



JUL 6 1991

## Memorandum

Date

*R. P. Kusserow*

From

Richard P. Kusserow  
Inspector General

Subject

Superfund Financial Activities of the Agency for Toxic  
Substances and Disease Registry for Fiscal Year 1990  
(A-15-91-00002)

To

James O. Mason, M.D., Dr. P.H.  
Assistant Secretary for Health

The attached final audit report provides you with the results of our audit of the Agency for Toxic Substances and Disease Registry's (ATSDR) Superfund financial activities for Fiscal Year (FY) 1990.

Our audit was conducted pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended. The CERCLA requires the Inspector General of each Federal organization with Superfund responsibilities to perform audits of all payments, obligations, reimbursements and other uses of the Superfund, to assure that the fund is being properly administered and that claims are being appropriately and expeditiously considered.

Through interagency agreements with the Environmental Protection Agency, ATSDR obligated \$45.2 million and disbursed \$43.9 million in Superfund resources during FY 1990. This report concludes that, in general, ATSDR administered the fund in accordance with CERCLA, as amended.

In addition to auditing ATSDR's FY 1990 disbursements, we analyzed the conditions cited in a recently issued General Accounting Office (GAO) report<sup>1</sup> relating to ATSDR's health assessment program. We determined the deficiencies were of such magnitude that the Department of Health and Human Services should report them as a material internal control weakness; that ATSDR had not made provision for all of its program activities for internal control reviews under the Federal Managers' Financial Integrity Act; and that ATSDR had not developed and implemented a detailed corrective action plan to ensure the expeditious implementation of the GAO's recommendations.

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<sup>1</sup>On August 1, 1991, GAO issued its report to the Chairman, House Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, entitled, "superfund -PublicHealthAssessments Incomplete and of Questionable Value" (GAO/RCED 91-178).

Page 2 - James O. Mason, M.D., Dr. P.H.

In the written response, the Public Health Service (PHS) generally concurred with the report recommendations and have indicated that corrective action will be taken. A copy of PHS' response is included as Appendix B.

We would appreciate being advised within 60 days on the status of corrective action taken or planned on each recommendation. If you wish to discuss our findings further, please call me or have your staff contact Daniel W. Blades, Assistant Inspector General for Public Health Service Audits, at (301) 443-3583. To facilitate identification, please refer to Common Identification Number A-15-91-00002 in all correspondence relating to this report.

Attachment

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**SUPERFUND FINANCIAL ACTIVITIES OF  
THE AGENCY FOR TOXIC SUBSTANCES  
AND DISEASE REGISTRY FOR FISCAL  
YEAR 1990**



Richard P. Kusserow  
INSPECTOR GENERAL

A-15-91-00002

## EXECUTIVE SUMMARY

This report discusses the results of our audit of the Agency for Toxic Substances and Disease Registry's (ATSDR) Super-fund financial activities for Fiscal Year (FY) 1990. Our audit was conducted to comply with provisions of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), as amended. The CERCLA requires the Inspector General (IG) of each Federal organization, with Superfund responsibilities, to conduct an annual audit of all payments, obligations, reimbursements, or other uses of the Superfund, to assure that the fund is being properly administered and that claims are being appropriately and expeditiously considered. Our audit disclosed that ATSDR generally administered the fund in accordance with the CERCLA. Superfund transactions for FY 1990 generally were properly and accurately recorded and reported by ATSDR. Supporting documentation showed that the transactions were for valid Superfund activities.

The ATSDR, an agency of the Department of Health and Human Services' (HHS) Public Health Service (PHS) is funded by the Superfund through interagency agreements with the Environmental Protection Agency (EPA). During FY 1990, ATSDR's obligations of Superfund resources totaled about \$45.2 million and disbursements totaled about \$43.9 million.

In addition to the CERCLA audit requirement, beginning with FY 1991 the Chief Financial Officers Act of 1990 (CFO Act) annually requires ATSDR to report the results of its operations in a financial statement, and the IG to evaluate performance data and perform an audit of ATSDR's financial statements. As provided for in the CFO Act, the Superfund account was granted a waiver from the requirement by the Office of Management and Budget (OMB), for FY 1991. One of the purposes of the CFO Act is to:

"...provide for improvement, in each agency of the Federal Government, of systems of accounting, financial management, and internal controls to assure the issuance of reliable financial information and to deter fraud, waste, and abuse of Government resources."

Also, the CFO Act requires agency chief financial officers to develop and maintain an integrated financial management system that includes internal control standards, systematic

measurement of performance, and a process for insuring compliance with the Federal Managers' Financial Integrity Act (FMFIA).

Our prior audit reports (A-04-90-04002 and A-04-88-04029) discussed the lack of an accounting system to identify costs on a site-specific basis and errors in the timekeeping function. Our follow-up review revealed the problems had been corrected. The ATSDR has implemented a functional cost accounting system acceptable to EPA that effectively identifies costs on a site-specific basis and describes activities at the site. Training given by Centers for Disease Control (CDC) and ATSDR to timekeepers and increased supervision by managers has effectively reduced the error rate in the timekeeping function to an acceptable level. The ATSDR has also implemented additional controls to ensure continuation of accurate timekeeping.

In August 1991, the General Accounting Office (GAO) reported to the Chairman, House Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, major problems with the quality and usefulness of ATSDR's health assessments. Health assessments represent about 29 percent of ATSDR's FY 1990 budget. The ATSDR concurred with GAO's findings and advised the Subcommittee Chairman in October 1991, of its intended actions to address GAO's recommendations.

Our review of ATSDR's response to the Subcommittee Chairman, FMFIA records, and current activities relating to GAO's recommendations revealed that: ATSDR has no plans to have an independent evaluation performed of the value of its health assessments; the corrective action plan provided to the Chairman lacks specific details of actions to be taken and expected completion dates; and only one of at least six ATSDR mandated program activities has had the required internal control review. We recommend that the PHS: independently examine in collaboration with EPA the value of continuing to prepare health assessments at all Superfund sites when the health assessments are of limited or no value; and report to the Secretary of HHS the deficiency of not performing internal control reviews of all of ATSDR's program activities as a material internal control weakness. We also recommend that ATSDR: develop a detailed corrective action plan for implementing GAO's recommendations; develop performance measurement information on its health assessment program as envisioned by the CFO Act; and include the results of the performance measurement information in its FY 1992 financial statements as required by the CFO Act.

In their written response PHS generally concurred with the recommendations made in the audit report and have indicated that corrective action will be taken. The PHS comments are summarized after each finding and the entire text of the comments is included as Appendix B to the report.

