



Audit of the Superfund Activities in the
Environment and Natural Resources Division for
Fiscal Years 2021 and 2022



AUDIT DIVISION

24-060

APRIL 2024



EXECUTIVE SUMMARY

Audit of the Superfund Activities in the Environment and Natural Resources Division for Fiscal Years 2021 and 2022

Objective

The objective of this audit was to determine if the Environment and Natural Resources Division (ENRD) provided an equitable distribution of total labor costs, Other Direct Costs, and indirect costs to Superfund cases during fiscal years (FY) 2021 and 2022.

Results in Brief

The ENRD reasonably accounted for its activities that it charged to FY 2021 and FY 2022 Superfund cases. We found that the cost allocation process used by the ENRD provided a reasonable accounting of total labor costs, Other Direct Costs, and indirect costs to Superfund cases. We also found that the ENRD adhered to its procedures for designating cases as Superfund or non-Superfund. Therefore, our report contains no recommendations that required a response from the ENRD.

Summary Audit Results

In 1980, Congress passed the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), establishing a Trust Fund known as the Superfund, to clean up hazardous waste sites throughout the United States. The ENRD administers cases against those who violate CERCLA's civil and criminal pollution-control laws and is reimbursed for these services by the Environmental Protection Agency. In turn, CERCLA and Superfund Amendments and Reauthorization Act (SARA) of 1986 require the Inspectors General of federal entities with Superfund responsibilities to audit uses of (including costs charged to) the fund in the prior fiscal year.

Regarding total labor costs, Other Direct Costs, and indirect costs related to Superfund cases for FY 2021 and FY 2022, we determined that the ENRD reasonably accounted for its Superfund activities. Specifically, we determined that the ENRD: (1) adhered to its procedures for designating cases as Superfund or non-Superfund; (2) maintained accounting records that reconciled to the costs reported in the system designed to process Superfund-related financial data from the ENRD's Expenditure and Allotment Reports; (3) appropriately allocated incurred costs to Superfund and non-Superfund cases; and (4) adequately supported and allocated selected costs charged to Superfund.

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Introduction

Congress passed the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) to clean up hazardous waste sites throughout the United States. The law addressed concerns about the need to clean up abandoned hazardous waste sites and the future release of hazardous substances into the environment. When CERCLA was enacted, the U.S. Environmental Protection Agency (EPA) was assigned responsibility for preparing a National Priorities List to identify sites that presented the greatest risk to human health and the environment. Waste sites on the National Priorities List were generally considered the most contaminated in the nation, and EPA funds could be used to clean up those sites. The cleanup of these sites was to be financed by the potentially responsible parties – generally the current or previous owners or operators of the site. In cases where the potentially responsible party could not be found or was incapable of paying cleanup costs, CERCLA established the Hazardous Substance Superfund Trust Fund (Superfund or Trust Fund) to finance cleanup efforts.¹ The Trust Fund also pays for the EPA's enforcement, as well as research and development activities.

Under Executive Order 12580, the Attorney General is responsible for all Superfund litigation. Within the Department of Justice (DOJ), the Environment and Natural Resources Division (ENRD) administers cases against those who violate CERCLA's civil and criminal pollution-control laws. Superfund litigation and support are assigned to the following ENRD sections: Appellate, Environmental Crimes, Environmental Defense, Environmental Enforcement, Land Acquisition, Natural Resources, and Law and Policy.

The EPA established interagency agreements with the ENRD to reimburse the ENRD for its litigation costs related to CERCLA activities. As shown in Table 1, cumulative budgeted reimbursements for Superfund litigation totaled over \$918 million since fiscal year (FY) 1987. For the audit period, FY 2021 and FY 2022, budgeted Superfund reimbursements represented nearly 13 percent of the ENRD's total budget.

¹ 42 U.S.C. Chapter 103 (2018). Because certain provisions of CERCLA were set to expire in fiscal year (FY) 1985, Congress passed the *Superfund Amendments and Reauthorization Act* (SARA) in 1986. SARA stressed the importance of using permanent remedies and innovative treatment technologies in the cleanup of hazardous waste sites, provided the EPA with new enforcement authorities and settlement tools, and increased the authorized amount of potentially available appropriations for the Trust Fund.

Table 1

Comparison of the ENRD's Appropriations and Budgeted Superfund Reimbursements (FYs 1987 through 2022)

FY	ENRD Appropriations	Budgeted Superfund Reimbursements	Total ENRD Budget
1987 – 2015	\$2,086,558,114	\$790,739,160	\$2,887,297,274
2016	110,512,000	20,145,000	130,657,000
2017	110,512,000	20,145,000	130,657,000
2018	110,512,000	18,828,000	129,340,000
2019	109,422,000	17,857,000	127,279,000
2020	109,432,000	16,405,000	125,837,000
2021	113,458,000	17,515,000	130,973,000
2022	119,938,000	17,229,000	137,167,000
Totals	\$2,870,344,114	\$918,863,160	\$3,799,207,274

Source: ENRD Budget History Report for FYs 1987 through 2022

The EPA and ENRD Statement of Work required the ENRD to maintain a system that documented its Superfund litigation costs. Accordingly, the ENRD implemented a management information system designed to process financial data from the ENRD's Expenditure and Allotment (E&A) Reports into: (1) Superfund direct costs, including direct labor costs and Other Direct Costs; (2) non-Superfund direct costs; and (3) allocable indirect costs.²

The EPA authorized reimbursements to the ENRD in the amount of \$17.5 million during FY 2021 and \$18 million during FY 2022 in accordance with the most recent EPA Interagency Agreement DW-015-92496201 Modifications 8, 9 and A through D.³

² The E&A Report is a summary of the total costs incurred by the ENRD during the fiscal year. The report includes all costs (both liquidated and unliquidated) by subobject class. The E&A Report is the source data for ENRD's reports and the indirect cost rate calculation for the fiscal year. Other Direct Costs charged to individual cases include special masters, expert witnesses, interest penalties, travel, filing fees, transcription (court and deposition), litigation support, research services, graphics, and non-capital equipment. Indirect costs are costs of resources that are jointly or commonly used across multiple activities but cannot be specifically identifiable with any of the activities; typical indirect costs include items such as rent and general administrative services.

