.

We found that based on a limited initial site investigation, EPA Region 2 selected a remedy that addressed site groundwater and surface water concerns. EPA ensured implementation of the remedy and removal of identified paint sludge. However, EPA did not comply with the community notification requirements when conducting 5-year reviews.

The initial site investigation was performed by Ford Motor Company – one of the parties responsible for the contamination. Paint sludge continued to be discovered because EPA did not ensure that Ford conducted a comprehensive investigation. EPA could have ensured that Ford conducted a more comprehensive survey of the 500-acre site and made better use of aerial photographs. Also, EPA itself could have conducted a more thorough search for records involving waste disposal activities at the site by better enforcing disclosure requirements on Ford.

Currently, under EPA orders, Ford is conducting an ongoing, comprehensive site investigation. If done properly, this investigation should address concerns about the initial site investigation. We recommended that EPA Region 2 provide the Ringwood community with sufficient notification on initiation and results of 5-year reviews, and ensure that Ford submits all relevant information. EPA agreed with those recommendations. EPA Region 2 did not agree with another recommendation on providing staff with written guidance on records management policies; Region 2 stated it has already complied with pertinent EPA policies. The issue remains open and unresolved.

We issued our report (2007-P-00039) on September 25, 2007.

## **EPA Needs to Complete a Toxicity Assessment in Libby, Montana**

EPA has not completed a toxicity assessment of asbestos in Libby, Montana, so it cannot be sure human exposure to Libby asbestos is at acceptable levels.

After 1999 media reports called attention to Libby citizens' health problems, EPA officials requested that we review EPA's actions in cleaning up asbestos contamination. In January 2000, due to citizen concerns, EPA started sampling and analyzing lawn and garden products that contained vermiculite mined at Libby. In March 2001, we reported that EPA had addressed asbestos contamination at other sites, but had failed to institute controls that might have protected Libby's citizens from the health effects of asbestos contamination. In 2002, EPA began an emergency response cleanup.

In our most recent review, based on a request by Montana's two Senators, we found that EPA has neither planned nor completed a risk and toxicity assessment of the Libby asbestos to determine an acceptable level of human exposure. Thus, EPA cannot be sure that the ongoing Libby cleanup is sufficient to prevent humans from contracting asbestos-related diseases. Also, EPA presented inconsistent positions on safety issues in two public information documents.

As a result of our review, EPA agreed to fund and execute a toxicity assessment. EPA also agreed to replace the public information documents on Libby asbestos.

We issued our report (2007-P-00002) on December 5, 2006.

## **EPA Needs to Improve Controls for Superfund Alternative Sites Approach**

EPA will not be able to demonstrate outcomes and results of the Superfund Alternative sites approach until it addresses management control limitations and makes controls more transparent.

The Superfund Alternative sites approach is an alternative to listing sites on the National Priorities List. Since the 1980s, EPA has used variations of this approach to clean up hazardous waste sites, but has been criticized for its management and implementation of this approach.

We found that EPA has not finalized the universe of Superfund Alternative sites. Further, EPA does not have controls over designating Superfund Alternative sites in Superfund information systems or documenting hazard assessments for the sites. In addition, EPA only measures results at Superfund Alternative sites for one of six Superfund cleanup measures. Until EPA addresses these limitations in management controls and makes these controls more transparent, it cannot demonstrate outcomes and results of the Superfund Alternative approach.

We recommended that EPA track and report cleanup progress at Superfund Alternative sites, and improve its communications, information, and transparency about the approach. EPA concurred with most of the recommendations.

We issued our report (2007-P-00026) on June 6, 2007.

## **Five-Year Review Process for Superfund Remedies Improved, But Further Steps Needed**

Since our last review in 1999, EPA has taken actions to improve the 5-year review process for Superfund sites. However, additional steps are needed to support and communicate conclusions, improve review timeliness, and provide fuller assurance that cleanup actions protect human health and the environment.

EPA's Superfund 5-year review process examines the remedies at hundreds of Superfund sites where hazardous substances remain at levels that potentially pose an unacceptable risk. The purpose is to determine whether remedies protect human health and the environment.

