



U.S. Department of the Interior

Environmental and Disposal Liabilities



March 5, 2021

What is an Environmental and Disposal Liability?

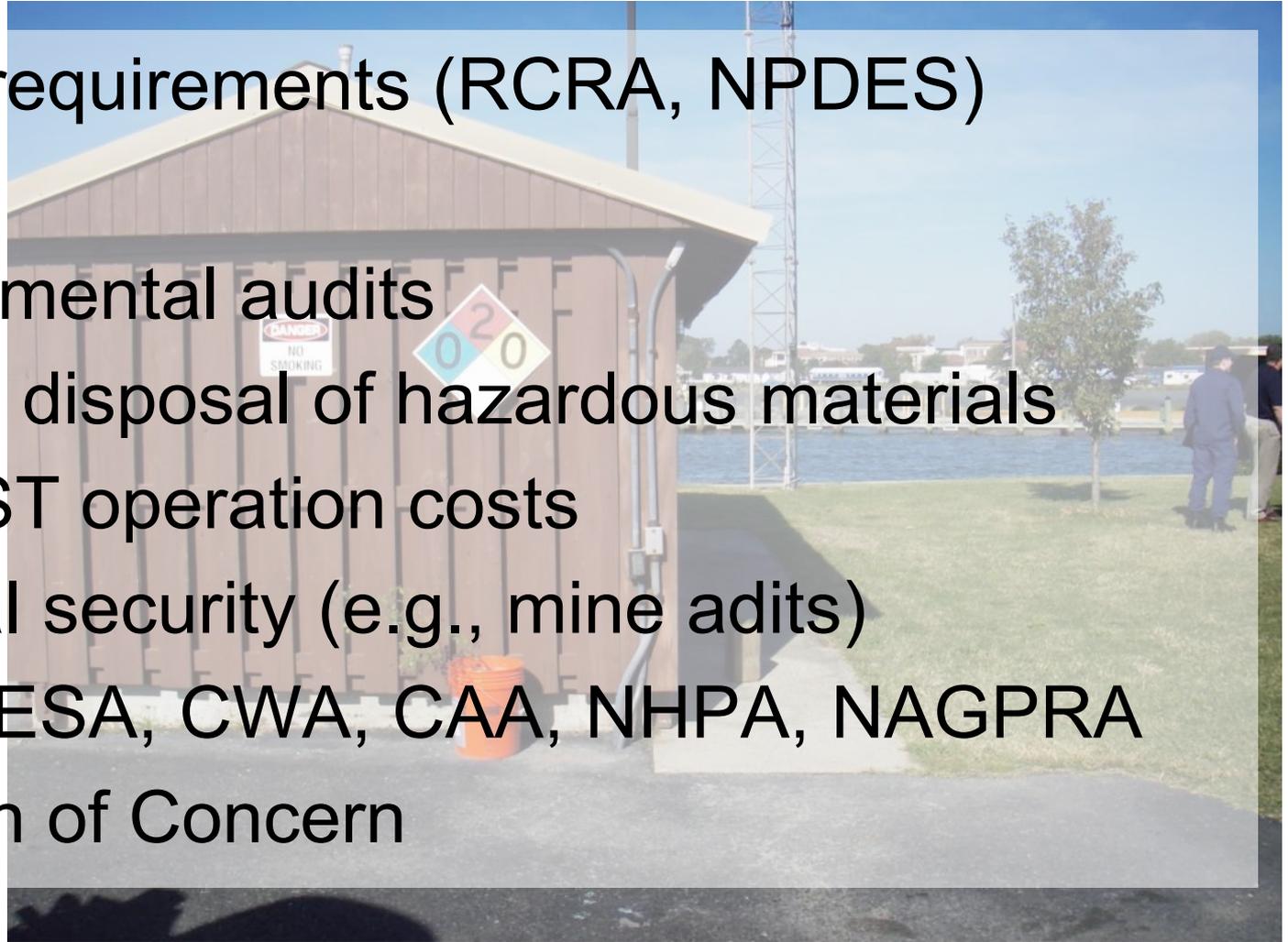
- Environmental and Disposal Liability - An anticipated future outflow or other sacrifice of resources where, based on the results of due care, further study or cleanup is warranted due to past or current operations that have contaminated Department assets.

What is an Environmental and Disposal Liability?