³ EPA interagency agreement funds are effectively considered no-year money as ENRD may apply unused funds from a previous fiscal year within the interagency agreement to supplement the current year's agreement authorization.

The funding for Superfund is comprised of appropriations from the EPA's general fund, interest, fines, penalties, and recoveries.⁴ Consequently, the significance of the ENRD's Superfund litigation can be seen in the commitments and recoveries that the EPA has obtained as a result of ENRD's work. Between FYs 1987 and 2022, the EPA received over \$16 billion in commitments to clean up hazardous waste sites and recovered over \$10 billion from potentially responsible parties, as shown in Table 2.⁵

Table 2

**Estimated Commitments and Recoveries
(FYs 1987 through 2022)**

FY	Commitment	Recovery
1987-2015	\$12,782,000,000	\$9,319,000,000
2016	335,000,000	63,000,000
2017	1,659,000,000	176,000,000
2018	171,000,000	89,000,000
2019	187,000,000	327,000,000
2020	284,315,340	41,666,202
2021	667,000,000	155,000,000
2022	245,000,000	97,000,000
Totals	\$16,330,315,340	\$10,267,666,202

Source: ENRD Commitment and Recovery Reports, FYs 1987 to 2022

OIG Audit Approach

42 U.S.C. Chapter 103 §9611(k)(2018) states that in each FY, the Inspector General of each department, agency, or instrumentality of the United States, which is carrying out any authority of this chapter, shall conduct an annual audit of all payments, obligations, reimbursements, or other uses of the Trust Fund in the prior FY, to assure that the Trust Fund is being properly administered and that claims are being appropriately and expeditiously considered. With respect to this requirement, the objective of the audit was to determine if the cost allocation process used by the ENRD provided an equitable distribution of total labor costs, Other Direct Costs, and indirect costs to Superfund cases during FY 2021 and FY 2022.⁶

⁴ Excise taxes imposed on petroleum and chemical industries, as well as an environmental income tax on corporations, maintained the Trust Fund through 1995, when the taxing authority for Superfund expired. Since that time, Congress has not enacted legislation to reauthorize these taxes.

⁵ Commitments are estimated funds from potentially responsible parties for the cleanup of hazardous waste sites. Recoveries are actual funds received by the EPA that include Superfund cost recovery, oversight costs, and interest.

⁶ We considered an equitable distribution as a reasonable accounting for the use of the Superfund in fulfilling responsibilities under CERCLA and the subsequent amendment SARA. Those uses include direct, indirect, and Other Direct costs.

We designed the audit to compare costs reported in the accounting schedules and summaries for FY 2021 and FY 2022 (see Appendix 3 and Appendix 4) to the information recorded in DOJ's accounting records, and to review the cost distribution system used by the ENRD to allocate incurred costs to Superfund and non-Superfund cases. To accomplish this, we:

- reviewed the ENRD's methodology for categorizing Superfund cases by comparing a select number of Superfund cases to the ENRD's Superfund case designation criteria;
- compared Superfund total costs recorded as paid in the E&A Reports to the amounts reported as Total Amounts Paid in the ENRD's year-end accounting schedules and summaries, and we traced the costs to Superfund cases; and
- reviewed the ENRD methodology for distributing direct labor and indirect costs to Superfund cases, and we compared Other Direct Costs to source documents to validate their allocability to Superfund cases.

We performed these steps to ensure that costs distributed to Superfund and non-Superfund cases were based on actual total annual costs, that the distribution methodology used and accepted in prior years remained viable, and that selected costs were supported by evidence that documented their allocability to Superfund and non-Superfund cases. We used the test results to determine whether the ENRD provided a reasonable accounting of total labor, Other Direct Costs, and indirect costs to Superfund cases during FY 2021 and FY 2022.

Appendix 1 contains a more detailed description of our audit objective, scope, and methodology.

Audit Results

Our assessment of FY 2021 and FY 2022 Superfund charges determined that the ENRD generally provided a reasonable accounting of total labor costs, Other Direct Costs, and indirect costs to its Superfund cases. ENRD adhered to its procedures for designating cases as Superfund or non-Superfund, as we did not identify cases that the ENRD should not have classified as a Superfund case. In addition, ENRD accounting records reconciled to costs reported in the system designed to process Superfund-related financial data from the ENRD's E&A Reports.

Reconciliation of Billing Summaries and Schedules to E&A Reports

To ensure that the distribution of costs to Superfund and non-Superfund cases was limited to total costs incurred for each fiscal year, we reconciled the amounts reported in the ENRD's E&A Reports to the total ENRD expenses as represented in the EPA Billing Summary. According to the E&A Reports, total ENRD expenses were over \$165 million in both FY 2021 and FY 2022, as shown in Table 3.

Table 3

Total ENRD Expenses

Description	FY 2021	FY 2022
Salaries	\$85,922,107	\$86,059,106
Benefits	28,186,211	29,962,363
Travel	447,582	1,288,650
Freight	38,420	40,000
Rent	15,580,405	19,542,837
Printing	16,214	11,049
Services	36,130,138	25,742,331
Supplies	411,632	355,594
Equipment	233,735	2,418,562
Total	\$166,966,444	\$165,420,492

Source: ENRD E&A Report for FY 2021 and FY 2022

These expenses were the basis for the Superfund Cost Distribution analysis described later in this report as they include the direct charges for Superfund and non-Superfund matters (e.g., cases, non-cases, and other activities), as well as the indirect charges that apply to both.