Since our last review, EPA has issued the *Comprehensive Five-Year Review Guidance*, provided training, and reduced the review backlog. Nonetheless, while our examination of 39 of the 5-year review reports issued between Fiscal Years 2002 and 2004 did not determine whether remedies were successful at protecting human health and the environment, we found that:

- 21 percent did not fully support conclusions on protectiveness,
- 21 percent did not provide protectiveness conclusions that were complete,
- 21 percent did not have sufficient information to implement recommendations, and
- 23 percent did not meet public notification requirements.

We recommended that EPA expand the scope of quality assurance reviews of 5-year review reports, and revise guidance to more clearly define short- and long-term protectiveness determinations. We also recommended evaluating region workloads, and using data in a new information system module to measure review effectiveness and impacts. EPA generally concurred with our recommendations.

We issued our report (2007-P-00006) on December 5, 2006.

## **Superfund's Board of Directors Needs to Complete Recommendations from *The 120-Day Study***

EPA needs to complete action on the recommendations from its 2004 study on how the Superfund program could be more efficient.

In April 2004, EPA completed a report, requested by then Acting Deputy Administrator Stephen Johnson, entitled *Superfund: Building on the Past, Looking to the Future*, more commonly known as *The 120-Day Study*. The report had 102 recommendations. In response to the report, the EPA's Acting Deputy Administrator created a Superfund Board of Directors to prepare, coordinate, and execute action plans to address the report's recommendations. We followed up on three of the report's recommendations, involving:

- Analyzing Superfund sites to determine how many were Resource Conservation and Recovery Act (RCRA) facilities and if they were a burden to the program,
- Determining whether RCRA-regulated facilities would continue to be in the Superfund program, and

- Determining whether promulgating new regulations for non-RCRA-regulated facilities would reduce the future needs of the Superfund program.

While EPA has completed its work on the first two recommendations, it has not yet done so for the third. We recommended that the Board review a sample of the implemented study recommendations to confirm that the actions taken were complete and responsive to the original study recommendations.

We issued our report (2007-P-00029) on August 1, 2007.

## Response Claims

CERCLA, as amended by the Superfund Amendments and Reauthorization Act of 1986, authorizes EPA to pay any claim for response costs as a result of carrying out the National Contingency Plan. Potentially Responsible Parties, who often make these claims, are required to enter into a Preauthorized Decision Document with EPA to cover work for which some costs will be reimbursed. The document specifies the work to be performed, the portion of the cost EPA will reimburse, and the procedures through which the Potentially Responsible Parties can make claims for reimbursement. While we do not audit response claims, we review claims by following the instructions in EPA's claims guidance for the claims adjuster. During 2007, we performed several such reviews, as discussed below.

### **Review of Bofors-Nobel Superfund Site Claim**

We reviewed the second mixed funding claim submitted by De Maximis, Inc., on behalf of the settling defendants for the Bofors-Nobel Superfund Site in Muskegon, Michigan. The Preauthorized Decision Document authorizes the claimant to submit claims for an amount which was the lesser of \$7,200,000 or 47 percent of eligible, reasonable, and necessary costs incurred for design of the remedial action pursuant to the Record of Decision and Consent Decree. We recommended that EPA accept the claim as perfected, and accept for reimbursement \$2,097,056 of the total allowable eligible costs of \$4,461,821. We issued our report (2007-4-00053) on April 4, 2007.

### **Reviews of York Oil Superfund Site Claims**

We reviewed the third, fourth, and fifth mixed funding claims submitted on behalf of Alcoa, Inc., for CERCLA response action at the York Oil Superfund Site in Franklin County, New York. The Preauthorized Decision Document authorizes the claimant to submit claims against the Superfund Trust for an amount not to exceed \$2,738,700 or 16.11 percent of eligible, reasonable, and necessary costs incurred for designing the remedial action pursuant to the Record of Decision and Consent Decree. We recommended that EPA accept the claims as perfected, and accept for reimbursement \$308,596 of the total allowable eligible costs of \$1,915,552. We issued our reports (2007-4-00056 and 2007-4-00069) on April 26 and July 31, 2007, respectively.

### **Review of Armour Road Superfund Site Claim**

We reviewed the second mixed funding claim submitted by Morrison and Foerster LLP, on behalf of U.S. Borax, Inc., for the Armour Road Superfund Site in North Kansas City, Missouri. The Preauthorized Decision Document authorizes the claimant to submit claims against the Superfund Trust for an amount not to exceed \$1,240,000 or 30 percent of eligible, reasonable, and necessary costs incurred for (1) building demolition and disposal; (2) soil excavation, treatment, and disposal; and (3) site restoration. We recommended that EPA accept the claim as perfected, and accept for reimbursement \$1,200,000 of the total allowable eligible costs of \$6,063,264. We issued our report (2007-4-00064) on June 4, 2007.