- It's a Future Cost to Clean Up
- Any Real or Personal Asset May Have One
- It's Not Only Current Remediation Projects
- It's a Bookkeeping Entry, Not a Project
- It's a Critical Part of the Department Annual Financial Statement
- In AFR, EDL includes Environmental Remediation Liability and Asbestos Cleanup Liability“, Reported Separately

What is NOT an EDL

- Permit requirements (RCRA, NPDES)
- Radon
- Environmental audits
- Routine disposal of hazardous materials
- UST/AST operation costs
- Physical security (e.g., mine audits)
- NEPA, ESA, CWA, CAA, NHPA, NAGPRA
- Location of Concern



How Do You Make an EDL?



YES



How Do You Make an EDL?



NO



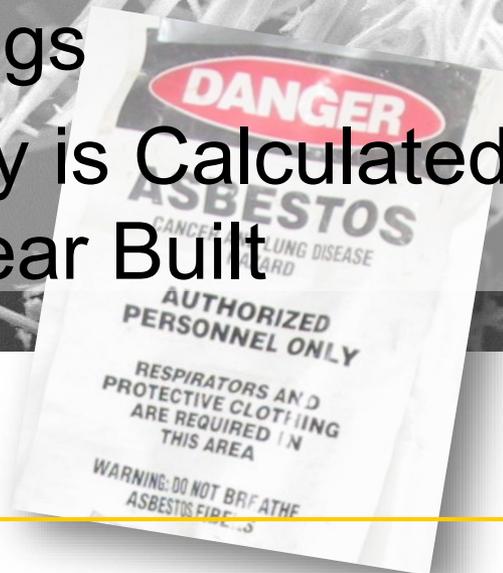
How Do You Make an EDL?



Maybe So

Asbestos

- Often Used in Buildings, Ships and Aircraft
- Prior to 1980
- An Expense for Most Demo Projects
- More than 45,000 Department Buildings
- Liability is Calculated Based on GSF and Year Built

