



Audit of the Superfund Activities in the  
Environment and Natural Resources  
Division for Fiscal Years 2023 and 2024



AUDIT DIVISION

25-087

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SEPTEMBER 2025

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# EXECUTIVE SUMMARY

## Audit of the Superfund Activities in the Environment and Natural Resources Division for Fiscal Years 2023 and 2024

### Objective

The objective of the audit was to determine whether the Environment and Natural Resources Division (ENRD) appropriately accounted for Hazardous Substance Superfund Trust Fund (Superfund) cases and costs during fiscal years (FY) 2023 and 2024.

### Results in Brief

The ENRD appropriately accounted for its activities that it charged to the Superfund during FY 2023 and FY 2024. Specifically, we found that the cost allocation process used by the ENRD provided detailed accounting of total labor costs, other direct costs, and indirect costs attributed to Superfund cases. We also found that the ENRD adhered to its procedures for designating cases as Superfund or non-Superfund.

However, we determined the ENRD can improve its management of the Superfund program by formally documenting its internal guidance to include a succession plan for personnel responsible for administering and overseeing the program, updating guidance on its cost allocation and reconciliation processes, and ensuring that its indirect cost reports are labeled properly.

### Background

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 of 1986 require the Inspectors General of federal entities with Superfund responsibilities to audit uses of (including costs charged to) the fund.

### Audit Results

For FY 2023 and FY 2024, we determined that the ENRD appropriately 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, and (3) appropriately allocated incurred costs to Superfund cases. We also identified areas for improvement.

#### Succession Planning and Continuity

For at least the past several years, the ENRD has heavily relied on one individual to perform Superfund cost reconciliations. However, the individual is planning to retire from the ENRD soon, and the ENRD does not have a documented process or a clear plan delineating Superfund responsibilities to specific positions, which poses risks to knowledge transfer and the continuity of program operations.

#### Superfund Cost Processing

The guide used to reconcile reported Superfund costs includes unclear guidance for reconciling financial data. Without standardized instructions, staff may apply different methods when processing or reconciling costs, leading to discrepancies in financial records.

#### Indirect Costs

The ENRD's indirect cost reconciliation reports contained incorrectly labeled fields that did not reflect the actual data presented in the accounting schedules and summaries. These inaccuracies potentially cause confusion to newer financial personnel, increase misinterpretations, and reduce transparency regarding how ENRD applies indirect costs rates to Superfund cases.

### Recommendations

Our report provides three recommendations to help the ENRD to improve its management of the Superfund program. We requested a response to our draft audit report from the ENRD, which can be found at Appendix 5. ENRD concurred with all three of our recommendations. Our analysis of their response can be found at Appendix 6.

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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.<sup>1</sup> 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.<sup>2</sup> The Trust Fund also pays for 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 \$953 million since fiscal year (FY) 1987. For the audit period, FY 2023 and FY 2024, budgeted Superfund reimbursements represented 12 percent of the ENRD's total budget.

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<sup>1</sup> 42 U.S.C. Chapter 103 (2018).

<sup>2</sup> 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 2024)

FY	ENRD Appropriations	Budgeted Superfund Reimbursements	Total ENRD Budget
1987 - 2015	\$2,086,558,114	\$790,739,160	\$2,877,297,274
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
2023	129,890,500	18,805,000	148,695,500
2024	129,502,443	15,580,000	145,082,443
Totals	\$3,129,737,057	\$953,248,160	\$4,082,985,217

Source: The ENRD's Budget History Report for FYs 1987 through 2024.

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.<sup>3</sup>

The EPA authorized reimbursements to the ENRD in the amount of \$18.8 million during FY 2023 and \$15.6 million during FY 2024 in accordance with the most recent EPA Interagency Agreement Order Number:

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<sup>3</sup> 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.

O2211-068-015-003550 Modification 7.<sup>4</sup> The funding for Superfund is comprised of appropriations from EPA's general fund, interest, fines, penalties, and recoveries.<sup>5</sup> Consequently, the significance of the ENRD's Superfund litigation can be seen in the commitments and recoveries that the EPA has obtained. Between FYs 1987 and 2024, 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.<sup>6</sup>

**Table 2**

**Estimated Commitments and Recoveries  
(FYs 1987 through 2024)**

<b>FY</b>	<b>Commitment</b>	<b>Recovery</b>
<b>1987 - 2015</b>	\$12,782,000,000	\$9,319,000,000
<b>2016</b>	335,000,000	63,000,000
<b>2017</b>	1,659,000,000	176,000,000
<b>2018</b>	171,000,000	89,000,000
<b>2019</b>	187,000,000	327,000,000
<b>2020</b>	284,315,340	41,666,202
<b>2021</b>	667,000,000	155,000,000
<b>2022</b>	245,000,000	97,000,000
<b>2023</b>	224,854,000	175,464,000
<b>2024</b>	80,584,000	101,315,000
<b>Totals</b>	<b>\$16,635,753,340</b>	<b>\$10,544,445,202</b>

Source: ENRD Commitment and Recovery Reports

## OIG Audit Approach

The objective of the audit was to determine if the ENRD appropriately accounted for Hazardous Substance Superfund Trust Fund cases and costs during FY 2023 and FY 2024. We designed the audit to compare costs reported in the accounting schedules and summaries for FY 2023 and FY 2024 (see Appendices 3 and 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;

<sup>4</sup> EPA interagency agreement funds are effectively considered no-year money as the ENRD may apply unused funds from a previous fiscal year within the interagency agreement to supplement the current year's agreement authorization.

<sup>5</sup> 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.

<sup>6</sup> 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.