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## ABBREVIATIONS

ATSDR	Agency for Toxic Substances and Disease Registry
CDC	Centers for Disease Control
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CFO	Chief Financial Officer
CFO Act	Chief Financial Officers Act of 1990
CIN	Common Identification Number
CPA	Certified Public Accountant
EPA	Environmental Protection Agency
FMFIA	Federal Managers' Financial Integrity Act
FY	Fiscal Year
GAO	General Accounting Office
HHS	Department of Health and Human Services
ICA	Internal Control Area
ICR	Internal Control Review
IG	Inspector General
MCP	Management Control Plan
OIG	Office of Inspector General
OMB	Office of Management and Budget
PHS	Public Health Service
SARA	Superfund Amendments and Reauthorization Act of 1986



# INTRODUCTION

This report discusses the results of our audit of ATSDR Superfund financial activities for FY 1990. The ATSDR, an agency of HHS, PHS, is funded by the Superfund through interagency agreements with the EPA. Our audit was conducted to comply with provisions of CERCLA, as amended. The CERCLA was extended and amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA). The CERCLA requires the IG of each Federal organization, with Superfund responsibilities, to conduct audits of all payments, obligations, reimbursements, or other uses of the Superfund, to assure that the fund is being properly administered and that claims are being appropriately and expeditiously considered.

In addition, the CFO Act requires ATSDR to report the results of its operations in a financial statement and the IG to annually evaluate performance data and perform an audit of ATSDR's financial statements starting in FY 1991. As provided for in the CFO Act, the Superfund account was granted a waiver from the requirement by OMB for FY 1991. One of the purposes of the CFO Act is to:

"...provide for improvement, in each agency of the Federal Government, of systems of accounting, financial management, and internal controls to assure the issuance of reliable financial information and to deter fraud, waste, and abuse of Government resources."

Also, the CFO Act requires agency chief financial officers (CFO) to develop and maintain an integrated financial management system that includes internal controls complying with standards, a systematic measurement of program performance, and a process for insuring compliance with the FMFIA which was enacted in 1982.

The Chairman, House Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, asked GAO to evaluate the quality and usefulness of ATSDR's health assessments. In FY 1990, ATSDR estimated that almost \$13 million and over one-half of its staff were devoted to the health assessment program. Health assessments represented approximately 29 percent of ATSDR's FY 1990 budget.

During FY 1990, ATSDR's obligations of Superfund resources totaled about \$45.2 million and disbursements totaled about \$43.9 million (See Appendix A). The ATSDR is located in Atlanta, Georgia and operates with about 200 employees. It is one of eight agencies of PHS. The ATSDR using its own staff

and through cooperative agreements with State agencies, reported **that** it had performed 283 public health assessments on 246 hazardous waste sites during the period January 1, 1989 to December 31, 1990. The CDC provides ATSDR by contract with accounting and other administrative services, such as personnel, payroll, and financial management of extramural awards of Superfund resources.

The CERCLA created ATSDR on December 11, 1980, and established the Hazardous Substance Response Trust Fund, which is commonly known as Superfund. The Superfund is a trust fund managed by EPA and is used to respond to emergency environmental conditions that are hazardous to health, and to pay for the removal of toxic substances. Annual funding for ATSDR is provided by EPA to carry out the CERCLA mandated functions.

The ATSDR's principal mandated activities include:

(1) performing health assessments, health consultations, and pilot health studies; (2) assembling toxicological profiles; (3) carrying out health effects research; (4) acquiring and maintaining an inventory, and disseminating toxic health literature and research studies to requestors; and (5) responding to health emergencies from actual or anticipated toxic substance contamination. In addition to assisting the EPA in accomplishing its mission, the statute requires ATSDR to assist other Federal and State agencies, local political subdivisions, and the general public when performing its mandated responsibilities. For example, individual persons or licensed physicians may submit information directly to ATSDR and request a health assessment be performed. Thus, provisions of the statute require ATSDR to serve the general public as well as the various political entities.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The objective of the audit was to determine whether ATSDR had accurately recorded and reported financial transactions for FY 1990 and whether the fund was administered in accordance with the Superfund legislation. The audit was conducted to comply with section 111(k) of CERCLA, as amended by SARA, which requires the IG to audit claims to determine that they are appropriately and expeditiously considered; audit a sample of agreements with States; and examine remedial investigations and feasibility studies prepared for remedial actions.

The Office of Inspector General (OIG) conducted the audit in accordance with Government Auditing Standards (Standards) applicable to financial related audits. These Standards

require the auditor to plan, test and report on compliance with applicable laws and regulations, and to obtain and report on an understanding of the internal control structure.

The Standards also provide specific guidance relating to the materiality and significance of audit tests and procedures as well as criteria for determining whether a matter requires disclosure in the audit report. Materiality and significance are influenced by qualitative as well as quantitative factors. In this regard, qualitative factors include the cumulative effect and impact of items, and the use of the reported information by the user or groups of users of the information. Decisions on these criteria are based on the auditor's professional judgments. In determining materiality and/or significance and audit risk, the auditor may consider the results of prior audits; the adequacy of internal controls for ensuring compliance with laws and regulations; and the level and extent of review or other form of independent oversight.

Our audit was performed at ATSDR's offices and at various CDC locations, in Atlanta, Georgia, from December 1990 to January 1992. Also, the audit was performed under EPA Interagency Agreement number DW75934999-01, between the EPA's OIG and HHS' OIG. The entire text of PHS' comments to our recommendations is attached as Appendix B.

Discussions with officials of ATSDR and EPA confirmed that the requirements pertaining to claims and remedial investigations and feasibility studies are not applicable to ATSDR because they are EPA's responsibility. Therefore, this audit did not cover these areas.