Superfund Case Reconciliation

The ENRD assigned unique identifying numbers to all Superfund and non-Superfund cases and maintained a database of Superfund cases. We reconciled the ENRD direct labor time billed to Superfund cases to the

ENRD's Billing Summary to confirm that ENRD's schedules reconciled to the current Superfund case list. The reconciliation identified 517 Superfund cases in FY 2021 and 502 Superfund cases in FY 2022 for which the ENRD incurred hourly direct labor costs.

We also reviewed the Superfund case designation criteria and associated case files to identify the method used to categorize Superfund cases and to determine if ENRD Superfund cases were designated in accordance with established criteria. We confirmed that the ENRD memorandum entitled *Environment and Natural Resources Division Determination of Superfund Cases* provided the methodology for designating Superfund cases.

We judgmentally selected a sample of 21 cases from across different ENRD divisions, as listed in the FY 2021 and FY 2022 Superfund database, to test whether the ENRD staff adhered to the case designation procedures outlined in the ENRD Superfund case determination memorandum.⁷ We first determined the number of Superfund cases within each ENRD division and then narrowed our sample to 21 cases by selecting cases with at least 150 hours of activity within the time period of our review. We also confirmed whether any cases had been tested in previous audits. We then compared the case number in the Superfund database to the ENRD case file documents including case intake worksheets, case opening forms, case transmittals, and other correspondence. These documents referenced laws, regulations, or other information used to categorize the cases as either Superfund or non-Superfund for tracking purposes. We found no exceptions within our testing of case classification to indicate that ENRD was not properly classifying cases as Superfund for each fiscal year tested.

Superfund Cost Distribution

Because we found that ENRD's case identification method adequately identified the Superfund cases in our sample, we reviewed the system used by the ENRD to distribute direct labor, indirect costs, and Other Direct Costs charged to Superfund cases. We began by identifying and reconciling the E&A and time detail direct charges – both direct and labor – as either Superfund or non-Superfund expenses. In addition, we derived the indirect costs to verify the indirect charge as stated in the EPA billing Summary. As a result, we were able to confirm the total amount billed to the EPA as stated in Schedule 7 of ENRD's accounting schedules and summaries. Annual components of the EPA billing amount are shown in Table 4.

⁷ See Appendix 2 for a complete listing of the cases in our sample.

Table 4

Superfund Distributed Costs

Cost Categories	FY 2021	FY 2022
Labor	\$4,928,074	\$4,005,832
Other Direct Costs	2,870,307	850,736
Indirect Costs	8,754,817	7,856,149
Unliquidated Obligations	7,689,430	8,592,517
Totals	\$24,242,628	\$21,305,234

Note: The amounts listed in this table reflect obligations and payments allocated to prior year interagency agreements, as detailed in the accounting schedules and summaries included at Appendices 3 and 4 of this report.

Source: Schedule 2 of the ENRD's accounting schedules and summaries.

Direct Labor Costs

ENRD continued using the labor distribution system from prior years, which our prior audits had reviewed. ENRD provided the OIG with electronic database files that included employee time reporting information.

For the purposes of our review, we:

- compared total Superfund costs per the database to costs reported in ENRD E&A Reports for FY 2021 and FY 2022;
- reviewed the ENRD labor files listing billable time and compared it to the ENRD employee time reporting information, which summarized costs by employee and case;
- extracted Superfund case costs from the ENRD files by using validated Superfund case data; and
- reconciled ENRD data files to: (1) compare extractions from ENRD employee time and case data against the accounting schedules and summaries and (2) identify Superfund case data.

Using ENRD data, we determined that ENRD employees spent a total of 71,515 hours working on 517 Superfund cases in FY 2021, and a total of 56,500 hours working on 502 Superfund cases in FY 2022. We verified that the billing schedules contained similar information. To determine if the billing summaries for direct labor, which totaled \$4,928,074 for FY 2021 and \$4,005,832 for FY 2022, were reasonably accurate based on data provided by the ENRD, we verified the total direct labor costs for Superfund cases using ENRD-calculated labor rates, ENRD's time reports, and ENRD's list of identified Superfund cases for FY 2021 and FY 2022.

Overall, we were able to verify the accumulation of reported hours and the extraction of labor costs for Superfund cases. Therefore, we believe that this process is adequately designed to provide a reasonable accounting of direct labor costs to Superfund cases.

Indirect Costs

In addition to direct costs incurred for specific cases, the ENRD incurred indirect costs that were allocated to its cases. These costs included salaries, benefits, travel, freight, rent, communication, utilities, supplies, and equipment. ENRD distributed indirect costs to Superfund cases using an indirect cost rate calculated on a fiscal year basis. As shown in Figure 1, ENRD calculated its indirect costs charged to the EPA for the fiscal year by: (1) identifying the net indirect cost paid, which is calculated by removing all Superfund and non-Superfund direct costs from the total ENRD costs; (2) calculating the indirect costs rate by dividing Superfund direct labor costs by all direct labor charges; and (3) multiplying the indirect cost rate by the net indirect costs.

Figure 1

Equation for Indirect Costs Billed to EPA

$$\begin{array}{c}
 \text{(All ENRD Costs - All Case Direct Costs)} \times \text{(Superfund Direct Labor / All Direct Labor)} \\
 \downarrow \qquad \qquad \qquad \downarrow \\
 \text{Indirect Costs} \quad \times \quad \text{Indirect Cost Rate} = \text{Indirect Cost Amount Charge to the EPA}
 \end{array}$$

Source: OIG analysis of ENRD documents

ENRD stated that in FY 2021 the indirect cost rate (Superfund Direct Labor / All Direct Labor) was 10.37 percent for same year funds and for FY 2022 the indirect cost rate was 8.55 percent for same year funds.⁸ ENRD calculates the indirect cost by applying the indirect rate (Superfund Direct Labor / All Direct Labor), as derived in the associated fiscal year. We calculated cumulative indirect charges as \$8,754,816 for FY 2021 and \$7,856,148 for FY 2022. These totals matched the indirect charges stated in the EPA billing schedule.