- 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 detailed accounting of total labor, other direct costs, and indirect costs to Superfund cases during FY 2023 and FY 2024.

Appendix 1 further details our audit objective, scope, and methodology.

## Audit Results

Our assessment of FY 2023 and FY 2024 Superfund charges determined that the ENRD generally provided detailed accounting of total labor costs, other direct costs, and indirect costs to its Hazardous Substance Superfund Trust Fund cases. We also confirmed that the ENRD adhered to its procedures for designating cases as Superfund or non-Superfund, as we did not identify any misclassified cases during our testing. In addition, the ENRD accounting records reconciled to the costs reported in the system used to process Superfund related financial data. However, we identified areas for improvement of the Superfund program. Specifically, ENRD should develop a succession plan for personnel responsible for administering and overseeing the program, and it should revise its internal guidance on cost allocation and reconciliation processes, as well as on indirect cost reporting.

### Reconciliation of Billing Summaries and Schedules to Expenditure and Allotment 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 \$169 million in both FY 2023 and FY 2024, as shown in Table 3.

Table 3

#### Total ENRD Expenses

Description	FY 2023	FY 2024
Salaries	\$92,823,924	\$98,152,207
Benefits	32,543,849	34,293,046
Travel	2,211,584	2,317,701
Freight	51,130	73,123
Rent	15,602,765	13,530,521
Printing	29,408	81,690
Services	24,900,286	23,443,067
Supplies	321,893	501,413
Equipment	1,138,405	1,053,767
Total	\$169,623,244	\$173,446,535

Source: ENRD E&A Report for FY 2023 and FY 2024

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.



## Succession Planning and Continuity at ENRD

The Government Accountability Office's (GAO) Standards for Internal Control in the Federal Government (Green Book) advises management at federal agencies to define succession plans and ensure continuity of operations by preparing for the loss of critical personnel. The Green Book also requires agencies to establish documentation and procedures to sustain program operations during staff transitions.

For at least the past several years, the ENRD has heavily relied on one individual (previously as a contract worker and recently as an ENRD employee) to perform Superfund cost reconciliations. However, the individual is planning to retire from the ENRD soon and contrary to Green Book requirements, the ENRD does not have a documented process, an established personnel structure for continued management of the Superfund program, or a clear plan delineating Superfund responsibilities to specific positions. According to ENRD officials, the ENRD Office of Financial Management manages the Superfund program, with responsibilities rotating among staff. The ENRD noted that due to the 2025 federal hiring freeze, it is unable to backfill any positions, including that of the aforementioned individual. As a result, ENRD will have to distribute the activities related to Superfund cost reconciliations among various staff within the Office of Financial Management. We believe the ENRD will experience challenges in transitioning Superfund cost reconciliation responsibilities due to not having documented processes or established operational contingencies. Therefore, we recommend the ENRD develop a written plan for Superfund program continuity that includes procedures for recurring tasks and clearly assigns responsibilities to the Office of Financial Management personnel who will likely inherit the cost reconciliation duties.

## 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 the ENRD's schedules reconciled to the current Superfund case list. The reconciliation identified 496 Superfund cases in FY 2023 and 482 Superfund cases in FY 2024 for which the ENRD incurred hourly direct labor costs and other direct 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 the ENRD Superfund cases were designated in accordance with established criteria. We confirmed that the ENRD memorandum entitled *Environment and Natural Resources Division Determining Whether Cases are Superfund-Billable*, August 2020, (2020 ENRD Determination Memorandum) provided the methodology for designating Superfund cases.

We judgmentally selected a sample of 15 cases from across different ENRD divisions, as listed in the FY 2023 and FY 2024 Superfund database, to test whether the ENRD staff adhered to the case designation procedures outlined in the 2020 ENRD Determination Memorandum.<sup>7</sup> We 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.

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<sup>7</sup> See Appendix 2 for a complete listing of the cases in our sample. The sample selected of Superfund cases covers the scope of our audit.

We found no exceptions in this testing to indicate that the ENRD was not properly classifying cases as Superfund.

## Superfund Cost Distribution

We reviewed the process 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 ENRD cases designated as Superfund or non-Superfund. This allowed us to isolate the Superfund costs from the ENRD data and compare it to the ENRD's accounting schedules and summaries. 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.

**Table 4**

### Superfund Distributed Costs

Cost Categories	FY 2023	FY 2024
Labor	\$3,900,210	\$3,943,898
Other Direct Costs	122,899	224,989
Indirect Costs	6,042,668	7,193,020
Unliquidated Obligations	4,243,624	2,215,550
<b>Total</b>	<b>\$14,309,401</b>	<b>\$13,577,457</b>

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

The ENRD continued using the labor distribution system from prior years, which our prior audits had reviewed. The 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 the ENRD E&A Reports for FY 2023 and FY 2024;
- 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 the ENRD data files to (1) compare extractions from the ENRD's 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 54,011 hours working on 496 Superfund cases in FY 2023, and a total of 51,774 hours working on 482 Superfund cases in FY 2024. These hours resulted in direct labor charges of \$3,900,210 for FY 2023 and \$3,943,898 for FY 2024. To determine if the billing summaries for direct labor 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 2023 and FY 2024.

Although the ENRD's case identification method adequately identified Superfund cases, we found that the document guiding the process, ENRD's *Superfund Cost Processing Memorandum for FYs 2023 and 2024*, lacked the details needed to sufficiently document the nuanced reconciliation process to serve as a reference for the employees who will perform the function in the future.<sup>8</sup> As written, the memorandum included unclear and missing fund codes, as well as insufficient instructions for reconciling E&A Reports, indirect cost rates, and other direct costs. These omissions made it difficult for ENRD to reperform the work independent of the current process owner (whose departure is imminent) in order to retrieve support for the Superfund costs as requested by the OIG. According to GAO's Green Book, management should design control activities to achieve objectives and respond to risks. This includes clearly documenting policies and procedures in a manner that is complete, accurate, and readily available to users (e.g., ENRD officials and future employees).