Audits of a sample of cooperative agreements with States and private contractors are being conducted on a continuing basis, under our direction, by certified public accounting (CPA) firms. This review included an evaluation of the results of CPA audits, completed through April 1991, covering about \$4.9 million in ATSDR agreements with five State agencies and one private contractor. Approximately \$3.1 million was audited:

- o Florida Department of Health and Rehabilitative Services  
CIN: A-04-90-04030, Audit Issue Date: 03/08/91  
Purpose: Perform health assessments-hazardous waste sites  
Cooperative Agreement Period: 09/29/87-09/28/92  
Audit Period: 09/29/88-09/28/89  
Amount Audited: \$198,198

o Georgia Department of Human Resources  
CIN: A-04-89-04099 Audit Issue Date: 09/12/90  
Purpose: (1) Develop methods to study relationship between very low birth weight (VLBW) and environmental exposures, and (2) Perform case-control study to generate hypotheses concerning the etiology of VLBW.  
Cooperative Agreement Period: 09/29/84-09/28/89  
Audit Period: 09/29/84-12/31/88  
Amount Audited: \$1,721,608

o Health Officers Association of California  
CIN: A-04-89-04103 Audit Issue Date: 12/20/90  
Purpose: Perform study to determine whether residential exposures to Superfund sites are associated with congenital malformations, low birth weight, or cerebral palsy.  
Cooperative Agreement Period: 06/01/86-05/31/90  
Audit Period: 06/01/86-03/31/88  
Amount Audited: \$289,606

o Iowa Department of Public Health  
CIN: A-04-91-04001 Audit Issue Date: 02/12/91  
Purpose: Perform health assessments-hazardous waste sites Cooperative Agreement Period: 09/29/87-09/28/91  
Audit Period: 09/29/88-09/28/89  
Amount Audited: \$260,479

o New Jersey State Department of Health  
CIN: A-04-90-04049 Audit Issue Date: 02/12/91  
Purpose: Perform health assessments-hazardous waste sites Cooperative Agreement Period: 09/29/87-09/28/90  
Audit Period: 09/29/88-09/28/89  
Amount Audited: \$260,781

o Wisconsin Department of Health and Social Services  
CIN: A-04-90-04036 Audit Issue Date: 04/09/91  
Purpose: Perform health assessments-hazardous waste sites Cooperative Agreement Period: 09/29/87-09/28/90  
Audit Period: 09/29/88-09/28/89  
Amount Audited: \$327,450

We have summarized and presented in Appendix A, ATSDR's financial transactions for FY 1990. The unliquidated obligations shown in the Appendix are cumulative from FY 1984 through FY 1990. The disbursement and obligation transactions were recorded in CDC's accounting system which pertain to Superfund activities.

We audited financial transactions recorded as of September 30, 1990 to determine whether they were accurately recorded and reported, documentation was sufficient, and the Superfund was administered in accordance with Superfund legislation. We used random sampling techniques to sample the total population

of 55,286 Superfund transactions recorded during FY 1990. The transactions totaled about \$45.2 million and included obligations and disbursements. Of the \$43.9 million that was disbursed during the year, \$41.6 million was subject to substantial controls that exist departmentwide, such as HHS' payment management system for grants and cooperative agreements, and the Division of Central Payroll for payroll transactions. Because we have audited these systems in the past, we did not find it necessary to perform a detailed review of the disbursement process. However, we did conduct tests to assure ourselves that disbursements charged to the Superfund were for Superfund activities.

We evaluated ATSDR's and CDC's systems of internal control relevant to the nature, timing and extent of the auditing procedures necessary to accomplish the objective of the audit. However, our audit did not include the type of comprehensive evaluation that would be necessary to express an opinion on the system of internal control taken as a whole. For the purposes of this audit, we classified significant internal controls into eight categories:

- o Funding Authority;
- o Personnel Compensation and Benefits;
- o Payroll and Timekeeping;
- o Travel;
- o Other Contractual Services;
- o Grants, Subsidies, and Contributions;
- o Equipment; and
- o Reporting.

For all control categories listed above, we obtained an understanding of relevant policies and procedures and whether they have been placed in operation, and we assessed control risks.' Based on our evaluation of the control risks in these eight areas, we conducted a more detailed examination of internal controls in three categories: Equipment, Personnel Compensation and Benefits, and Reporting. These three categories included approximately 26 percent of ATSDR's total disbursements. In our prior audit (A-04-90-04002), we examined the other five categories and found no material weaknesses.

In addition to general tests of compliance with laws and regulations such as those covering cost principles, we performed tests of ATSDR's compliance with provisions of the following laws that are enumerated in interagency agreements

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'Control Risk- The risk that material noncompliance that could occur in a major federal financial assistance program will not be prevented or detected on a timely basis by the entity's internal control structure, policies and procedures.

between HHS and EPA: (1) section 601 of the Economy Act of 1932 and amendments thereto, (interagency agreements); (2) the Comptroller General Decisions, 56 Comp. Gen. 275 (1377) and 57 Comp. Gen. 674 (1978), (Inclusion of Departmental Overhead in Interagency Agreements); (3) section 104(i) of the CERCLA, (Functional Requirements of the ATSDR); (4) section 105(f) of the CERCLA, (Minority Business Utilization), Part V, HHS Accounting Manual (Financial Reporting Requirements), and Supplement 296-33, Federal Personnel Manual System (Guide to Processing Personnel Actions); and (5) section 2 of the FMFIA. We also followed up on ATSDR's progress in implementing the recommendations contained in our prior audit report (A-04-90-04002) issued in February 1991. We also identified and reviewed GAO reports that discussed ATSDR activities pertinent to the subject of our review.

## FINANCIAL RECORDS

In general, the Superfund transactions we reviewed for FY 1990 were properly and accurately recorded, reported, and documented. We did not find any evidence of inappropriate fund use.

We randomly selected and tested financial transactions from the population of 55,286 transactions recorded in the Superfund file during FY 1990. Based on our sample selection techniques, we believe these transactions were representative of the total population. Our review disclosed no material errors. We found that the transactions were adequately supported by purchase orders, invoices, accrual records, overhead calculations, travel orders, vouchers and other valid evidential matter. The transactions were correctly recorded and reported and were made for valid Superfund activities.

Our testing of disbursements for Personnel Compensation and Benefits consisted of assuring ourselves that disbursements made actually related to Superfund activities. We tested the (1) rates of pay, (2) overtime pay, (3) leave activity, (4) fringe benefits, and (5) payroll expenditures. We verified that ATSDR employees charged to the Superfund were actually engaged in Superfund activities and examined the processing of personnel actions by the CDC personnel office. No material errors were noted.

Audits of Superfund cooperative agreements ATSDR made with five States and **one** private contractor were completed through April 1991 by a CPA firm, under our direction. The agreements provided for the States and private contractor to conduct Superfund health **assessment activities**. Total costs audited were about \$3.1 million. The audits disclosed **no** problems that would affect **in a** material way the financial records we

reviewed. However, the audits did reveal some errors and disallowances that have been discussed with ATSDR officials. These errors and disallowances were presented in a separate report for each audited entity.