We found that this calculation, allotting indirect costs between Superfund and non-Superfund cases based on labor charges, generally provided for a reasonable distribution of indirect costs to Superfund cases during FY 2021 and FY 2022.

⁸ According to ENRD, the application of indirect cost rates (Superfund Direct Labor / All Direct Labor) is executed in accordance with the timing of obligations rather than the fiscal year of expenditures. For example, if a direct cost expense is obligated in FY 2021 (using FY 2021 funds), the associated indirect costs are calculated using the FY 2021 indirect cost rate (Superfund Direct Labor / All Direct Labor) and included in the same EPA Billing Summary as the direct cost expenses.

Other Direct Costs

Table 5 presents the four Other Direct Cost categories, by general description, incurred by the ENRD and distributed to Superfund during FY 2021 and FY 2022.

Table 5

Superfund Other Direct Costs

Description	FY 2021	FY 2022
Expert Witness Fees	\$2,350,723	\$722,523
Travel and Transportation	3,591	44,793
Litigation Support	602,665	153,510
Other	70	704
Total	\$2,957,049	\$921,530

Source: ENRD files for FY 2021 and FY 2022

We tested a judgmental sample of each Other Direct Cost category, ultimately reviewing 70 transactions totaling \$1,388,619, as detailed in Table 6.

Table 6

Sampled Other Direct Costs

Description	Number of Transactions Tested	Amount
Expert Witness Fees	36	\$1,158,553
Travel and Transportation	8	13,319
Litigation Support	25	216,507
Other	1	240
Totals	70	\$1,388,619

Source: OIG Analysis

We designed our review of Other Direct Cost transactions to determine if the selected transactions included adequate support based on the following four attributes:

- Subobject code classification – verified that the correct subobject code was used to classify the cost;
- Superfund/non-Superfund case classification – verified that the case number appearing on the documents matched the case number in the Superfund database;
- Dollar amount – verified that the dollar amount listed for Other Direct Costs in the database matched the amounts on the supporting documents; and

- Proper approval – verified that the proper approval was obtained on the vouchers paying the Other Direct Costs.

Our testing identified no exceptions.

Conclusion

We found that the cost allocation process used by the ENRD provided an equitable distribution of total labor costs, Other Direct Costs, and indirect costs to Superfund cases during FY 2021 and FY 2022. We considered an equitable distribution as a reasonable accounting for the use of the Superfund in fulfilling responsibilities under CERCLA and the subsequent amendment SARA. In addition, we found that the ENRD adhered to its procedures for designating cases as Superfund or non-Superfund with no discrepancies noted for the period reviewed. Therefore, we make no recommendations in this report.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The objective of this audit was to determine if the cost allocation process used by the ENRD provided an equitable distribution of total labor costs, Other Direct Costs, and indirect costs to Superfund cases during FY 2021 and FY 2022.

Scope and Methodology

To accomplish the overall objective, we assessed whether: (1) the ENRD identified Superfund cases based on appropriate criteria, (2) costs distributed to cases were limited to costs reported in the E&A Reports, and (3) adequate internal controls existed over the recording of direct labor time to cases and the recording of other direct charges to accounting records and Superfund cases.

The audit covered, but was not limited to, financial activities and the procedures used by the ENRD to document, compile, and allocate direct and indirect costs charged to Superfund cases from October 1, 2020, through September 30, 2022. We compared total costs recorded as paid on the ENRD's E&A Report to the amounts reported as Total Amounts Paid on the year-end accounting schedules and summaries and traced the costs to the Superfund cases for FY 2021 and FY 2022. We also reviewed the ENRD methodology for distributing direct labor costs and indirect costs to Superfund cases for FY 2021 and FY 2022. In addition, we reviewed the ENRD's methodology for categorizing Superfund cases by comparing a select number of Superfund cases to the ENRD's Superfund case designation criteria for FY 2021 and FY 2022.

Statement on Compliance with Generally Accepted Government Auditing Standards

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objective. We did not evaluate the internal controls of ENRD to provide assurance on its internal control structure as a whole. ENRD management is responsible for the establishment and maintenance of internal controls in accordance with OMB Circular A-123. Because we do not express an opinion on the ENRD's internal control structure as a whole, we offer this statement solely for the information and use of the ENRD.

Through this testing, we did not identify any deficiencies in the ENRD's internal controls that are significant within the context of the audit objective and based upon the audit work performed that we believe would affect the ENRD's ability to effectively and efficiently operate, to correctly state financial and performance information, and to ensure compliance with laws and regulations. However, because our review was limited to those internal control components and underlying principles that we found significant to the objective of

this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Sample-Based Testing

To accomplish our audit objective, we performed sample-based testing of Superfund case classifications. We identified 502 cases in FY 2021, and 512 in FY 2022 categorized as Superfund cases. We selected 21 cases from across different ENRD divisions, as listed in the FY 2021 and FY 2022 Superfund database. In selecting our sample cases, we first determined the number of Superfund cases within each ENRD division and then narrowed our sample by selecting cases with at least 150 hours of activity within the time period of our review. We also confirmed whether any cases had been tested in previous audits.

In addition, we performed sample-based testing for Other Direct Costs for FY 2021 and FY 2022. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the areas we reviewed. We tested supporting documents for required elements and confirmed that charges had been allocated appropriately to Superfund cases.

This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

Computer-Processed Data

During our audit, we obtained information from the Unified Financial Management System. We did not test the reliability of the system as a whole, therefore any conclusions identified involving information from the system were verified with documentation from other sources.