When we spoke to ENRD officials, they informed us that frequent system updates have made it difficult to develop a consistent guide for Superfund cost reconciliation. We believe that in its current form, the ENRD's Superfund Cost Processing Memorandum, does not fully account for updates and changes made to the system of record since its deployment in 2020. The lack of clear structured guidance increases the risk that finance personnel will apply different methodologies resulting in inaccurate results when reconciling Superfund costs. Therefore, we recommend that the ENRD update its guidance to sufficiently detail its reconciliation process. The updated document should offer specific guidance on: (a) identifying and reconciling cost reports, (b) extracting data for Superfund and non-Superfund costs, (c) applying direct labor and indirect cost rates, and (d) accounting for other direct costs. Additionally, this guidance should be maintained as a living document and regularly reviewed and updated, at least annually, to ensure accurate, consistent, and efficient financial reporting.

Despite the aforementioned deficiencies we identified regarding ENRD's memorialization of its reconciliation process, we were ultimately able to verify the accuracy of the reported hours and labor costs charged to Superfund cases with assistance from the current process owner.

## 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 portions of salaries for personnel supporting ENRD administrative processes,

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<sup>8</sup> The Superfund Cost Processing Memorandum is intended to provide detailed information about the processing and reporting of the costs that the ENRD incurred, or will incur (unliquidated), on all cases, including CERCLA cases assigned to the ENRD under EPA's Interagency Agreement.

employee benefits, travel and transportation, rents, communication, utilities, supplies, and equipment. The ENRD distributed indirect costs to Superfund cases using an indirect cost rate calculated by fiscal year, combining both the ENRD indirect rate and a Superfund-specific indirect rate.

To calculate the ENRD indirect costs, the ENRD subtracted the amount of ENRD's direct costs from the total amounts paid by the ENRD according to the E&A report. In addition, the ENRD excluded two accounting codes from the ENRD indirect cost calculation because the codes were used for unallocable purposes.<sup>9</sup> The ENRD then calculated the ENRD indirect rates shown in Table 5 by dividing the indirect costs by the total direct labor costs for the applicable period. For training, travel, and charges specific to a Superfund case, the ENRD divided the associated costs by the Superfund direct labor costs for FY 2023 and FY 2024.

**Table 5**

**Indirect Cost Rates**

Category	FY 2023	FY 2024
ENRD Indirect Rate	154.76%	182.38%
Superfund-Specific Indirect Rate	26.42%	21.14%
Total Superfund Indirect Cost Rate	181.18%	203.52%

Source: [Schedule 4](#) of the ENRD's accounting schedules and Summaries.

Using the E&A Reports and the ENRD's electronic files, we were able to reconcile the total indirect amounts to [Schedule 4](#), Indirect Rate Calculation, ensuring that the ENRD used only paid costs to accumulate the indirect cost pool. Overall, we determined that the total amount of indirect costs for FY 2023 was \$79,112,965, of which \$6,042,668 was allocated to Superfund cases and the total amount of indirect costs for FY 2024 was \$96,972,335, of which \$7,193,020 was allocated to Superfund cases.

Through our review, we noted areas needing improvement with the indirect cost reconciliation calculation report and [Schedule 4](#) of the ENRD's accounting schedules and summaries. We found that these reports included multiple inaccurately labeled fields that did not clearly explain what each field represented or the methodology used to calculate indirect costs associated with ENRD's Superfund activities. Specifically, we noted the:

- Superfund Indirect Percentage, which was intended to display the Superfund Indirect Cost applied to Superfund activities;
- Superfund Indirect Rate ([Schedule 4](#)), which was intended to display the Superfund-specific Indirect Rate applied to Superfund activities; and

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<sup>9</sup> The ENRD uses established accounting section codes 1595 and 1596 to capture costs that are unallocable to DOJ's Superfund indirect cost activities because the costs reflect reimbursable amounts from agencies other than EPA and non-reimbursable amounts for non-Superfund cases, respectively.

- Total Indirect Rate ([Schedule 4](#)), which was intended to display the Total Superfund Indirect Cost Rate applied to Superfund activities.

During the audit, ENRD officials acknowledged that the titles in the indirect cost reconciliation calculation report and [Schedule 4](#) were potentially misleading and agreed the titles should be renamed to better reflect the actual data presented in the reports. We believe that the use of inaccurate terminology in financial reports can lead to confusion among report users (e.g., attorneys, court disposition, case managers, newer financial personnel, and the OIG), increase the risk of data misinterpretation, and reduce transparency regarding how indirect cost rates are allocated to Superfund cases. Therefore, we recommend that the ENRD revise the indirect cost reconciliation calculation report and Schedule 4, to include descriptive terms that more accurately reflect the fields Superfund Indirect Percentage, Superfund Indirect Rate, and Total Indirect Rate.

## Other Direct Costs

Table 6 presents the four other direct cost categories, by general description, incurred by the ENRD and distributed to Superfund during FY 2023 and FY 2024.

**Table 6**

### Superfund Other Direct Costs

Description	FY 2023	FY 2024
Expert Witness Fees	\$352,861	\$1,185,149
Travel and Transportation	49,846	71,346
Litigation Support	4,242	7,131
Other	58,953	61,156
<b>Total</b>	<b>\$465,902</b>	<b>\$1,324,782</b>

Source: ENRD files for FY 2023 and FY 2024

We tested a judgmental sample of each other direct cost category, ultimately reviewing 50 transactions totaling \$742,100, as detailed in Table 7.