## COMPLIANCE

Compliance with laws, regulations, contracts, grants, and interagency agreements applicable to ATSDR is the responsibility of ATSDR's management. With respect to the items tested, we determined that ATSDR had complied--except as described in the section entitled, **ASTDR's Compliance with FMFIA**--in all material respects with the provisions of applicable laws and regulations. With respect to items not tested, nothing came to our attention that caused us to believe that ATSDR had not complied, in all material respects, with those provisions.

Under the provisions of the Economy Act of 1932<sup>2</sup>, as amended, there are stipulations pertaining to Federal agencies performing work for other Federal agencies. The entire source of funding for ATSDR is the allocation of Superfund resources from the EPA. Our tests of the obligation and payment transactions disclosed that the transactions were related to the ATSDR's mandated functions under CERCLA.

## INTERNAL CONTROLS

The ATSDR is responsible for establishing and maintaining internal control systems used in administering Superfund programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objective of internal control systems used in administering programs is to provide management with reasonable, but not absolute, assurance that, with respect to mandated programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting controls used in administering mandated programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may

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<sup>2</sup>Provides that one Federal agency doing the work for another agency under an interagency agreement, may not use the funds for purposes other than those described in the agreement. The performing agency cannot use the funds to further its on programs.

become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Except as discussed in the section entitled ATSDR's Compliance with FMFIA, our audit did not disclose any material financial accounting weaknesses involving the financial internal control structure and its operation that we consider to be reportable conditions under internal control reporting standards established by the Standards. However, we noted a major program performance weakness identified by GAO concerning the quality and usefulness of ATSDR's health assessments. According to GAO in its 1991 report<sup>1</sup>, the assessments were incomplete and of questionable value. See the section entitled, GAO Cites Questionable Value of Health Assessments.

## FOLLOW-UP OF PRIOR OIG REVIEW

In our prior audit report (A-04-90-04002) covering ATSDR's financial activities for FY 1987 through FY 1989, we discussed the lack of a cost accounting system for identifying costs on a site-specific basis and errors in the timekeeping function.

### Cost Accounting System

In April 1991, we reported to the Congress (A-04-88-04029) that ATSDR had not been timely in its actions to establish an accounting system to identify costs incurred by hazardous waste sites. The audit report contained the following:

"In June 1987, ATSDR informed EPA that it was establishing a system for identifying costs on a site-specific basis. In January 1989, ATSDR awarded a contract to begin development of the system. The ATSDR completed that part of the system related to direct costs in January 1990, but does not expect to have the part related to indirect costs operational until FY 1991." (underscoring added)

The ATSDR's ability to operate such a system was necessary to ensure that EPA and the Department of Justice could sue perpetrators of toxic waste sites for the full costs of eliminating the site and to determine the health effects on persons who lived on or near such sites.

During our current review, ATSDR advised us that the indirect cost phase had been completed in December 1990. We determined

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<sup>1</sup>On August 1, 1991, GAO issued its report to the Chairman, House Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, entitled "Superfund- Public Health Assessments Incomplete and of Questionable Value" (GAO/RCED-91-178).



that the cost recovery **system** was functioning as designed and ATSDR was producing accurate cost reports for EPA and the Department of Justice. In their letter of January 1991, EPA stated:

"ATSDR's current practice effectively makes all identifiable costs available for cost recovery by identifying direct costs to the extent information is available and describes work performed at a site."

Based on our follow-up review, we believe ATSDR has implemented a site-specific cost accounting system. Therefore, we are making no additional recommendations.

## **Timekeeping Errors**

During our prior review (A-04-90-04002), we also found errors in the timekeeping function. We found instances where there were no supervisory signatures on employees' sign-in, sign-out records and timecards. We also found a 20 percent error rate in the calculation of credit hours for the pay periods we tested. In expanding our original sample, we determined that 43 percent of ATSDR's Employee Leave and Premium Work Records contained errors in the credit hour calculations.

During our current review, we reviewed a random sample of ATSDR employees. The initial results of our tests showed that errors continued to exist although not to as great an extent as found in our prior review. However, ATSDR had scheduled an intensive training course for the timekeepers which was to focus on specific problems and situations such as credit hours. The course was provided in May 1991. Subsequent to the training, we again reviewed the **time** records. The review covered the three most current pay periods. The error rates had decreased to a level which we consider acceptable. In addition, ATSDR had implemented new controls that require:

- o review and sign-off by supervisors,
- o control stamp on the sign-in/sign-out records for individuals approved to earn or use credit hours, and
- o biannual review of timekeeping records by management.

Based on our follow-up review, we believe the errors in the timekeeping function have been brought under control by ATSDR's management. Therefore, we are making no additional recommendations.

## GAO CITES QUESTIONABLE VALUE OF HEALTH ASSESSMENTS

According to GAO's report, ATSDR had performed health assessments at over 1,100 hazardous waste sites proposed for the National Priorities List through March 1991. The GAO evaluated 15 health assessments divided between the initial mandate of 951 assessments required by SARA to be completed by December 1988 and assessments required after the initial mandate. The 15 health assessments evaluated by GAO represented assessments performed by ATSDR during 1987, 1988, 1989, and 1990. The GAO performed its review between September 1989 and January 1991.

The GAO pointed out that:

"...sampled assessments prepared under the initial mandate were seriously deficient as public health analyses. Later assessments examined by the panel were deemed improved in comparison with the initial group, while still having some problems in data or analysis."

Also, GAO determined that EPA has seldom used the assessments, and most local officials and community representatives did not value the assessment highly, if they knew of them at all. The GAO concluded that:

- o the ATSDR should establish a formal plan to ensure that assessments on sites with the greatest potential for risk to human health get a thorough re-evaluation;
- o the ATSDR needs to adopt controls to improve the quality of health assessments;
- o to ensure recent quality improvements, a sample of health assessments should be evaluated by an independent outside review board; and
- o if assessments **are** to become more useful and duplication of effort avoided, ATSDR will need to work closer with EPA and decide how the health **assessments** can best contribute to understanding the health risk of Superfund sites.

The GAO recommended that ATSDR:

- o develop a plan to update past assessments. The plan should contain a time schedule for revising assessments and **a statement** of the resources needed to meet it and

should ensure that the most potentially hazardous sites are re-examined in accordance with the agency's current guidance;

- o arrange for at least a sample of future assessments to be reviewed by outside, independent public health professionals; and
- o both ATSDR and EPA set up an interagency work group to review how the value of ATSDR assessments to EPA could be increased and duplicate analysis avoided.