## Performance Review

In addition to the reviews required by CERCLA and the Superfund Amendments and Reauthorization Act, we conduct other reviews related to Superfund issues. Following is a summary of one completed during Fiscal Year 2007.

### **Environmental Justice and Communication Concerns Complicated Ringwood Cleanup**

We did not find that EPA's actions to remediate environmental conditions at the Ringwood Mines/Landfill Superfund site in New Jersey were discriminatory, but we did note communication problems.

About 500 acres around the mines in Ringwood, New Jersey, became a Superfund site in 1983 because of dumped hazardous paint sludge. Paint sludge was removed several times and the site was deleted from the Superfund list in 1994. But after several more removal actions were necessary, the Agency put the site back on the Superfund list in 2006. Residents said they were unfairly treated because of their racial makeup and socioeconomic status. Several believed their health was adversely affected by exposure to site contamination. Three members of the New Jersey congressional delegation requested that we look into residents' concerns.

We did not find evidence to indicate that EPA's actions to investigate or remediate environmental conditions at the Ringwood site were affected by the area's racial, cultural, or socioeconomic status. However, problems with communication and relationships impeded effective cooperation between EPA and residents. Thus, we recommended that EPA address the Ringwood community's perceptions, prepare a community involvement plan, and increase communication. EPA concurred with our recommendations.

We issued our report (2007-P-00016) on April 2, 2007.

## Investigative Activity

The OIG Office of Investigations continued to focus its investigative resources on allegations of fraud, waste, and abuse in high risk and high dollar areas, including in the Superfund program. During Fiscal Year 2007, our Superfund investigative efforts resulted in:

- \$295,502 in monetary fines and restitution
- 2 indictments
- 1 sentencing
- 1 civil settlement
- 5 administrative actions

Following is an instance of Superfund investigative activity with results in Fiscal Year 2007.

### **EPA Contract Laboratory Settles Civil Suit for \$200,000**

On November 16, 2006, while admitting no wrongdoing, Liberty Analytical Corporation entered into a \$200,000 Civil Settlement Agreement with the U.S. Attorney's Office for the Eastern District of North Carolina to settle allegations that the company submitted false claims to EPA.

Compuchem Environmental, a division of Liberty Analytical, Cary, North Carolina, provided false analytical data to EPA under the Superfund Analytical Services Contract Laboratory Program. Specifically, the company failed to properly calibrate gas chromatograph/mass spectrometer (GC/MS) instruments used in the analysis of samples from EPA Superfund sites. Each invoice submitted to EPA that contained false analytical data resulted in a false claim.

The investigation determined that quality control standards were routinely bypassed, in that improper calibration procedures extended the "run time" of the GC/MS instruments, therefore producing false analytical data. Some analysts admitted that they had been following this procedure since as early as 1992. Three Compuchem analysts involved in the improper calibration practice were criminally charged and entered guilty pleas in U.S. District Court. All three analysts received probation, fines or restitution, and community service, and were subsequently debarred (these actions had occurred and were reported in a prior reporting period). Because of missing data, it was not possible to determine which samples were affected by improper calibration and, therefore, which Superfund sites were potentially affected. Compuchem has been a part of the EPA Contract Laboratory Program since the 1980s.