Table 7

Sampled Other Direct Costs

Description	Number of Transactions Tested	Amount
Expert Witness Fees	33	\$684,845
Travel and Transportation	9	12,936
Litigation Support	0	0
Other	8	44,319
<b>Totals</b>	<b>50</b>	<b>\$742,100</b>

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 – We verified that the correct subobject code was used to classify the cost.
- Superfund/non-Superfund case classification – We verified that the case number appearing on the documents matched the case number in the Superfund database.
- Dollar amount – We verified that the dollar amount listed for other direct costs in the database matched the amounts on the supporting documents.
- Proper approval – We verified that the proper approval was obtained on the vouchers paying the other direct costs.

Our testing confirmed that other direct costs were adequately supported and appropriately charged to Superfund cases.

## Conclusion and Recommendations

The ENRD appropriately accounted for Hazardous Substance Superfund Trust Fund cases and costs during FY 2023 and FY 2024. However, we found that the ENRD can improve the management of the Superfund program by formally documenting internal guidance that: (1) includes a succession plan for personnel overseeing the program with a defined personnel structure, (2) clarifies and details its cost allocation and reconciliation processes, and (3) includes a process or control to ensure that personnel use consistent and accurate labels in indirect cost reports. To support operational continuity and improve internal controls, we provide three recommendations to the ENRD.

We recommend that the ENRD:

1. Develop a written plan for Superfund program continuity that includes procedures for recurring tasks and clearly assigns responsibilities to the Office of Financial Management personnel who will likely inherit the cost reconciliation duties.
2. Update its guidance to sufficiently detail its reconciliation process, including: (a) identifying and reconciling cost reports, (b) extracting data for Superfund and non-Superfund costs, (c) applying direct labor and indirect cost rates, and (d) accounting for other direct costs. Additionally, this guidance should be maintained as a living document and regularly reviewed and updated, at least annually, to ensure accurate, consistent, and efficient financial reporting.
3. Revise the indirect cost reconciliation calculation report and Schedule 4 to include descriptive terms that more accurately reflect the fields Superfund Indirect Percentage, Superfund Indirect Rate, and Total Indirect Rate.

# APPENDIX 1: Objective, Scope, and Methodology

## Objective

The objective of the audit was to determine whether the ENRD appropriately accounted for Hazardous Substance Superfund Trust Fund cases and costs during fiscal years (FY) 2023 and 2024.

## 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 ENRD's Expenditure and Allotment (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, 2022, through September 30, 2024. 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 2023 and FY 2024. We also reviewed the ENRD methodology for distributing direct labor costs and indirect costs to Superfund cases for FY 2023 and FY 2024. 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 2023 and FY 2024.

## Statement on Compliance with Generally Accepted Government Auditing Standards

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 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 the 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 123 and the Government Accountability Office's Standards for Internal Control in the Federal Government. 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.<sup>10</sup>

In planning and performing our audit, we identified internal control components and underlying internal control principles as significant to the audit objective. Specifically, we assessed the design, implementation, and operating effectiveness of internal controls to the extent necessary to address the audit objective. The internal control deficiencies we found are discussed in the Audit Results section of this report. However,

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<sup>10</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.



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 496 cases in FY 2023 and 482 cases in FY 2024 categorized as Superfund cases. We selected 15 cases from different ENRD divisions, as listed in the FY 2023 and FY 2024 Superfund database. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the areas we reviewed. 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 10 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 2023 and FY 2024. 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 findings identified involving information from the system was verified with documentation from other sources.

## APPENDIX 2: OIG Sample of FY 2023 and FY 2024 Cases

Count	Case Number	Classification
1	90-11-3-12792	Enforcement
2	90-11-3-07683/17	Enforcement
3	90-11-3-07683/11	Enforcement
4	90-11-3-12334	Enforcement
5	90-11-3-12574	Enforcement
6	90-11-3-12566	Enforcement
7	90-11-3-12439/1	Enforcement
8	90-11-2-09556	Enforcement
9	90-12-17043	Appellate
10	90-14-16955	Appellate
11	90-11-6-22367	Defense
12	90-11-6-22372	Defense
13	90-11-6-22355	Defense
14	90-11-6-22345	Defense
15	33-13007	Land Acquisition

Source: OIG

# APPENDIX 3: FY 2023 Accounting Schedules and Summaries



U.S. Department of Justice

Environment and Natural Resources Division

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

December 21, 2023

## MEMORANDUM

To: Andrew Collier  
Executive Director

From: William (Bill) Kime  
Forensic Accountant

Re: Fiscal Year 2023 Yearend Closeout Accounting

Attached please find the following final fiscal year 2023 yearend 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, 2023

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

- Superfund Case Cost Summary  
As of September 30, 2023
- Superfund Cases - Time by Attorney/Paralegal  
Year Ended September 30, 2023
- Superfund Direct Costs  
Year Ended September 30, 2023

The schedules represent the final fiscal year 2023 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, 2023, 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.