In addition, GAO suggested to Congress that it reconsider, possibly at the end of 1 year (August 1992), the value of the current legislative mandate requiring ATSDR to perform health assessments at every Superfund site, if the health assessments have not proven to be useful to EPA, the local community or others.

## **EPA Actions to Address GAO Recommendations**

On October 24, 1991, EPA advised the Chairman, House Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, that:

- o the EPA and ATSDR established an interagency work group to improve the quality of Superfund health assessments. According to EPA, progress has been made to reduce overlapping analysis and increase the usefulness of ATSDR health assessments.

The EPA pointed out, however, that while GAO has identified difficulties with ATSDR's health assessments, EPA believed its risk assessments provided them with valuable information on the health risks to the public at the Superfund sites. According to EPA, it:

- o evaluates health risks conducted on a site-specific basis and that their risk assessments provide the following information: the chemicals of concern at the site, the toxicity and potential health effects of the chemicals, and estimates of community exposure to those chemicals;
- o shares its risk assessments with the community through public meetings, places their assessments in a public information file near the site, and uses their assessments to help determine the need for cleanup at a site; and

- o protects public health from immediate and acute risk through emergency removals, restricted site access, provision of a supply of alternate drinking water and temporary relocation of area residents.

## **ATSDR Act ions to Address GAO Recommendat ions**

On October 30, 1991, ATSDR advised the Chairman, House Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, that they agreed with the three GAO recommendations. On the first recommendation, they told the Subcommittee Chairman that they are developing a plan to review past assessments including revisiting many of the sites. Regarding the second recommendation, ATSDR said they would submit a sample of health assessment reports annually to a panel of independent reviewers and experts to complete the first review cycle in December 1991. As to the third recommendation, ATSDR said a number of efforts will be initiated to make health assessments more useful to EPA, including using an interagency work group and meeting with senior EPA staff. However, ATSDR's plan for implementing GAO's recommendations did not include specifics on how ATSDR would implement the corrective actions, such as, milestone dates for accomplishing the tasks, the resources required to accomplish these activities, or prioritization of the corrective actions to be taken. Thus, the plan is incomplete with respect to those elements necessary to ensure that ATSDR implements the recommendations in a timely and cost effective manner.

In early January 1992, we met with senior ATSDR officials for the purpose of determining the status of their efforts to implement GAO's recommendations and develop a corrective action plan. We were advised that although ATSDR had made some improvements in the quality of its health assessments, it had not prepared a corrective action plan, because GAO had not requested such plan be developed. In addition, we were advised that ATSDR did not think corrective actions were required for all recommendations since the conditions cited in the GAO report had already improved or no longer existed.

Regarding GAO's suggestion that Congress reconsider the legislative mandate requiring ATSDR to perform health assessments that may be of limited or no value, we asked ATSDR officials of their plans to have an independent evaluation performed to assist Congress regarding this matter. The officials stated they have no plans for obtaining such an evaluation, unless requested to do so by Congress.

## ATSDR'S COMPLIANCE WITH FMFIA

The FMFIA, enacted in 1982, requires agencies to evaluate annually its system of internal administrative and accounting controls, and its accounting system for compliance with standards established by the Comptroller General. Annually, the results of the FMFIA evaluations are required to be reported to the President and the Congress. The CFO Act enacted in 1990, requires the CFO to include a summary of the agency's annual FMFIA report in the annual CFO report. In addition, the CFO Act requires agency CFOs to develop and maintain an integrated financial management system that includes internal control standards and a systematic measurement of program performance.

Guidance for performing the FMFIA evaluations has been developed and issued by OMB, HHS and PHS. The guidance requires agencies: to segment their various programs, activities and operations into internal control areas (ICA); to perform assessments in these areas to evaluate the risks of waste, fraud and abuse in these ICAs; and to conduct internal control reviews (ICR). An ICR is a detailed examination of a system of internal controls. According to GAO's Title 2 "Policy and Procedures Manual for Guidance of Federal Agencies," a system of internal controls entails:

"The plan of organization and methods and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports."

The guidance requires the agencies to maintain a 5-year Management Control Plan (MCP) to schedule the ICAs for review. Thus, the MCP provides for a complete control assessment of the agency during a 5-year cycle.

The OMB guidance includes criteria for reporting material internal control weaknesses and corrective action plans to the President and Congress. The specific criteria for determining whether a weakness is material includes a weakness that:

- o significantly impairs the fulfillment of an agency or component's mission;
- o violates statutory or regulatory requirements;
- o significantly weakens safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or

- o reflects adversely on the credibility of the agency's FMFIA report when subsequently made public.

Our review of PHS' past and present 5-year MCPs through 1995 showed that no provisions have been established for conducting ICRs of ATSDR's programs except for Toxicological Profiles that were reviewed in FY 1990. Consequently, only one of at least six program ICRs envisioned by the FMFIA statute has been conducted or planned. Discussions with the CDC/ATSDR internal control coordinator indicated the current 5-year MCP was produced jointly by ATSDR officials and PHS' Internal Controls Branch. The plan ends in FY 1995.

## CONCLUSIONS

The problems pointed out by GAO regarding the quality and usefulness of ATSDR's health assessments indicate a serious shortcoming in one of ATSDR's principal program activities for assisting EPA in identifying those facilities where the release of hazardous substances is of highest potential risk to human health. The consequences of this shortcoming is that ATSDR is not satisfactorily accomplishing its mandated responsibilities or protecting the general public with regard to hazardous substances in the environment. The GAO suggested the Congress reconsider the value of the legislative mandate requiring ATSDR to perform health assessments that may be of limited or no value at every Superfund site. We believe it would be more appropriate for PHS to independently make this determination to assist the Congress regarding the need for such legislation. The ATSDR officials, however, have no plans for conducting such an evaluation. The EPA believes progress has been made to reduce overlapping analysis and usefulness of health assessments. However, neither EPA nor ATSDR has performed a comprehensive analysis or evaluation to determine if ATSDR has significantly improved the quality of its assessments or how well ATSDR is enhancing the usefulness of health assessments to EPA. Moreover, ATSDR has not developed a detailed corrective action plan necessary to ensure the timely and efficient implementation of GAO's recommendations.