# OIG Financial Statements

## Analysis of OIG's Fiscal Year 2007 Superfund Use and Carryover Balance

Superfund Budget Object Class	FY 2006 Carryover Avail in 07	FY 2006 Carryover Used in 07	FY 2006 Lapsed Funds	FY 2007 Approp	FY 2007 Used in 07	FY 2007 Carryover	Total Cost of FY 07 Operations	Total Cost as % of 07 Approp
PC&B	(\$327,231)	(\$263,396)	(\$63,835)	\$11,116,053	\$10,358,947	\$757,106	\$10,095,551	91%
Travel	700,679	695,773	4,906	588,000	530,706	57,294	1,226,479	209%
Site Travel	5,000	5,000	0	0	0	0	5,000	--
Expenses	163,618	158,253	5,365	341,800	107,004	234,796	265,257	78%
Contracts	716,769	659,405	57,364	690,000	525,327	164,673	1,184,732	172%
WCF	(221,633)	(221,718)	85	551,000	551,000	0	329,282	60%
Grants	<u>2,390</u>	<u>2,090</u>	<u>300</u>	<u>50,000</u>	<u>26,486</u>	<u>23,514</u>	<u>28,576</u>	<u>57%</u>
<b>Total SF</b>	<b>\$1,039,592</b>	<b>\$1,035,407</b>	<b>\$4,185</b>	<b>\$13,336,853</b>	<b>\$12,099,470</b>	<b>\$1,237,383</b>	<b>\$13,134,877</b>	<b>98%</b>

### FY 2007 OIG Superfund FTE Usage

FY 2007 Available      93.8 (88 on board 10/1/06)  
 FY 2007 FTEs Used      84.0  
 % of FTEs Used      89.6%

FTE      Full-Time Equivalent  
 FY      Fiscal Year  
 PC&B      Personnel Compensation and Benefits  
 SF      Superfund  
 WCF      Working Capital Fund

## Listing of Fiscal Year 2007 Superfund Reports

<u>Report No.</u>	<u>Description</u>	<u>Date</u>
2007-1-00007	Gannett Fleming Inc. - FY December 31, 2004, Incurred Cost	24-OCT-06
2007-2-00003	Superfund Agreement Obligations with New York and New Jersey	30-OCT-06
2007-4-00019	E&E Subcontract Cost Impact	02-NOV-06
2007-M-00001	OECA and OSWER	06-NOV-06
2007-M-00002	OSWER and OW	15-NOV-06
2007-4-00028	Mabbett and Associates, Inc. - Preaward - PR-HQ-06-13341	30-NOV-06
2007-P-00002	Asbestos Cleanup in Libby, Montana	05-DEC-06
2007-P-00006	Five-Year Review Process for Superfund Remedies	05-DEC-06
2007-4-00032	The Johnson Company - Financial Capability	07-DEC-06
2007-2-00012	The Johnson Company - Preaward - PR-HQ-06-13341	18-DEC-06
2007-4-00042	Mabbett and Associates, Inc. - Financial Condition Risk Assessment	16-JAN-07
2007-2-00017	Mabbett and Associates, Inc. - Proposal PR-HQ-06-13341	16-JAN-07
2007-2-00018	Tetra Tech NUS Inc. - FY 2002 RAC 68-W6-0045	16-JAN-07
2007-2-00019	Tetra Tech FW, Inc. - FY 2004 RAC 68-W9-8214	23-JAN-07
2007-P-00016	Ringwood Mines/Landfill Superfund Site - Environmental Justice	02-APR-07
2007-4-00053	Bofors-Nobel Superfund Site Claim No. 2	04-APR-07
2007-1-00064	URS Operating Services Inc. - FY 1997 Incurred Cost	23-APR-07
2007-4-00056	York Oil CERCLA Response Claims 3 and 4	26-APR-07
2007-P-00021	EPA Superfund Contracting through U.S. Army Corps of Engineers	30-APR-07
2007-4-00063	E&E FY 2005 Adequacy Review	23-MAY-07
2007-4-00064	Armour Road Superfund Site Claim No. 2	04-JUN-07
2007-P-00026	Status of Superfund Alternative Sites with No Signed Agreement	06-JUN-07
2007-2-00028	Tetra Tech NUS Inc. - FY 2004 RAC - 68-S6-3003	29-JUN-07
2007-2-00029	Tetra Tech/BVSPC Joint Venture - FY 2001 RAC Closeout 68S73002	31-JUL-07
2007-4-00069	York Oil CERCLA Response Claim No. 5	31-JUL-07
2007-P-00029	Superfund Board of Directors Needs to Evaluate Improvement Actions	01-AUG-07
2007-2-00032	Black & Veatch Special Proj. Corp. - FY 2001 RAC 68-W-99-043	01-AUG-07
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2007-2-00037	CDM Federal Program Corp - FY 2003 RAC 68-W9-8210	18-SEP-07
2007-2-00038	CH2M Hill, Inc. - FY 2002 RAC 68-W9-8225	21-SEP-07
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2007-2-00043	URS Corporation - FY2000 RAC Closeout 68-W9-8228	27-SEP-07
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