APPENDIX 2: Sample of FY 2021 and FY 2022 Cases

Count	Case Number	Classification
1	90-11-3-11692	Enforcement
2	90-11-3-08764/4	Enforcement
3	90-11-3-10954	Enforcement
4	90-11-3-08764/6	Enforcement
5	90-11-3-12119	Enforcement
6	90-11-3-12111	Enforcement
7	90-11-3-06529/10	Enforcement
8	90-11-3-11024	Enforcement
9	90-11-3-12060	Enforcement
10	90-11-2-12291	Enforcement
11	90-11-3-10235	Enforcement
12	90-11-3-11969	Enforcement
13	90-7-1-704/8	Enforcement
14	90-11-3-12371	Enforcement
15	90-11-2-1260/10	Enforcement
16	90-11-3-11378/1	Enforcement
17	90-11-3-194/3	Enforcement
18	90-11-3-08348/6	Enforcement
19	90-11-3-10841/2	Enforcement
20	90-11-5-21869	Defense
21	90-11-6-21938	Defense

Source: OIG

APPENDIX 3: FY 2021 Accounting Schedules and Summaries



U.S. Department of Justice

Environment and Natural Resources Division

Executive Office Telephone (202) 616-3100 P.O. Box 7611 Facsimile (202) 616-3531
Washington, DC 20044

January 19, 2022

MEMORANDUM

To: Andrew Collier
Executive Director

From: William (Bill) Kime
Forensic Accountant

Re: Fiscal Year 2021 Yearend Closeout Accounting

Attached please find the following final fiscal year 2021 year end accounting schedules and summaries relating to costs incurred by Environment and Natural Resources Division (ENRD) on behalf of the Environmental Protection Agency (EPA) under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and the Superfund Amendments and Reauthorization Act of 1986 (SARA or, hereafter, Superfund):

- EPA Billing Summary - Schedules 1-7
September 30, 2021

The following schedules are stored on the shared drive and are available for use.

- Superfund Case Cost Summary
As of September 30, 2021
- Superfund Cases - Time by Attorney/Paralegal
Year Ended September 30, 2021
- Superfund Direct Costs
Year Ended September 30, 2021

The schedules represent the final fiscal year 2021 amounts and establish an indirect cost rate applicable to the entire fiscal year.

The schedules, summaries and calculations have been prepared based on information maintained by the ENRD. Professional time charges, salary data, and other case specific cost expenditures have been used as input to produce the above reports. Total costs incurred or obligated by the ENRD as reflected in the Expenditure and Allotment Reports (E&A) for the period have been used to calculate the total amount due from EPA relating to the Superfund cases. Time reporting information, based on ENRD's employee's reporting of hours, along with the resulting hourly rate calculations based on employee salary data, have been reviewed for reasonableness of the calculated hourly rates. All obligated labor amounts reflected on the E&A's as of September 30, 2021, which are not identified as case specific, have been classified as indirect labor.

The methodology used to assign and allocate costs to specific cases is consistent with prior years and is based on generally accepted accounting principles, including references to cost allocation guidelines outlined in the Federal Financial Accounting Standards and Federal Acquisition Regulations. These reports, schedules and summaries will be made available to DOJ Inspector General as part of the annual audit process.

A handwritten signature in black ink, appearing to read "M M K".

EPA BILLING SUMMARY
SUMMARY OF AMOUNTS DUE BY INTERAGENCY AGREEMENT
9/30/2021

	2021	2020	2019	2018	2017	Schedule 1
EPA Billing Summary - Amount Paid	\$13,266,624 (a)	\$14,753,900 (b)	\$15,275,464 (b)	\$17,142,184 (b)	\$20,252,555 (b)	\$19,893,461 (b)
Add:						
Payments in FY 2021 for 2020 (a)		\$2,783,616				
Payments in FY 2021 for 2019 (a)			\$167,242			
Payments in FY 2021 for 2018 (a)				\$309,010		
Payments in FY 2021 for 2017 (a)					\$151	
Payments in FY 2021 for 2016 (a)						\$26,555
Subtotal	\$13,266,624	\$17,537,516	\$15,442,706	\$17,451,194	\$20,252,706	\$19,920,016
Unliquidated Obligations (c)	\$4,471,304	\$2,275,985	\$613,541	\$279,354	\$49,246	-
Total	17,737,928	19,813,501	16,056,247	17,730,548	20,301,952	19,920,016

(a) See EPA Billing Summary, Schedule 2, September 30,2021

(b) See EPA Billing Summary, Schedule 1, September 30,2021

(c) See EPA Billing Summary, Schedule 3, September 30,2021

**EPA BILLING SUMMARY
SUPERFUND OBLIGATION AND PAYMENT ACTIVITY DURING 2021
BY FISCAL YEAR OF OBLIGATION**

		2021	2020	2019	2018	2017	2016	Total
Amounts Paid	Labor	\$4,928,074	\$0	\$0	\$0	\$0	\$0	\$4,928,074
	Other Direct Costs	\$1,037,824	\$1,633,482	\$108,282	\$90,719	\$0	\$0	\$2,870,307
	Indirect Costs	\$7,300,726	\$1,150,134	\$58,960	\$218,291	\$151	\$26,555	\$8,754,817
	Subtotal	\$13,266,624	\$2,783,616	\$167,242	\$309,010	\$151	\$26,555	\$16,553,198
Unliquidated Obligations (a)		\$4,471,304	\$2,275,985	\$613,541	\$279,354	\$49,246	\$0	\$7,689,430
Totals		\$17,737,928	\$5,059,601	\$780,783	\$588,364	\$49,397	\$26,555	\$24,242,628