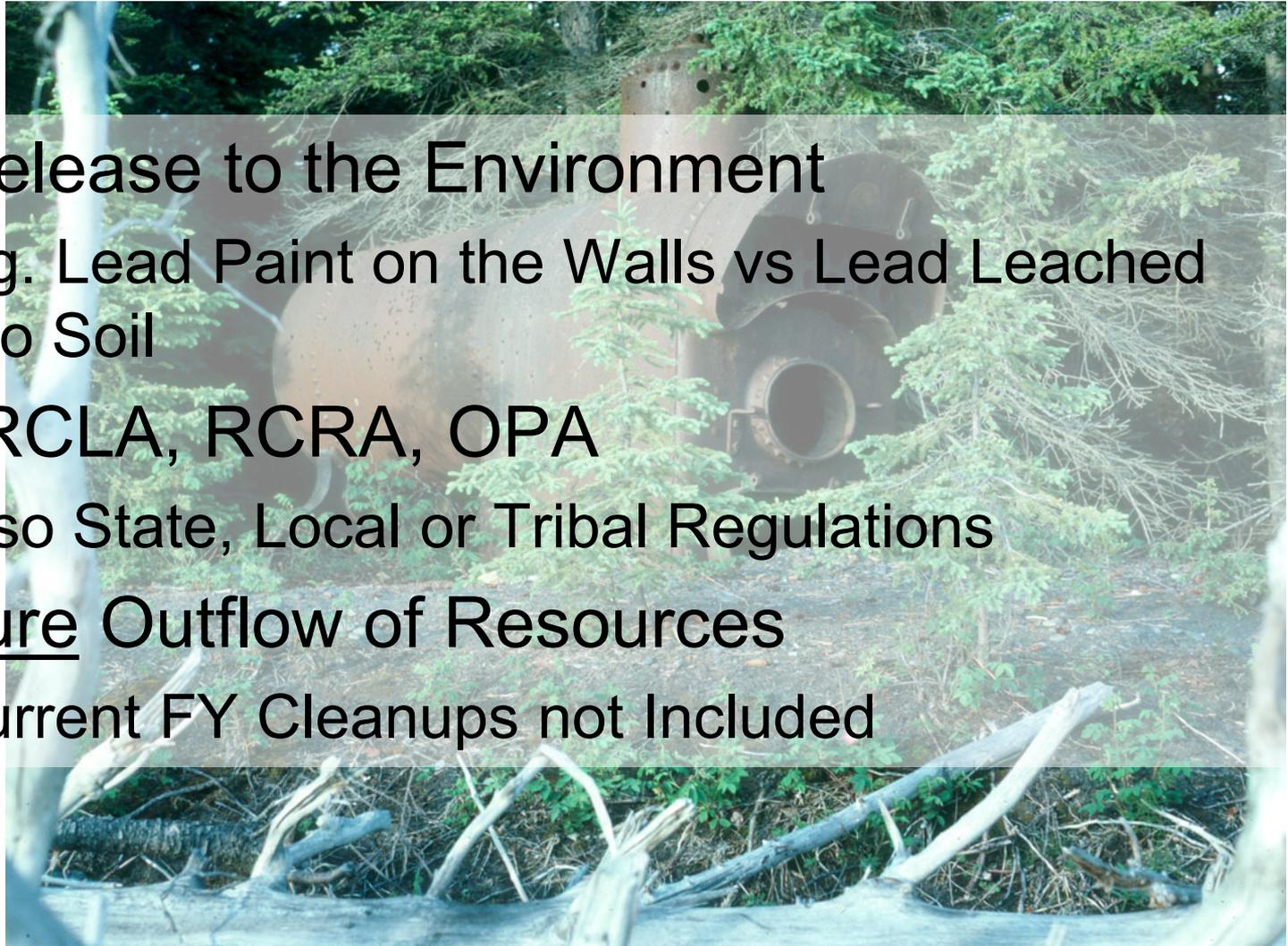


Environmental Remediation Projects

- Current Focus of Environmental Programs
- Managed at Bureaus and CHF program
- 774 Current Projects
- Regulatory Compliance is Primary Driver
- Cost-to-Complete = EDL = Project Budget
- Often Initiated by Asset Divestiture or Acquisition (Bad Planning?)