Also, had ATSDR been performing the ICRs required by the FMFIA since 1982, many of the problems cited by GAO may have been identified and corrected earlier. Except for Toxicological Profiles, none of ATSDR's other mandated program activities have been included in the agency's MCP or have had an internal control evaluation. Consequently, ATSDR has no assurance that the internal controls in its programs except for Toxicological Profiles are sufficient to safeguard against more waste. Full compliance with FMFIA and CFO requirements should assist agency management in determining the value of ATSDR's current efforts to document evidence of the release of hazardous

substances where the potential risk to human health appears highest. We believe legislative requirements should be complied with immediately. Moreover, ATSDR needs to have an independent review conducted to evaluate the current quality of health assessments and usefulness to EPA.

## RECOMMENDATIONS AND AGENCY COMMENTS

We recommend that PHS:

- (1) independently examine, in collaboration with EPA, the value of continuing to prepare health assessments at all Superfund sites when the assessments may be of limited or no value, and if warranted, consider seeking legislative relief: and

### o PHS Comment

The PHS stated: "that it concurred...with continuing collaborations with EPA regarding the value of health assessments..." and that enhancing the utility of public health assessments was an appropriate subject to be pursued by the Mid-Level Managers' Forum (Forum). In addition, PHS stated that EPA would conduct a needs survey as a critical first step for determining if ATSDR's health assessments can be useful to EPA. According to PHS, EPA will design the survey and gather the information.

The PHS said it supports the current legislative mandate to conduct health assessments at all National Priorities List (Superfund) sites within 1 year of the date of their proposal for listing. The PHS noted that a determination would be made on the usefulness of conducting health assessments at all Superfund sites after the end of EPA's needs assessment and reporting to senior management.

### o OIG Evaluation

The PHS did not address our recommendation to independently examine in collaboration with EPA, the value (i.e. quality and usefulness) of continuing to prepare health assessments at all Superfund sites. The PHS' statutory responsibilities for health assessments extend beyond EPA to local officials and community representatives. According to ATSDR, health assessments identify populations living or working near hazardous waste sites for which more extensive public health actions or follow-up activities are planned. The EPA needs assessment may not fully address the uses made of ATSDR's health assessments beyond EPA. Accordingly,

without a comprehensive and independent examination, PHS may not be in a position where it can effectively address shortcomings in the health assessments and better target its Superfund resources.

On June 9, 1992, the Subcommittee on Investigations and Oversight, Committee on Public Works and Transportation, House of Representatives held hearings on the value of **ATSDR's** health assessments and related matters. The EPA, ATSDR, corporations, local officials and citizens testified. The Subcommittee has not yet reported the results of these hearings.

- (2) disclose in its **FY 1992** FMFIA report to the Secretary of **HHS** (a) the existence of a material internal control weakness in ATSDR resulting from its failure to develop and carry out an internal control evaluation system covering all major mandated programs and (b) the deficiencies in the health assessment program which have not yet been fully corrected.

o PHS Comments

The PHS did not concur with the OIG recommendation. The PHS stated that although ATSDR will reconfigure its MCP to show health assessments as a separate area for future internal control reviews, **ATSDR's** program operations were covered under cross-cutting internal control reviews. In addition, PHS stated that even though some of the early health assessments were not as extensive or systematic as current ones, ATSDR has taken actions to improve the quality and usefulness of the health assessments.

o OIG Evaluation

We are concerned that ATSDR will not subject all of its programs to internal control reviews as part of the MCP. Therefore, **PHS'** proposed action of only including health assessments in future internal control reviews is inadequate. The PHS still needs to develop and carry out an internal control evaluation system that covers all major mandated programs.

The **PHS'** statement that **ATSDR's** program operations were covered under cross-cutting internal control reviews is misleading. Those cross-cutting issues relate to generic agency expenditures for such things as staffing, animal care use programs and facilities, real property, travel, budget execution, etc. Our recommendation goes beyond reviewing expenditures and is intended to address the need for ATSDR to review the effectiveness and efficiency of its programs. Thus, we reiterate the continued need



for PHS to develop and implement an effective and comprehensive MCP that includes specific internal control evaluations of all mandated programs.

Also, PHS stated that even though some of the early health assessments were not as extensive or systematic as current ones, ATSDR has taken actions to improve the quality and usefulness of health assessments. We do not agree with PHS that the **"improved"** health assessments are of an acceptable quality and usefulness to EPA.

Our review of a recent extramural review panel's findings and conclusions disclosed that quality and usefulness of **ATSDR's** health assessments continued to be unacceptable. The review panel reported on December 11, 1991, its work on a sample of 8 of the 41 health assessments completed during FY 1991. The findings and conclusions of four of the six panelists, who were all selected by ATSDR, were very critical. The following excerpts are quotes from the panelists' findings and conclusions:

One panelist stated:

"Most of the assessments reviewed included no descriptive health outcome data...

"...there are also cases where essential sampling has not been conducted and it is impossible for the reader to get a sense of the extent of off site contaminations...

"Unfortunately, the current limited approach has often led to inconclusive findings which often fail to address community **concerns.**"

a second panelist stated:

**"This** section of the health assessment generally repeats the data from the EPA site investigation or removal **action** and adds little or no value to previous documents...

"Often the discussion of pathways of exposure is very **hypothetical.**"

a third panelist stated:

"I am not confident that the health assessments accurately and clearly communicate the health threat posed by the site."

and a fourth panelist stated:

"Many of the health assessments are so poorly written that they cannot be used by the public to obtain an understanding of the magnitude of the problem at the site, nor can they be used by public health officials to determine risks to the public."

Also, we recommend that the PHS direct the Administrator of ATSDR to:

- (3) develop a detailed corrective action plan containing specific details of actions to be taken and expected completion dates for implementing **GAO's** recommendations;

o PHS Comment

The PHS concurred with the recommendation and stated that in March 1992, the Administrator of ATSDR reported to the Chairman of the House Subcommittee on Oversight and Investigations, Committee on Energy and Commerce on "... the significant progress made by ATSDR toward implementing the three recommendations in the GAO report." This progress consisted of the aforementioned EPA needs assessment, the extramural review panel's evaluation of a sample of 1991 health assessments, and a work plan with time frames to update past health assessments. In addition, PHS stated that ATSDR has a corrective action plan that contains specific details of actions and completion dates. The PHS said it will monitor **ATSDR's** implementation of these corrective actions.

- (4) include all program activities in the FY 1992 FMFIA MCP and conduct an internal control review of the health assessment program this FY;

o PHS Comment

The PHS concurred with the need for an MCP to cover all key programmatic areas.

o OIG Evaluate

The PHS in their comments did not address, including all ATSDR programmatic areas, in the FY 1992 MCP and conducting an internal control review of health assessments during FY 1992 as we had recommended. We believe that failure to take immediate steps during this FY to identify and correct the internal control weaknesses in **ATSDR's** programs could impair the

Department's assurance to the President and Congress that it is in compliance with FMFIA.