(a) See Schedule 3

2020 Adjust for DJ# 90-11-6-21361	(\$72,187.00)
2020 Adjust for DJ# 90-1-24-05076	(\$1,234.00)

EPA BILLING SUMMARY
FISCAL YEARS 2021, 2020, 2019, 2018, AND 2017 UNLIQUIDATED OBLIGATIONS
September 30, 2021

	2021	2020	2019	2018	2017
ENRD Unliquidated Obligations at September 30, 2021	30,083,413	10,836,423	3,069,207	1,538,481	638,867
Less: Unliquidated Obligations:					
Section 1595 (a)	9,398,730	1,972,286	660,754	1,097,672	472,623
Section 1596 (b)	2,234,420	247,743	162,090	0	10,981
Section 1598 (c)	2,854,038	1,377,129	416,563	260,426	34,349
Subtotal	14,487,188	3,597,158	1,239,407	1,358,098	517,953
Net Unliquidated Obligations - ENRD	15,596,225	7,239,265	1,829,800	180,383	120,914
Superfund percentage (d)	10.3696	12.4164	10.7650	10.4931	12.3207
Superfund portion of Unliquidated Obligations	1,617,266	898,856	196,978	18,928	14,897
Add - Section 1598 Unliquidated Obligations	2,854,038	1,377,129	416,563	260,426	34,349
Total Superfund Unliquidated Obligations (e)	4,471,304	2,275,985	613,541	279,354	49,246

(a) Section 1595 relates to reimbursable amounts from agencies other than EPA.

(b) Section 1596 relates to non-Superfund charges.

(c) Section 1598 relates to charges that are Superfund specific.

(d) Superfund percentage of unliquidated obligations was calculated by dividing year to date Superfund direct labor by the total direct labor for each of the fiscal years.

(e) Relates only to unliquidated obligations for the fiscal year indicated.

**EPA BILLING SUMMARY
INDIRECT RATE CALCULATION
FISCAL YEAR 2021**

Schedule 4

Description	FY	Superfund Indirect Costs for Prior Year Obligations (c)	Superfund Specific Costs (d)	Total (c and d)	Total Amounts Paid (a)
Indirect labor (b)					\$21,126,962
Fringes					\$25,247,920
Indirect travel					\$128,980
Freight					\$26,729
Office space and utilities					\$14,020,708
Printing(forms, etc.)					\$6,990
Training and other services					\$9,003,350
Supplies					\$444,723
Non-capitalized equipment and miscellaneous					\$121,303
Subtotal					\$70,127,665
Total Direct Labor					\$47,524,113
ENRD Indirect Costs Rate - FY 2021 Obligations					147.5623%
Plus: (c) and (d)					
	2021	\$28,767	-	\$28,767	
	2020	(\$134,887)	\$1,285,021	\$1,150,134	
	2019	-	\$58,960	\$58,960	
	2018	-	\$218,291	\$218,291	
	2017	-	\$151	\$151	
	2016	-	\$26,555	\$26,555	
	Total	(\$106,120)	\$1,588,978	\$1,482,858	
Superfund Direct Labor					\$4,928,074
Superfund Indirect Rate					30.0900%
Total Indirect Rate					177.6523%

(a) Indirect cost rate calculations are presented on a fiscal year-to-date basis. All case specific and other unallowable costs (Section 1595 and 1596) have been removed.
(b) Indirect labor and fringes include certain month-end obligation accruals.

EPA BILLING SUMMARY
SUPERFUND COSTS BY OBJECT CLASSIFICATION
September 30, 2021

Object Class	Description	Direct Expenses	Indirect Expenses	Unliquidated Obligations (b)	Total
11	Salaries (a)	\$5,703,503	\$2,190,782	\$1,777,847	\$9,672,132
12	Benefits	-	\$2,618,108	\$170,873	\$2,788,981
21	Travel	\$3,591	\$13,375	\$10,171	\$27,137
22	Freight	-	\$2,772	\$1,376	\$4,148
23	Rent	-	\$1,453,891	\$264,011	\$1,717,902
24	Printing	-	\$725	\$2,136	\$2,861
25	Services	\$258,734	\$962,378	\$1,895,860	\$3,116,972
26	Supplies	\$70	\$46,116	\$1,665	\$47,851
31	Equipment	-	\$12,579	\$347,365	\$359,944
	Total	\$5,965,898	\$7,300,726	\$4,471,304	\$17,737,928

(a) Includes costs for direct labor, special masters and expert witnesses.

(b) Represents the Superfund portion of unliquidated obligations.

EPA BILLING SUMMARY
RECONCILIATION OF TOTAL ENRD PAID EXPENSES
September 30, 2021

Object Class	Description	Superfund		Non-Superfund		Indirect Section	Total
		Direct Expenses	Indirect Expenses	Direct Expenses	Indirect Expenses	1595 & 1596 Expenses	Amounts Paid
11	Salaries	\$5,703,503	\$2,190,782	\$42,710,999	\$18,936,181	\$10,647,122	\$80,188,587
12	Benefits	-	\$2,618,108	-	\$22,629,812	\$1,511,413	\$26,759,333
21	Travel	\$3,591	\$13,375	\$264,850	\$115,605	\$22,655	\$420,076
22	Freight	-	\$2,772	-	\$23,957	-	\$26,729
23	Rent	-	\$1,453,891	\$186	\$12,566,817	-	\$14,020,894
24	Printing	-	\$725	\$5,137	\$6,265	-	\$12,127
25	Services	\$258,734	\$962,378	\$1,811,450	\$8,069,739	\$6,502,494	\$17,604,795
26	Supplies	\$70	\$46,116	\$1,041	\$398,607	-	\$445,834
31 & 42	Equipment	-	\$12,579	-	\$108,724	-	\$121,303
Total		\$5,965,898	\$7,300,726	\$44,793,663	\$62,855,707	\$18,683,684	\$139,599,678