**EPA BILLING SUMMARY**  
**SUMMARY OF AMOUNTS DUE BY INTERAGENCY AGREEMENT**  
9/30/2023

Schedule 1

		2023	2022	2021	2020	2019	2018
<b>EPA Billing Summary - Amount Paid</b>		\$10,065,777 (a)	\$10,569,775 (b)	\$14,990,769 (b)	\$17,872,997 (b)	\$15,515,006 (b)	\$17,460,700 (b)
<b>Add:</b>							
Payments in FY 2023 for 2022 (a)			\$1,180,876				
Payments in FY 2023 for 2021 (a)				\$146,146			
Payments in FY 2023 for 2020 (a)					\$11,930		
Payments in FY 2023 for 2019 (a)						\$23,539	
Payments in FY 2023 for 2018 (a)							\$4,119
Subtotal		\$10,065,777	\$11,750,651	\$15,136,915	\$17,884,927	\$15,538,545	\$17,464,819
<b>Unliquidated Obligations (c)</b>		\$4,243,624	\$2,928,985	\$795,360	\$1,363,375	\$234,475	-
<b>Total</b>		14,309,401	14,679,636	15,932,275	19,248,302	15,773,020	17,464,819

(a) See EPA Billing Summary, Schedule 2, September 30, 2023

(b) See EPA Billing Summary, Schedule 1, September 30, 2022

(c) See EPA Billing Summary, Schedule 3, September 30, 2023

**EPA BILLING SUMMARY  
SUPERFUND OBLIGATION AND PAYMENT ACTIVITY DURING 2023  
BY FISCAL YEAR OF OBLIGATION**

		2023	2022	2021	2020	2019	2018	Total
<b>Amounts Paid</b>	Labor	\$3,900,210						\$3,900,210
	Other Direct Costs	\$122,899	\$261,055	\$57,924	\$11,380	\$11,565	\$1,080	\$465,903
	Indirect Costs	\$6,042,668	\$919,820	\$88,222	\$550	\$11,974	\$3,039	\$7,066,273
	<b>Subtotal</b>	<b>\$10,065,777</b>	<b>\$1,180,875</b>	<b>\$146,146</b>	<b>\$11,930</b>	<b>\$23,539</b>	<b>\$4,119</b>	<b>\$11,432,386</b>
<b>Unliquidated Obligations (a)</b>		\$4,243,624	\$2,928,985	\$795,360	\$1,363,375	\$234,475	\$0	\$9,565,819
<b>Totals</b>		<b>\$14,309,401</b>	<b>\$4,109,860</b>	<b>\$941,506</b>	<b>\$1,375,305</b>	<b>\$258,014</b>	<b>\$4,119</b>	<b>\$20,998,205</b>

(a) See Schedule 3

**EPA BILLING SUMMARY**  
**FISCAL YEARS 2023, 2022, 2021, 2020, AND 2019 UNLIQUIDATED OBLIGATIONS**  
**September 30, 2023**

	2023	2022	2021	2020	2019
<b>ENRD Unliquidated Obligations at September 30, 2023</b>	25,081,602	10,604,556	3,006,843	3,916,006	1,515,336
Less: Unliquidated Obligations:					
Section 1595 (a)	4,712,124	1,839,235	413,839	549,480	305,752
Section 1596 (b)	3,516,692	48,768	0	108	567
Section 1598 (c)	3,202,164	2,387,691	587,385	1,079,411	116,910
Subtotal	11,430,980	4,275,694	1,001,223	1,628,998	423,230
Net Unliquidated Obligations - ENRD	13,650,622	6,328,862	2,005,620	2,287,008	1,092,106
Superfund percentage (d)	7.6294	8.5528	10.3696	12.4164	10.7650
Superfund portion of Unliquidated Obligations	1,041,461	541,295	207,975	283,964	117,565
Add - Section 1598 Unliquidated Obligations	3,202,164	2,387,691	587,385	1,079,411	116,910
<b>Total Superfund Unliquidated Obligations (e)</b>	<b>4,243,625</b>	<b>2,928,986</b>	<b>795,360</b>	<b>1,363,375</b>	<b>234,475</b>

(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 2023**

**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)					\$23,850,424
Fringes					\$28,955,773
Indirect travel					\$434,620
Freight					\$16,666
Office space and utilities					\$14,320,950
Printing(forms, etc.)					\$1,949
Training and other services					\$11,026,644
Supplies					\$446,829
Non-capitalized equipment and miscellaneous					\$59,109
Subtotal					\$79,112,965
Total Direct Labor					\$51,120,564
ENRD Indirect Costs Rate - FY 2023 Obligations					154.7576%
Plus: (c) and (d)					
	2023	\$6,823	-	\$6,823	
	2022	-	\$919,820	\$919,820	
	2021	-	\$88,222	\$88,222	
	2020	(\$1,022)	\$1,573	\$550	
	2019	-	\$11,974	\$11,974	
	2018	\$722	\$2,316	\$3,039	
	Total	\$6,523	\$1,023,905	\$1,030,428	
Superfund Direct Labor					\$3,900,210
Superfund Indirect Rate					26.4198%
Total Indirect Rate					181.1774%

(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, 2023**

Object Class	Description	Direct Expenses	Indirect Expenses	Unliquidated Obligations (b)	Total
11	Salaries (a)	\$3,972,774	\$1,819,644	\$3,591,312	\$9,383,730
12	Benefits	-	\$2,209,152	\$144,005	\$2,353,157
21	Travel	\$46,374	\$39,982	\$24,263	\$110,619
22	Freight	-	\$1,272	\$930	\$2,202
23	Rent	-	\$1,092,603	\$162,552	\$1,255,155
24	Printing	-	\$149	\$2,131	\$2,280
25	Services	\$3,961	\$841,267	\$221,919	\$1,067,147
26	Supplies	-	\$34,090	\$2,246	\$36,336
31	Equipment	-	\$4,510	\$94,266	\$98,776
<b>Total</b>		<b>\$4,023,109</b>	<b>\$6,042,669</b>	<b>\$4,243,624</b>	<b>\$14,309,402</b>