Key Characteristics of EDLs

- A Release to the Environment
 - e.g. Lead Paint on the Walls vs Lead Leached into Soil
- CERCLA, RCRA, OPA
 - Also State, Local or Tribal Regulations
- Future Outflow of Resources
 - Current FY Cleanups not Included



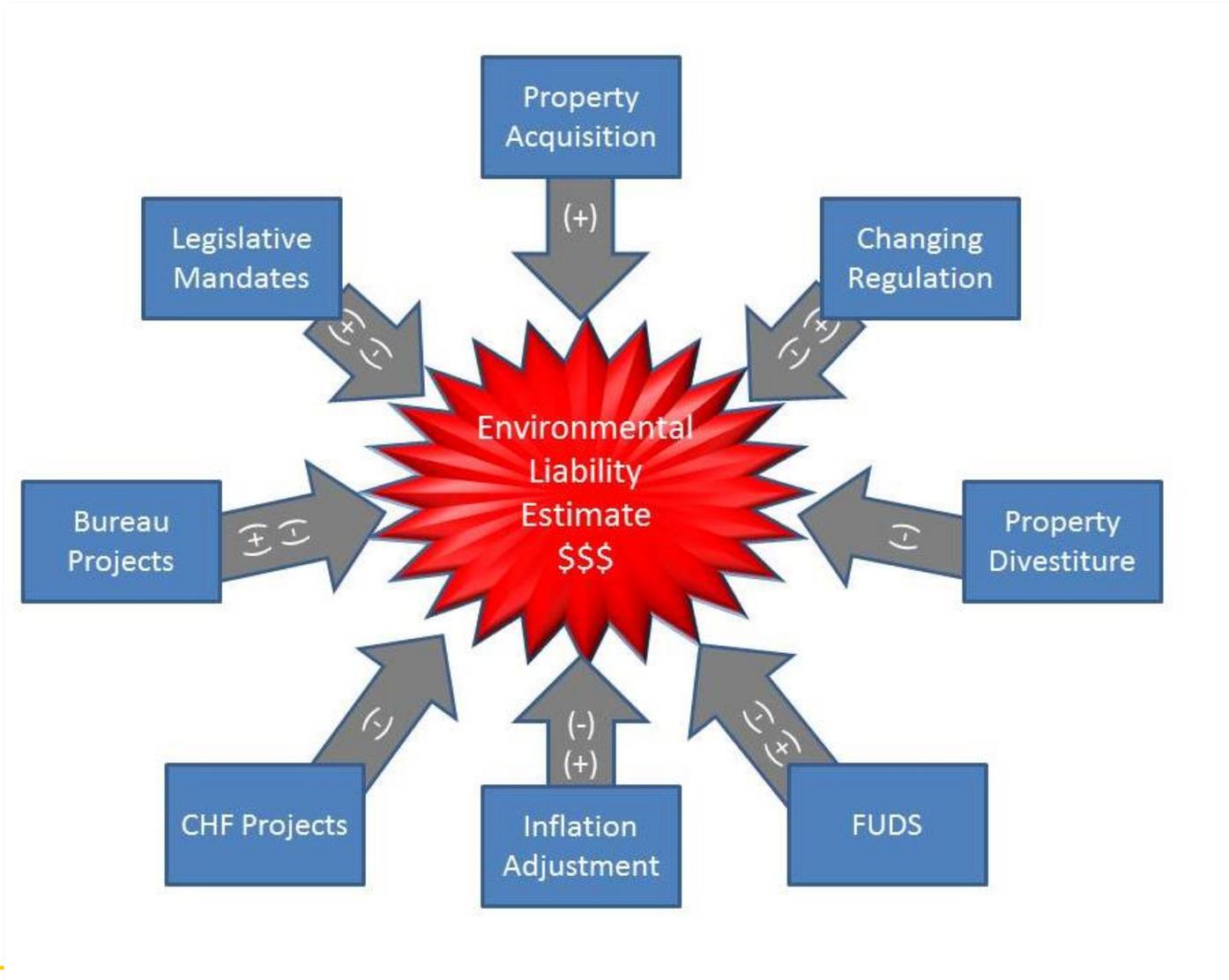
How Do We Recognize and Report EDLs?



