



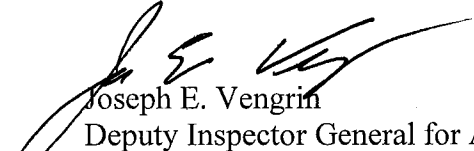
DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

AUG 25 2008

**TO:** Colleen Barros  
Deputy Director for Management  
National Institutes of Health

**FROM:**   
Joseph E. Vengrin  
Deputy Inspector General for Audit Services

**SUBJECT:** Superfund Financial Activities at the National Institute of Environmental Health Sciences for Fiscal Year 2007 (A-04-08-01057)

The attached final report provides the results of our audit of the National Institute of Environmental Health Sciences (NIEHS) Superfund financial activities for fiscal year 2007.

Our objective was to determine whether costs recorded by NIEHS were allowable, allocable, and reasonable in accordance with applicable laws and regulations.

We found that the Superfund financial transactions for the period from October 1, 2006, through September 30, 2007, were allowable, allocable, and reasonable in accordance with applicable laws and regulations.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, Office of Inspector General reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

As the report contains no recommendations, no response is necessary. However, if you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Lori S. Pilcher, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through e-mail at [Lori.Pilcher@oig.hhs.gov](mailto:Lori.Pilcher@oig.hhs.gov). Please refer to report number A-04-08-01057.

Attachment

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**SUPERFUND FINANCIAL  
ACTIVITIES AT THE NATIONAL  
INSTITUTE OF ENVIRONMENTAL  
HEALTH SCIENCES FOR  
FISCAL YEAR 2007**



Daniel R. Levinson  
Inspector General

August 2008  
A-04-08-01057

# ***Office of Inspector General***

<http://oig.hhs.gov>

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The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## ***Office of Audit Services***

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

## ***Office of Evaluation and Inspections***

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## ***Office of Investigations***

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

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# *Notices*

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## **THIS REPORT IS AVAILABLE TO THE PUBLIC**

at <http://oig.hhs.gov>

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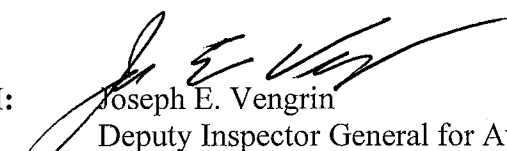
## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.



AUG 25 2008

**TO:** Colleen Barros  
Deputy Director for Management  
National Institutes of Health

**FROM:**   
Joseph E. Vengrin  
Deputy Inspector General for Audit Services

**SUBJECT:** Superfund Financial Activities at the National Institute of Environmental Health Sciences for Fiscal Year 2007 (A-04-08-01057)

This final report provides the results of our audit of Superfund financial activities at the National Institute of Environmental Health Sciences (NIEHS) for fiscal year (FY) 2007. We conducted the audit to comply with provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), which requires the Inspector General of a Federal organization with Superfund responsibilities to audit all uses of the Superfund.

## BACKGROUND

NIEHS, located in Research Triangle Park, North Carolina, is one of 27 institutes and centers of the National Institutes of Health, which is a component of the Department of Health and Human Services. The National Institutes of Health provides NIEHS with direction, billing services, and other administrative and professional services.

The CERCLA mandated the establishment of the Hazardous Substance Response Trust Fund, which is commonly known as Superfund. The CERCLA was extended and amended by the Superfund Amendments and Reauthorization Act of 1986. The fund is used to respond to emergency environmental conditions that are hazardous to health and to pay for the removal of toxic substances.

NIEHS receives funding to carry out functions mandated by the CERCLA. In carrying out its Superfund responsibilities for FY 2007, NIEHS obligated about 4 percent of these funds for administrative costs and awarded the remaining 96 percent to other organizations to:

- train persons who are engaged in handling hazardous waste and managing facilities where hazardous waste is located and

- conduct research, including advanced techniques, methods, and technologies to detect, assess, and evaluate the effects of hazardous substances on human health and to reduce the amount and toxicity of those substances.

During the period from October 1, 2006, through September 30, 2007, NIEHS obligated about \$81.4 million and disbursed about \$83.9 million in Superfund resources. Of the \$83.9 million in disbursements, \$4.6 million was related to FY 2007 funds. The remaining \$79.3 million was related to prior periods.

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

### **Objective**

Our objective was to determine whether costs recorded by NIEHS were allowable, allocable, and reasonable in accordance with applicable laws and regulations.

### **Scope**

The scope of our audit included FY 2007 Superfund obligations and disbursements and did not include auditing disbursements by grantees. Disbursements by grantees are subject to independent audits under 45 CFR § 74.26.

We performed fieldwork at NIEHS in Research Triangle Park, North Carolina, from March through July 2008.

### **Methodology**

NIEHS provided a financial transaction listing of all Superfund obligations and disbursements recorded during the period from October 1, 2006, through September 30, 2007. The listing included grant and interagency agreement obligations of \$77,885,708 and nongrant obligations of \$3,557,185. The \$77,885,708 of grant and interagency agreement obligations consisted of \$77,562,105 in obligations of FY 2007 funds and \$323,603 in obligations of prior years' funds. In addition, the listing included grant and interagency agreement disbursements of \$80,749,424 and nongrant disbursements of \$3,150,123.

NIEHS entered into agreements with universities, unions, other nonprofit organizations, and another Federal agency to carry out its responsibilities under the CERCLA. We verified \$76.1 million of obligations against grant award documents for 57 research and training grants. We also traced \$1.4 million of interagency agreement obligations to the interagency agreement document.

We determined whether grantees had submitted current audits in accordance with 45 CFR § 74.26 and analyzed report data to determine whether the reports contained any significant findings related to Superfund. In addition, we performed a limited review of NIEHS monitoring activities on five judgmentally selected grants.

We reviewed NIEHS's internal controls to the extent necessary to accomplish the objective of the audit. We limited our review to obtaining an understanding of controls over funding authority, financial reporting, and grants.

Because audits in past years contained no findings under administrative costs, we limited our testing of administrative disbursements to comparing administrative disbursements recorded during FY 2007 with administrative disbursements recorded during the previous FY.

We reviewed the FY 2006 Superfund audit report (report number A-04-07-01050) and determined that the report contained no findings requiring followup.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **RESULTS OF AUDIT**

The Superfund financial transactions for the period from October 1, 2006, through September 30, 2007, were allowable, allocable, and reasonable in accordance with applicable laws and regulations. These Superfund transactions related to FY 2002 through FY 2007 funds.

In general, NIEHS took appropriate action to ensure that its Superfund grantees submitted required audit reports.

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As this report contains no recommendations, no response is necessary. However, if you have any questions or comments about this report, please do not hesitate to call me, or have your staff contact Lori S. Pilcher, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through e-mail at [Lori.Pilcher@oig.hhs.gov](mailto:Lori.Pilcher@oig.hhs.gov). Please refer to report number A-04-08-01057.