(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, 2023**

Object Class	Description	Superfund		Non-Superfund		Indirect Section	Total
		Direct Expenses	Indirect Expenses	Direct Expenses	Indirect Expenses	1595 & 1596 Expenses	Amounts Paid
11	Salaries	\$3,972,774	\$1,819,644	\$47,220,354	\$22,030,780	\$12,138,903	\$87,182,455
12	Benefits	-	\$2,209,152	\$489	\$26,746,621	\$1,702,547	\$30,658,809
21	Travel	\$46,374	\$39,982	\$1,383,341	\$401,461	\$115,593	\$1,986,751
22	Freight	-	\$1,272	-	\$15,395	-	\$16,666
23	Rent	-	\$1,092,603	\$7,109	\$13,228,348	-	\$14,328,059
24	Printing	-	\$149	\$5,338	\$1,801	\$4,000	\$11,288
25	Services	\$3,961	\$841,267	\$616,072	\$10,185,377	\$659,694	\$12,306,371
26	Supplies	-	\$34,090	\$4,219	\$412,738	\$2,000	\$453,047
31 & 42	Equipment	-	\$4,510	-	\$54,599	\$21,650	\$80,759
<b>Total</b>		<b>\$4,023,109</b>	<b>\$6,042,668</b>	<b>\$49,236,922</b>	<b>\$73,077,120</b>	<b>\$14,644,386</b>	<b>\$147,024,204</b>

**DEPARTMENT OF JUSTICE  
ENVIRONMENT AND NATURAL RESOURCES DIVISION  
September 30, 2023**

<b>Section</b>	<b>Hours</b>	<b>Direct Labor</b>	<b>Other Direct Costs</b>	<b>Indirect</b>	<b>Total</b>	<b>Cases</b>
Appellate	898	\$61,605	-	\$111,614	\$173,219	2
Criminal	-	-	\$2,532	-	\$2,532	1
Defense	528	\$39,893	\$1,396	\$72,277	\$113,566	13
Enforcement	52,540	\$3,795,173	\$461,975	\$6,875,970	\$11,133,118	478
Land Acquisition	44	\$3,454	-	\$6,258	\$9,712	1
Natural Resources	1	\$85	-	\$154	\$239	1
Total	54,011	\$3,900,210	\$465,903	\$7,066,273	\$11,432,386	496

# APPENDIX 4: FY 2024 Accounting Schedules and Summaries



U.S. Department of Justice

Environment and Natural Resources Division

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

February 3, 2025

## MEMORANDUM

To: Andrew Collier  
Executive Director

From: William (Bill) Kime  
Forensic Accountant

Re: Fiscal Year 2024 Yearend Closeout Accounting

Attached please find the following final fiscal year 2024 yearend 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, 2024

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

- Superfund Case Cost Summary  
As of September 30, 2024
- Superfund Cases - Time by Attorney/Paralegal  
Year Ended September 30, 2024
- Superfund Direct Costs  
Year Ended September 30, 2024

The schedules represent the final fiscal year 2024 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, 2023, 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.", is located below the second paragraph of text.

**EPA BILLING SUMMARY**  
**SUMMARY OF AMOUNTS DUE BY INTERAGENCY AGREEMENT**  
**9/30/2024**

Schedule 1

	2024	2023	2022	2021	2020	2019
<b>EPA Billing Summary - Amount Paid</b>	\$11,361,907 (a)	\$10,065,777 (b)	\$11,750,650 (b)	\$15,136,915 (b)	\$17,884,927 (b)	\$15,538,545 (b)
<b>Add:</b>						
Payments in FY 2024 for 2023 (a)		\$1,741,048				
Payments in FY 2024 for 2022 (a)			\$198,769			
Payments in FY 2024 for 2021 (a)				\$6,810		
Payments in FY 2024 for 2020 (a)					\$22,635	
Payments in FY 2024 for 2019 (a)						(\$35,694)
Subtotal	\$11,361,907	\$11,806,825	\$11,949,419	\$15,143,725	\$17,907,562	\$15,502,851
<b>Unliquidated Obligations (c)</b>	\$2,215,550	\$2,114,038	\$2,695,623	\$652,765	\$1,166,633	-
<b>Total</b>	13,577,457	13,920,863	14,645,042	15,796,490	19,074,195	15,502,851

(a) See EPA Billing Summary, Schedule 2, September 30, 2024

(b) See EPA Billing Summary, Schedule 1, September 30, 2023

(c) See EPA Billing Summary, Schedule 3, September 30, 2024

**EPA BILLING SUMMARY  
SUPERFUND OBLIGATION AND PAYMENT ACTIVITY DURING 2024  
BY FISCAL YEAR OF OBLIGATION**

		2024	2023	2022	2021	2020	2019	Total
<b>Amounts Paid</b>	Labor	\$3,943,898						\$3,943,898
	Other Direct Costs	\$224,989	\$911,490	\$180,251	\$907	\$189	\$6,956	\$1,324,782
	Indirect Costs	\$7,193,020	\$829,558	\$18,518	\$5,903	\$22,446	(\$42,650)	\$8,026,795
	<b>Subtotal</b>	<b>\$11,361,907</b>	<b>\$1,741,048</b>	<b>\$198,769</b>	<b>\$6,810</b>	<b>\$22,635</b>	<b>(\$35,694)</b>	<b>\$13,295,475</b>
<b>Unliquidated Obligations (a)</b>		\$2,215,550	\$2,114,038	\$2,695,623	\$652,765	\$1,166,633	\$0	\$8,844,609
<b>Totals</b>		<b>\$13,577,457</b>	<b>\$3,855,086</b>	<b>\$2,894,392</b>	<b>\$659,575</b>	<b>\$1,189,268</b>	<b>(\$35,694)</b>	<b>\$22,140,084</b>