- (5) develop the performance measurement information envisioned by the CFO Act indicating the timeliness, quality, and usefulness of **ATSDR's** health assessments to EPA and other users of the assessments; and

o PHS Comment

The PHS concurred and stated that ATSDR has developed performance measures for health assessments and that this information will be included in the combined CDC/ATSDR financial statements for FY 1992 as required by the CFO Act.

- (6) report the results of the preceding recommendations in the Management's Discussion and Analysis section of **ATSDR's** financial statements for FY 1992 as required by the CFO Act.

o PHS Comment

The PHS concurred with the recommendation and stated that it would report the recommendations contained in this audit report in **ATSDR's** financial statements.

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We would appreciate being advised within 60 days on the status of corrective action taken or planned on each recommendation. If you wish to discuss our findings further, please call me or have your staff contact Daniel W. Blades, Assistant Inspector General for Public Health Service Audits, at (301) 443-3583. To facilitate identification, please refer to Common Identification Number A-15-91-00002 in all correspondence relating to this report.

APPENDICES

AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY  
FINANCIAL SUMMARY OF SUPERFUND ACTIVITY

Description	Total Obligations <u>(1)</u>	Disbursements Supported <u>(2)</u>	Unliquidated Obligations <u>(3)</u>	<u>Notes</u>
Personnel	\$ 7,900,411	\$ 7,773,231	\$ 559,052	
Personnel Benefits	<u>1,991,170</u>	<u>1,855,063</u>	<u>393,288</u>	
Total Compensation and Benefits	\$ 9,891,581	\$ 9,628,294	\$ 952,340	
<u>Other Costs</u>				
Travel & Transport of Personnel	924,709	940,963	168,236	
Transportation of Things	128,074	65,028	85,928	
Rent, Communications and Utilities	371,369	322,583	91,573	
Printing and Reproduction	320,985	170,664	235,504	
Contractual Services	21,940,974	27,483,280	17,220,681	(4)
Supplies and Materials	155,118	184,584	26,685	
Equipment	1,713,761	1,490,883	929,873	
Grants, Subsidies & Contributions	<u>9,732,124</u>	<u>3,577,550</u>	<u>18,777,912</u>	
Total Other Costs	\$35,287,114	\$34,235,535	\$37,536,392	
Grand Total	<u>\$45,178,695</u>	<u>\$43,863,829</u>	<u>\$38,488,732</u>	
Spending Authority	<u>\$45,178,700</u>			(5)

AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY

NOTES TO APPENDIX

- (1) Total Obligations recorded in the accounting records for the period October 1, 1989 through September 30, 1990.
- (2) Disbursements Supported are for the period October 1, 1989 through September 30, 1990 and include outlays made against unliquidated obligations for FY 1984 through FY 1989 and liquidated obligations for FY 1990.
- (3) Unliquidated Obligations as of September 30, 1990 are cumulative for FY 1984 through FY 1990. Disbursements related to these obligations will be reviewed in future audits of Superfund activities.
- (4) Contractual Services include obligations for grants, contracts, and cooperative agreements. Subsequent disbursements made for these obligations will be audited on a sample basis in future audits.
- (5) The CDC has notified the EPA of the unobligated spending authority which is the difference between Spending Authority and Total Obligations. For FY 1990, the difference between the spending authority and obligations was \$5.00.



Memorandum

MAY 22 1992

Date

From

Assistant Secretary for Health

Subject

Office of Inspector General (OIG) Draft Report "Superfund Financial Activities of the Agency for Toxic Substances and Disease Registry (ATSDR) for Fiscal Year 1990"

To

Inspector General, OS

Attached are the Public Health Service comments on the subject draft report.

We concur with all the report's recommendations except for the one calling for the disclosure of a material internal control weakness in ATSDR because it did not develop an internal control evaluation system covering all major mandated program areas. Our comments outline our reason for nonconcurring with this one recommendation, as well as the actions planned or taken by ATSDR to implement the remaining recommendations.

*James Q. Mason*  
James Q. Mason, M.D., D.C., P.H.

Attachment

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PUBLIC HEALTH SERVICE (PHS) COMMENTS ON THE OFFICE OF INSPECTOR  
GENERAL (OIG) DRAFT REPORT "SUPERFUND FINANCIAL ACTIVITIES OF  
THE AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY (ATSDR)  
FOR FISCAL YEAR 1998," A-15-91-00002

General Comments

In order to comply with the provisions of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980, as amended, OIG audited the financial activities of ATSDR for Fiscal Year (FY) 1998. The objective of the audit was to determine if ATSDR had accurately recorded and reported financial transactions for FY 1990 and whether the fund was administered in accordance with Superfund legislation. OIG also looked at internal control over administrative procedures and cooperative agreements with States and private contractors. OIG stated that its audit did not disclose any material financial accounting weaknesses involving the financial internal control structure and its operation. OIG found that:

- o financial transactions were correctly recorded and reported and were for valid Superfund activities,
- o no material errors were found in the testing of disbursements for personnel compensation and benefits,
- o audits of cooperative agreements with five States and one contractor disclosed no problems that would affect in a material way any financial records reviewed by OIG,
- o ATSDR has implemented a site-specific cost accounting system that was functioning as designed and producing accurate cost reports for the Environmental Protection Agency (EPA) and the Department of Justice, and
- o except as described in the following paragraphs, ATSDR had complied in all material respects with the provisions of applicable laws and regulations.

The OIG did, however, report what it noted to be a major program performance weakness identified by the General Accounting Office (GAO) regarding the quality and usefulness of **ATSDR's** health assessments. In a report entitled "Superfund - Public Health Assessments Incomplete and of Questionable Value" (hereinafter referred to as the GAO report) GAO evaluated 15 health assessments performed by ATSDR at Superfund sites during the 1987-1990 period. GAO reported that EPA seldom used the assessments, and most local officials and community representatives did not value the assessments highly.

The OIG analyzed the conditions cited in the GAO report and determined that: (1) the deficiencies in the health assessments were of such magnitude that they should be reported as a material



internal control weakness, (2) ATSDR had not made provision for performing internal control reviews for all program activities, and (3) ATSDR had not developed and implemented a detailed corrective action plan to ensure implementation of GAO's recommendations.

