



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



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TO: Francis S. Collins, M.D., Ph.D.
Director
National Institutes of Health

FROM: /Gloria L. Jarmon/
Deputy Inspector General for Audit Services

SUBJECT: Superfund Financial Activities at the National Institute of Environmental Health Sciences—Fiscal Year 2011 (A-04-12-01013)

This final report provides the results of our audit of Superfund financial activities at the National Institute of Environmental Health Sciences (NIEHS) for fiscal year (FY) 2011. We conducted the audit to comply with provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), which requires the Inspector General of a Federal organization with Superfund responsibilities to audit all uses of the Superfund.

BACKGROUND

NIEHS, located in Research Triangle Park, North Carolina, is 1 of 27 Institutes and Centers of the National Institutes of Health (NIH), which is a component of the U.S. Department of Health and Human Services. NIH provides NIEHS with direction and other administrative and professional services.

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

NIEHS receives funding to carry out functions mandated by the CERCLA. In carrying out its Superfund responsibilities for FY 2011, NIEHS obligated approximately 5 percent of these funds for administrative costs and awarded the remaining 95 percent to other organizations to:

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

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

From October 1, 2010, through September 30, 2011, NIEHS obligated approximately \$79 million and disbursed approximately \$76 million in Superfund resources. Of the \$76 million in disbursements, \$5 million was related to FY 2011 funds. The remaining \$71 million was related to prior periods.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether NIEHS administered its Superfund appropriations during FY 2011 in accordance with applicable laws and regulations.

Scope

The scope of our audit included all obligations and disbursements related to FYs 2006 through 2011 Superfund appropriations that occurred during the period October 1, 2010, through September 30, 2011.¹ We did not audit disbursements by grantees; these awards are subject to independent audits under 45 CFR § 74.26.

We performed fieldwork at NIEHS in Research Triangle Park, North Carolina, in May 2012.

Methodology

To accomplish our audit objective, we:

- reviewed applicable laws and regulations regarding Superfund appropriations;
- determined the accuracy and completeness of the listing NIEHS provided of all Superfund financial transactions recorded from October 1, 2010, through September 30, 2011, by tracing NIH accounting records to the listing;
- determined whether grant awards were properly recorded by tracing approximately \$74 million in obligations to 55 research and training grant award documents;
- determined whether the interagency agreement was properly recorded by tracing approximately \$1.05 million in obligations to an interagency agreement document;

¹ Because annual appropriations may be disbursed up to 5 years beyond the appropriation year, our scope included obligations and disbursements of FY 2006 through FY 2010 appropriations, as well as those of FY 2011.

- determined whether grantees had submitted current audits in accordance with Office of Management and Budget Circular A-133 and, if so, whether the audit reports contained any significant findings related to the Superfund by requesting and analyzing report data;
- performed a limited review of NIEHS monitoring activities for 86 grantees who received grant awards during FY 2010 or prior years² by:
 - determining whether grantees had submitted timely financial and performance reports in accordance with grant terms and conditions and
 - conducting interviews with NIEHS grants management staff to determine what other grant monitoring activities occurred during the audit period;
- reviewed NIEHS’s internal controls to obtaining an understanding of controls over funding authority, financial reporting, and grants;
- limited testing of administrative disbursements to comparing disbursements recorded during FY 2011 with disbursements recorded during the previous FY because of the small amount of administrative costs associated with Superfund relative to the overall funding NIEHS received; and
- reviewed the FY 2010 Superfund audit report (A-04-11-01099) and determined that the report contained no findings requiring followup.

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

RESULTS OF AUDIT

During FY 2011, NIEHS administered its annual Superfund appropriations in accordance with applicable laws and regulations.

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Section 8L of the Inspector General Act, 5 U.S.C. App., requires that the Office of Inspector General (OIG) post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

As this report contains no recommendations, no response is necessary. However, if you have any questions or comments about this report, please do not hesitate to call me, or have your staff

² We selected grantees from FY 2010 and prior years because financial and performance reports for FY 2011 awards were not yet due at the time of our fieldwork.

contact Kay L. Daly, Assistant Inspector General for Audit Services, at (202) 619-1157 or through email at Kay.Daly@oig.hhs.gov. Please refer to report number A-04-12-01013.