(a) See Schedule 3

**EPA BILLING SUMMARY**  
**FISCAL YEARS 2024, 2023, 2022, 2021, AND 2020 UNLIQUIDATED OBLIGATIONS**  
**September 30, 2024**

	2024	2023	2022	2021	2020
<b>ENRD Unliquidated Obligations at September 30, 2024</b>	16,456,630	6,637,448	8,833,972	1,839,806	2,211,905
Less: Unliquidated Obligations:					
Section 1595 (a)	4,443,700	2,439,589	855,369	318,360	386,041
Section 1596 (b)	1,825,231	225,618	0	0	108
Section 1598 (c)	1,576,830	1,960,558	2,201,521	552,265	1,073,192
Subtotal	7,845,761	4,625,766	3,056,889	870,625	1,459,341
Net Unliquidated Obligations - ENRD	8,610,869	2,011,683	5,777,082	969,181	752,564
Superfund percentage (d)	7.4176	7.6294	8.5528	10.3696	12.4164
Superfund portion of Unliquidated Obligations	638,720	153,479	494,102	100,500	93,441
Add - Section 1598 Unliquidated Obligations	1,576,830	1,960,558	2,201,521	552,265	1,073,192
<b>Total Superfund Unliquidated Obligations (e)</b>	<b>2,215,550</b>	<b>2,114,037</b>	<b>2,695,623</b>	<b>652,765</b>	<b>1,166,633</b>

(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 2024**

**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)					\$37,709,437
Fringes					\$32,313,964
Indirect travel					\$312,908
Freight					\$64,854
Office space and utilities					\$12,230,137
Printing(forms, etc.)					\$7,530
Training and other services					\$13,448,255
Supplies					\$443,785
Non-capitalized equipment and miscellaneous					\$441,464
Subtotal					\$96,972,335
Total Direct Labor					\$53,169,463
ENRD Indirect Costs Rate - FY 2024 Obligations					182.3835%
Plus: (c) and (d)					
	2024	-	-	-	
	2023	-	\$829,558	\$829,558	
	2022	-	\$18,518	\$18,518	
	2021	-	\$5,903	\$5,903	
	2020	-	\$22,446	\$22,446	
	2019	-	(\$42,650)	(\$42,650)	
	Total	-	\$833,776	\$833,776	
Superfund Direct Labor					\$3,943,898
Superfund Indirect Rate					21.1409%
Total Indirect Rate					203.5244%

(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, 2024**

Object Class	Description	Direct Expenses	Indirect Expenses	Unliquidated Obligations (b)	Total
11	Salaries (a)	\$4,084,409	\$2,797,135	\$1,709,442	\$8,590,986
12	Benefits	-	\$2,396,921	\$58,504	\$2,455,425
21	Travel	\$70,156	\$23,210	\$17,934	\$111,300
22	Freight	-	\$4,811	\$380	\$5,191
23	Rent	\$50	\$907,183	\$134,557	\$1,041,790
24	Printing	\$114	\$559	\$1,882	\$2,555
25	Services	\$10,487	\$997,538	\$232,768	\$1,240,793
26	Supplies	\$3,672	\$32,918	\$5,540	\$42,130
31	Equipment	-	\$32,746	\$54,543	\$87,289
<b>Total</b>		<b>\$4,168,888</b>	<b>\$7,193,021</b>	<b>\$2,215,550</b>	<b>\$13,577,459</b>

(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, 2024**

Object Class	Description	Superfund		Non-Superfund		Indirect Section	Total
		Direct Expenses	Indirect Expenses	Direct Expenses	Indirect Expenses	1595 & 1596 Expenses	Amounts Paid
11	Salaries	\$4,084,409	\$2,797,135	\$49,225,565	\$34,912,302	\$298,150	\$91,317,562
12	Benefits	-	\$2,396,921	\$141	\$29,917,043	-	\$32,314,105
21	Travel	\$70,156	\$23,210	\$1,501,797	\$289,698	\$162,329	\$2,047,190
22	Freight	-	\$4,811	-	\$60,043	-	\$64,854
23	Rent	\$50	\$907,183	\$7,894	\$11,322,954	-	\$12,238,080
24	Printing	\$114	\$559	\$5,537	\$6,972	\$10,706	\$23,887
25	Services	\$10,487	\$997,538	\$1,288,711	\$12,450,717	\$525,849	\$15,273,302
26	Supplies	\$3,672	\$32,918	\$5,811	\$410,867	\$7,017	\$460,285
31 & 42	Equipment	-	\$32,746	-	\$408,718	-	\$441,464
<b>Total</b>		<b>\$4,168,887</b>	<b>\$7,193,020</b>	<b>\$52,035,457</b>	<b>\$89,779,315</b>	<b>\$1,004,051</b>	<b>\$154,180,729</b>

**DEPARTMENT OF JUSTICE  
ENVIRONMENT AND NATURAL RESOURCES DIVISION  
September 30, 2024**

<b>Section</b>	<b>Hours</b>	<b>Direct Labor</b>	<b>Other Direct Costs</b>	<b>Indirect</b>	<b>Total</b>	<b>Cases</b>
Appellate	30	\$2,704	-	\$5,502	\$8,206	1
Defense	320	\$25,093	\$1,055	\$51,071	\$77,219	7
Enforcement	51,069	\$3,887,329	\$1,323,727	\$7,911,663	\$13,122,719	473
Land Acquisition	355	\$28,772	-	\$58,559	\$87,331	1
Total	51,774	\$3,943,898	\$1,324,782	\$8,026,795	\$13,295,475	482

# APPENDIX 5: Environment and Natural Resources Division's Response to the Draft Audit Report



U.S. Department of Justice

Environment and Natural Resource Division

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September 5, 2025

Jason R. Malmstrom  
Assistant Inspector General for Audit  
Office of the Inspector General  
150 M Street, N.E., 12<sup>th</sup> Floor  
Washington, D.C. 20530

**Re: Audit of Superfund Activities in ENRD for Fiscal Years 2023 and 2024**

Dear Mr. Malmstrom:

I am writing to follow up on the Office of the Inspector General's (OIG) above-referenced September 2, 2025, Draft Audit Report and transmittal memo. Specifically, in accordance with OMB Circular A-50 and DOJ Order 2900.6A, we are providing the required documentation showing that all agreed-upon actions resulting from the subject audit's recommendations have been completed.