**DEPARTMENT OF JUSTICE
ENVIRONMENT AND NATURAL RESOURCES DIVISION
September 30, 2021**

Section	Hours	Direct Labor	Other Direct Costs	Indirect	Total	Cases
Appellate	2	\$104	-	\$184	\$288	2
Criminal	417	\$33,682	-	\$59,836	\$93,518	2
Defense	1,043	\$74,890	-	\$133,044	\$207,934	19
Enforcement	69,999	\$4,816,265	\$2,943,727	\$8,556,185	\$16,316,177	493
Natural Resources	54	\$3,133	-	\$5,566	\$8,699	1
Total	71,515	\$4,928,074	\$2,943,727	\$8,754,815	\$16,626,616	517

APPENDIX 4: FY 2022 Accounting Schedules and Summaries



U.S. Department of Justice

Environment and Natural Resources Division

Executive Office Telephone (202) 616-3100 P.O. Box 7611 Facsimile (202) 616-3531
Washington, DC 20044

January 17, 2023

MEMORANDUM

To: Andrew Collier
Executive Director

From: William (Bill) Kime
Forensic Accountant

Re: Fiscal Year 2022 Yearend Closeout Accounting

Attached please find the following final fiscal year 2022 year end accounting schedules and summaries relating to costs incurred by Environment and Natural Resources Division (ENRD) on behalf of the Environmental Protection Agency (EPA) under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and the Superfund Amendments and Reauthorization Act of 1986 (SARA or, hereafter, Superfund):

- EPA Billing Summary - Schedules 1-7
September 30, 2022

The following schedules are stored on the shared drive and are available for use.

- Superfund Case Cost Summary
As of September 30, 2022
- Superfund Cases - Time by Attorney/Paralegal
Year Ended September 30, 2022
- Superfund Direct Costs
Year Ended September 30, 2022

The schedules represent the final fiscal year 2022 amounts and establish an indirect cost rate applicable to the entire fiscal year.

The schedules, summaries and calculations have been prepared based on information maintained by the ENRD. Professional time charges, salary data, and other case specific cost expenditures have been used as input to produce the above reports. Total costs incurred or obligated by the ENRD as reflected in the Expenditure and Allotment Reports (E&A) for the period have been used to calculate the total amount due from EPA relating to the Superfund cases. Time reporting information, based on ENRD's employee's reporting of hours, along with the resulting hourly rate calculations based on employee salary data, have been reviewed for reasonableness of the calculated hourly rates. All obligated labor amounts reflected on the E&A's as of September 30, 2022, which are not identified as case specific, have been classified as indirect labor.

The methodology used to assign and allocate costs to specific cases is consistent with prior years and is based on generally accepted accounting principles, including references to cost allocation guidelines outlined in the Federal Financial Accounting Standards and Federal Acquisition Regulations. These reports, schedules and summaries will be made available to DOJ Inspector General as part of the annual audit process.

A handwritten signature in black ink, appearing to read "M M Ke".

EPA BILLING SUMMARY
SUMMARY OF AMOUNTS DUE BY INTERAGENCY AGREEMENT
9/30/2022

Schedule 1

	2022	2021	2020	2019	2018	2017
EPA Billing Summary - Amount Paid	\$10,569,771 (a)	\$13,266,623 (b)	\$17,537,516 (b)	\$15,442,706 (b)	\$17,451,194 (b)	\$20,252,706 (b)
Add:						
Payments in FY 2022 for 2021 (a)		\$1,724,146				
Payments in FY 2022 for 2020 (a)			\$335,482			
Payments in FY 2022 for 2019 (a)				\$72,300		
Payments in FY 2022 for 2018 (a)					\$9,506	
Payments in FY 2022 for 2017 (a)						\$1,510
Subtotal	\$10,569,771	\$14,990,769	\$17,872,998	\$15,515,006	\$17,460,700	\$20,254,216
Unliquidated Obligations (c)	\$4,902,386	\$986,156	\$2,009,605	\$465,261	\$229,109	-
Total	15,472,157	15,976,925	19,882,603	15,980,267	17,689,809	20,254,216

(a) See EPA Billing Summary, Schedule 2, September 30, 2022

(b) See EPA Billing Summary, Schedule 1, September 30, 2021

(c) See EPA Billing Summary, Schedule 3, September 30, 2022

**EPA BILLING SUMMARY
SUPERFUND OBLIGATION AND PAYMENT ACTIVITY DURING 2022
BY FISCAL YEAR OF OBLIGATION**

		2022	2021	2020	2019	2018	2017	Total
Amounts Paid	Labor	\$4,005,832						\$4,005,832
	Other Direct Costs	\$232,649	\$358,820	\$225,099	\$23,647	\$10,521	\$0	\$850,736
	Indirect Costs	\$6,331,290	\$1,365,327	\$110,383	\$48,654	(\$1,015)	\$1,510	\$7,856,149
	Subtotal	\$10,569,771	\$1,724,147	\$335,482	\$72,301	\$9,506	\$1,510	\$12,712,717
Unliquidated Obligations (a)		\$4,902,386	\$986,156	\$2,009,605	\$465,261	\$229,109	\$0	\$8,592,517
Totals		\$15,472,157	\$2,710,303	\$2,345,087	\$537,562	\$238,615	\$1,510	\$21,305,234

(a) See Schedule 3

EPA BILLING SUMMARY
FISCAL YEARS 2022, 2021, 2020, 2019, AND 2018 UNLIQUIDATED OBLIGATIONS
September 30, 2022

	2022	2021	2020	2019	2018
ENRD Unliquidated Obligations at September 30, 2022	32,735,246	4,631,200	8,808,733	2,123,377	728,536
Less: Unliquidated Obligations:					
Section 1595 (a)	8,617,509	1,012,388	685,349	360,653	379,067
Section 1596 (b)	4,015,000	1	79,123	162,058	0
Section 1598 (c)	3,480,740	681,576	1,154,095	328,289	214,999
Subtotal	16,113,249	1,693,965	1,918,566	851,000	594,066
Net Unliquidated Obligations - ENRD	16,621,998	2,937,235	6,890,167	1,272,377	134,470
Superfund percentage (d)	8.5528	10.3696	12.4164	10.7650	10.4931
Superfund portion of Unliquidated Obligations	1,421,646	304,580	855,511	136,971	14,110
Add - Section 1598 Unliquidated Obligations	3,480,740	681,576	1,154,095	328,289	214,999
Total Superfund Unliquidated Obligations (e)	4,902,386	986,156	2,009,606	465,260	229,109

(a) Section 1595 relates to reimbursable amounts from agencies other than EPA.