The OIG report's recommendations and PHS comments follow:

OIG Recommendation

1. We recommend that PHS independently examine in collaboration with EPA the value of continuing to prepare health assessments at all Superfund sites when the assessments may be of limited or no value, and if warranted, consider seeking legislative relief.

PHS Comment

We concur with continuing collaborations with EPA regarding the value of health assessments. The Administrator of ATSDR promised to submit to EPA specific proposals for enhancing the utility of public health assessments. In October 1991, this subject was discussed at the Superfund directors meeting. It was determined that the subject was appropriate for the Mid-Level Managers' Forum (Forum) to pursue.

Representatives from ATSDR and EPA met at the Forum meeting in February 1992. One of the major topics of discussion was how to improve the usefulness of **ATSDR's** assessments to EPA. The most significant action item to come out of this meeting was the recommendation that EPA conduct a needs survey as a critical first step for determining if **ATSDR's** public health assessments can be useful to EPA. EPA will design the survey and gather the information. The results will be given to the Forum which will present them to senior-level management with recommendations.

In addition to the activities undertaken by the Forum, ATSDR has accepted EPA's invitation to have a representative on the Superfund Revitalization Team. This should present another avenue for exploring how to make **ATSDR's** public health assessments more beneficial to EPA.

In regard to seeking legislative relief, we support the current mandate to conduct health assessments at all National Priorities List (NPL) sites within 1 year of the date of their proposal for listing. The proposal to list a site on the NPL is an important event to the community in and around the site. ATSDR is usually the first public health agency on site. The public health assessment includes an analysis of the existing environmental data, the existing health outcome data, and the community **concerns**. The community concerns and health outcome data areas

are unique to ATSDR, and are not addressed by EPA in its assessments. Therefore, early intervention of ATSDR at the NPL site is an important part of the Superfund program.

At the end of EPA's needs assessment, and the subsequent reporting of results and recommendations to senior management, a determination will be made by PHS on the usefulness of conducting health assessments at all Superfund sites.

#### OIG Recommendation

2. We recommend that PHS disclose in the FY 1992 Federal Managers' Financial Integrity Act (FMFIA) report to the Secretary of HHS: (1) the existence of a material internal control **weakness** in ATSDR resulting from its failure to develop and carry out an internal control evaluation system covering all major mandated programs, and (2) the deficiencies in the health assessment program which have not yet been fully corrected.

#### PHS Comment

We do not concur that ATSDR has failed to develop and implement an internal control evaluation system covering all major programs areas. **ATSDR's** program operations were covered under cross-cutting internal control reviews. ATSDR, like the remainder of PHS, has continually expanded the scope of operations subject to review under its management control plan (MCP). However, as requested by OIG in this report, ATSDR will reconfigure its MCP to show "health assessments" as a separate area for future internal control reviews (see PHS comments to recommendation number 4 below for more information).

In addition, we do not agree that there is, or recently has been, a material weakness related to the adequacy of the health assessments. We acknowledge that some of the early health assessments were not as extensive or as **systematic** as those done today, but that has been corrected. In addition to the actions that ATSDR has taken to improve the quality and usefulness of the health assessments (see recommendation number 1 above), ATSDR has since devoted extensive resources to formulating a comprehensive management plan that encompasses each program area. Goals and objectives, including over 475 milestones during FY 1991 alone, were developed and tracked to assure that the Agency's progress in accomplishing the complex mandates under CERCLA were attained. Specific objectives and plans are provided to EPA during the budget process, and progress **reports** are provided quarterly.

Considerable resources have been devoted to ensuring that health assessors are trained effectively. A health assessment **workplan** is in place. A draft Public Health Assessment Guidance Manual

has been developed and published as a resource document for ATSDR and State department of health and environment staff. These and other management controls, policies, procedures, and tools have been enhanced further as part of our response to the GAO report (see PHS comment on recommendation number 3 below).

#### OIG Recommendation

We recommend that PHS direct the Administrator of ATSDR to:

3. Develop a detailed corrective action plan containing specific details of actions to be taken and expected completion dates for implementing the General Accounting Office's (GAO) recommendations.

#### PHS Comment

We concur. On March 27, 1992, the Administrator of ATSDR reported to the Chairman of the House Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, on the status of ATSDR's corrective actions. The Administrator discussed the significant progress made by ATSDR toward implementing the three recommendations in the GAO report.

Among the actions taken or planned to implement the GAO recommendations are the following:

- o ATSDR has developed a **workplan** with time frames to update past health assessments. Implementation is underway.
- o EPA will perform a needs assessment to determine if ATSDR's health assessments can be made more useful (see PHS comment to recommendation number 1 above for more information).
- o ATSDR convened an extramural review panel to review a sample of recent public health assessments. This panel met on December 11, 1991

The ATSDR has a corrective action plan that contains specific details of actions and completion dates. PHS will monitor ATSDR's implementation of these corrective actions through the quarterly audit follow-up tracking system until all items are satisfactorily completed.

#### OIG Recommendation

4. Include all program activities in the FY 1992 FMFIA Management Control Plan (MCP) and conduct an internal control review of the health assessment program this fiscal year.

### PHS Comment

We concur with the need for an MCP to cover all key programmatic areas. Office of the Assistant Secretary for Health (OASH) staff will work with ATSDR to reformat and enhance the existing MCP to include, as a separate item, health assessments. **OASH** and ATSDR will also review ATSDR's program operations to ascertain if, as stated on page 2 of the report, there are other mandated program areas besides toxicological profiles and health assessments that should be included in ATSDR's MCP. Based upon this review, we will include a program area in the MCP in each case where there is a unique or specific process for carrying out functions related to that program area.

The PHS will use the GAO report entitled "Superfund Public Health Assessments Incomplete and of Questionable Value" as an alternate internal control review of the health assessment program.

### OIG Recommendation

5. Develop the performance measurement information envisioned by the Chief Financial Officers (CFO) Act indicating the timeliness, **quality**, and usefulness of ATSDR's health assessments to EPA and other users of the assessments.

### PHS Comment

We concur. ATSDR has developed performance measures for health assessments. Performance data will be included in Centers for Disease Control (**CDC**)/ATSDR's CFO Act submission for FY 1992 (Departmental instructions state that the CDC and ATSDR will be combined into one financial statement).

### OIG Recommendation

6. Report the results of the preceding recommendations in the Management's Discussion and Analysis section of ATSDR's financial statement<sup>8</sup> for FY 1992 as required by the CFO Act.

### PHS Comment

We concur and will report the results of any recommendations made in the final OIG report. Reporting of the results will be done in accordance with the requirements of the **CFO** Act.