**RECOMMENDATION #1:** Develop a written plan for Superfund program continuity that includes procedures for recurring tasks and clearly assigns responsibilities to the Office of Financial Management personnel who will likely inherit the cost reconciliation duties.

- **ENRD RESPONSE / RESOLUTION:** ENRD concurs with this recommendation. The following information will be documented with the Superfund processing guidelines and put into effect by 9/30/2025. Please note, ENRD's Superfund Cost Accounting is no longer calculated manually by an Accountant. Instead, ENRD uses "Reportal", an electronic reporting tool/database created by ENRD's Office of Information Management. Reportal is updated in real-time. ENRD's Finance Office generates Superfund reports every month, in addition to the year-end closeout process. Once reports are generated, the ENRD's Finance Office performs a quality control check to analyze and compare the data. This team of personnel now consists of two Budget Analysts and the Assistant Director for Finance. As in past audits, the Assistant Director will continue to be the point of contact for future audits.

**RECOMMENDATION #2:** Update its guidance to sufficiently detail its reconciliation process, including: (a) identifying and reconciling cost reports, (b) extracting data for Superfund and non-Superfund costs, (c) applying direct labor and indirect cost rates, and (d) accounting for other

direct costs. Additionally, this guidance should be maintained as a living document, and regularly reviewed and updated, at least annually, to ensure accurate, consistent, and efficient financial reporting.

- **ENRD RESPONSE / RESOLUTION:** ENRD concurs with this recommendation and will update its' current Superfund processing guidelines by 9/30/2025.

**RECOMMENDATION #3:** Revise the indirect cost reconciliation calculation report and Schedule 4, to include descriptive terms that more accurately reflect the fields Superfund Indirect Percentage, Superfund Indirect Rate, and Total Indirect Rate.

- **ENRD RESPONSE / RESOLUTION:** ENRD concurs with this recommendation. The indirect cost reconciliation calculation report and Schedule 4 will be updated to reflect more appropriate naming and included in the Superfund processing guideline by 9/30/2025.

ENRD is committed to maintaining a reliable, effective and efficient system for allocating Superfund costs. This audit significantly benefits the government's efforts to recover federal funds spent to clean up the environment. In this era of tight budgets and competing demands, ENRD very much appreciates the Inspector General's willingness to conduct audits of the Superfund program. Should you or your staff require further information, please do not hesitate to contact me.

Sincerely,



Adam Gustafson  
Acting Assistant Attorney General  
Environment and Natural Resources Division

## **APPENDIX 6: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report**

The OIG provided a draft of this audit report to the Environment and Natural Resources Division (ENRD). We incorporated the ENRD's response in Appendix 5 of this final report. In response to our audit report, the ENRD concurred with our recommendations and discussed the actions it will implement in response to our findings. As a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### **Recommendations for ENRD:**

- 1. Develop a written plan for Superfund program continuity that includes procedures for recurring tasks and clearly assigns responsibilities to the Office of Financial Management personnel who will likely inherit the cost reconciliation duties.**

Resolved. The ENRD concurred with our recommendation. The ENRD stated in its response that it will develop a written plan for Superfund program continuity that will be documented within the Superfund processing guidelines and effectuated by September 30, 2025. The ENRD additionally previewed some of the changes to its systems and processes as well as the Finance Office personnel who are now responsible for maintaining these processes. As a result, this recommendation is resolved.

This recommendation can be closed when the ENRD provides evidence of a written plan for Superfund program continuity that includes procedures for recurring tasks and clearly assigns responsibilities to the Office of Financial Management personnel.

- 2. Update its guidance to sufficiently detail its reconciliation process, including: (a) identifying and reconciling cost reports, (b) extracting data for Superfund and non-Superfund costs, (c) applying direct labor and indirect cost rates, and (d) accounting for other direct costs. Additionally, this guidance should be maintained as a living document and regularly reviewed and updated, at least annually, to ensure accurate, consistent, and efficient financial reporting.**

Resolved. The ENRD concurred with our recommendation. The ENRD stated in its response that it will update its current Superfund processing guidelines by September 30, 2025. As a result, this recommendation is resolved.

This recommendation can be closed when the ENRD provides evidence of the updated Superfund processing guidelines that sufficiently detail its reconciliation process.

3. **Revise the indirect cost reconciliation calculation report and Schedule 4 to include descriptive terms that more accurately reflect the fields Superfund Indirect Percentage, Superfund Indirect Rate, and Total Indirect Rate.**

Resolved. The ENRD concurred with our recommendation. The ENRD stated in its response that its indirect cost reconciliation calculation report and Schedule 4 will be: (1) updated to reflect more appropriate naming and (2) included in the Superfund processing guidelines by September 30, 2025. As a result, this recommendation is resolved.

This recommendation can be closed when the ENRD provides evidence that it revised the indirect cost reconciliation calculation report and Schedule 4 to accurately reflect the fields Superfund Indirect Percentage, Superfund Indirect Rate, and Total Indirect Rate.