(b) Section 1596 relates to non-Superfund charges.

(c) Section 1598 relates to charges that are Superfund specific.

(d) Superfund percentage of unliquidated obligations was calculated by dividing year to date Superfund direct labor by the total direct labor for each of the fiscal years.

(e) Relates only to unliquidated obligations for the fiscal year indicated.

**EPA BILLING SUMMARY
INDIRECT RATE CALCULATION
FISCAL YEAR 2022**

Schedule 4

Description	FY	Superfund Specific Costs (c)	Superfund Indirect Costs for Prior Year Obligations (d)	Total (c and d)	Total Amounts Paid (a)
Indirect labor (b)					\$21,629,949
Fringes					\$27,170,889
Indirect travel					\$214,871
Freight					\$34,054
Office space and utilities					\$17,108,253
Printing(forms, etc.)					\$6,134
Training and other services					\$7,248,177
Supplies					\$613,414
Non-capitalized equipment and miscellaneous					\$195
Subtotal					\$74,025,936
Total Direct Labor					\$46,836,777
ENRD Indirect Costs Rate - FY 2022 Obligations					158.0509%
Plus: (c) and (d)					
	2022	-	-	-	
	2021	-	\$1,365,327	\$1,365,327	
	2020	-	\$110,383	\$110,383	
	2019	-	\$48,654	\$48,654	
	2018	-	(\$1,015)	(\$1,015)	
	2017	-	\$1,510	\$1,510	
	Total	-	\$1,524,858	\$1,524,858	
Superfund Direct Labor					\$4,005,832
Superfund Indirect Rate					38.0660%
Total Indirect Rate					196.1169%

(a) Indirect cost rate calculations are presented on a fiscal year-to-date basis. All case specific and other unallowable costs (Section 1595 and 1596) have been removed.
(b) Indirect labor and fringes include certain month-end obligation accruals.

**EPA BILLING SUMMARY
SUPERFUND COSTS BY OBJECT CLASSIFICATION
September 30, 2022**

Object Class	Description	Direct Expenses	Indirect Expenses	Unliquidated Obligations (b)	Total
11	Salaries (a)	\$4,140,349	\$1,849,966	\$2,307,435	\$8,297,750
12	Benefits	\$18	\$2,323,872	\$152,736	\$2,476,626
21	Travel	\$43,210	\$18,377	\$25,080	\$86,667
22	Freight	-	\$2,913	\$2,193	\$5,106
23	Rent	\$65	\$1,463,235	\$187,372	\$1,650,672
24	Printing	-	\$525	\$1,204	\$1,729
25	Services	\$54,599	\$619,922	\$2,182,510	\$2,857,031
26	Supplies	\$240	\$52,464	\$2,085	\$54,789
31	Equipment	-	\$17	\$41,772	\$41,789
Total		\$4,238,481	\$6,331,291	\$4,902,387	\$15,472,159

(a) Includes costs for direct labor, special masters and expert witnesses.

(b) Represents the Superfund portion of unliquidated obligations.

**EPA BILLING SUMMARY
RECONCILIATION OF TOTAL ENRD PAID EXPENSES
September 30, 2022**

Object Class	Description	Superfund		Non-Superfund		Indirect Section	Total
		Direct Expenses	Indirect Expenses	Direct Expenses	Indirect Expenses	1595 & 1596 Expenses	Amounts Paid
11	Salaries	\$4,140,349	\$1,849,966	\$42,896,617	\$19,779,983	\$12,174,745	\$80,841,660
12	Benefits	\$18	\$2,323,872	\$124	\$24,847,017	\$1,144,000	\$28,315,031
21	Travel	\$43,210	\$18,377	\$930,332	\$196,494	\$42,916	\$1,231,329
22	Freight	-	\$2,913	-	\$31,142	-	\$34,055
23	Rent	\$65	\$1,463,235	\$466	\$15,645,018	-	\$17,108,784
24	Printing	-	\$525	\$1,186	\$5,610	\$900	\$8,221
25	Services	\$54,599	\$619,922	\$2,301,162	\$6,628,254	\$1,848,196	\$11,452,133
26	Supplies	\$240	\$52,464	\$552	\$560,950	\$800	\$615,006
31 & 42	Equipment	-	\$17	-	\$179	-	\$196
Total		\$4,238,481	\$6,331,291	\$46,130,439	\$67,694,647	\$15,211,557	\$139,606,415

**DEPARTMENT OF JUSTICE
ENVIRONMENT AND NATURAL RESOURCES DIVISION
September 30, 2022**

Section	Hours	Direct Labor	Other Direct Costs	Indirect	Total	Cases
Criminal	262	\$20,527	\$9,038	\$40,257	\$69,822	1
Defense	1,103	\$83,505	\$78	\$163,768	\$247,351	11
Enforcement	55,134	\$3,901,782	\$841,620	\$7,652,089	\$12,395,491	489
Natural Resources	-	\$18	-	\$34	\$52	1
Total	56,499	\$4,005,832	\$850,736	\$7,856,148	\$12,712,716	502