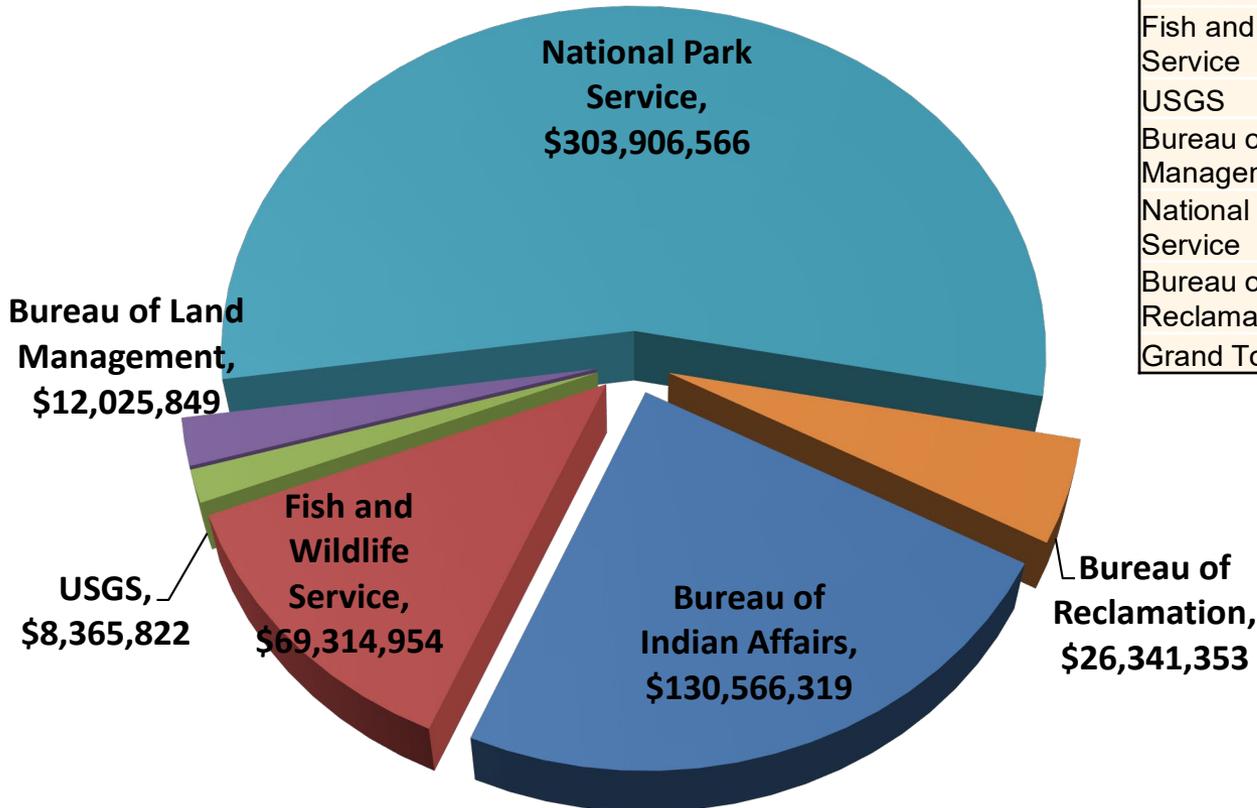
Signs of a Location of Concern



How Do We Sustain EDLs?

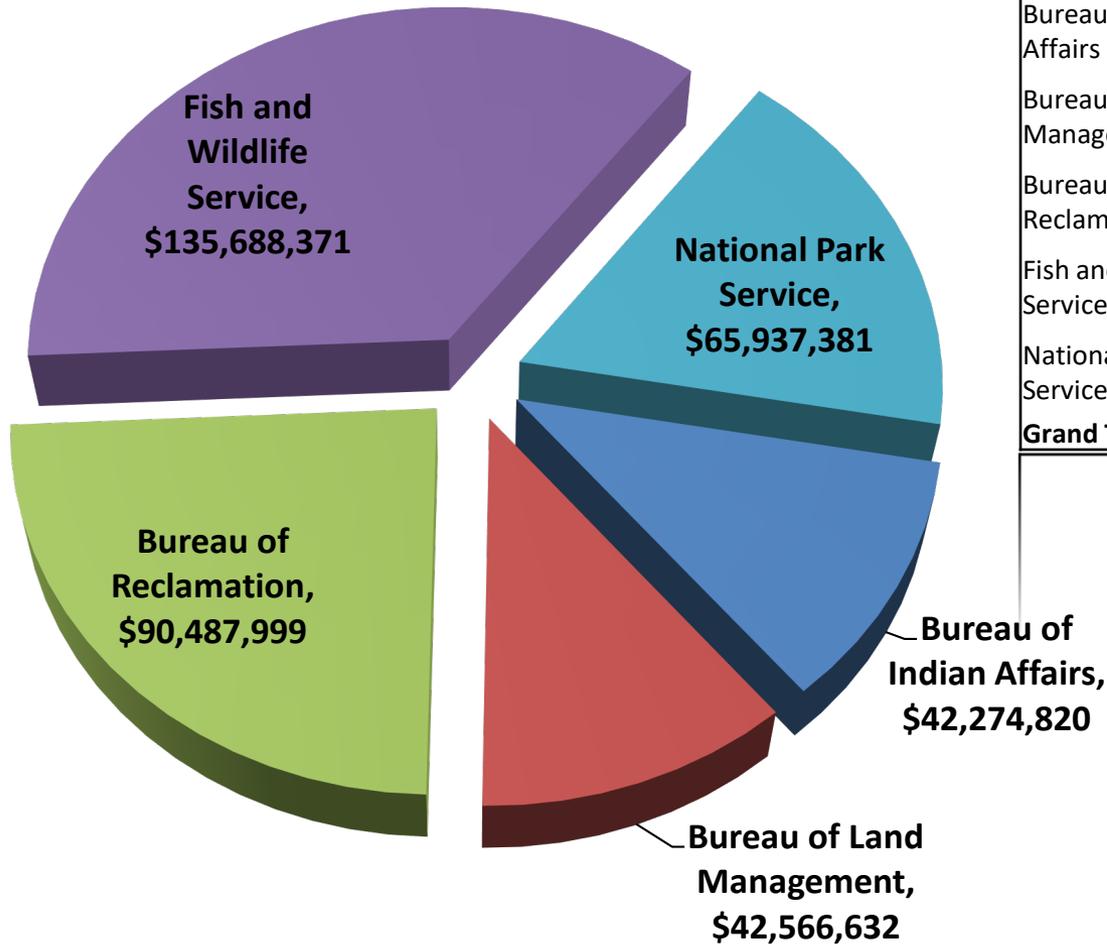


Where Are Our Asbestos Liabilities?



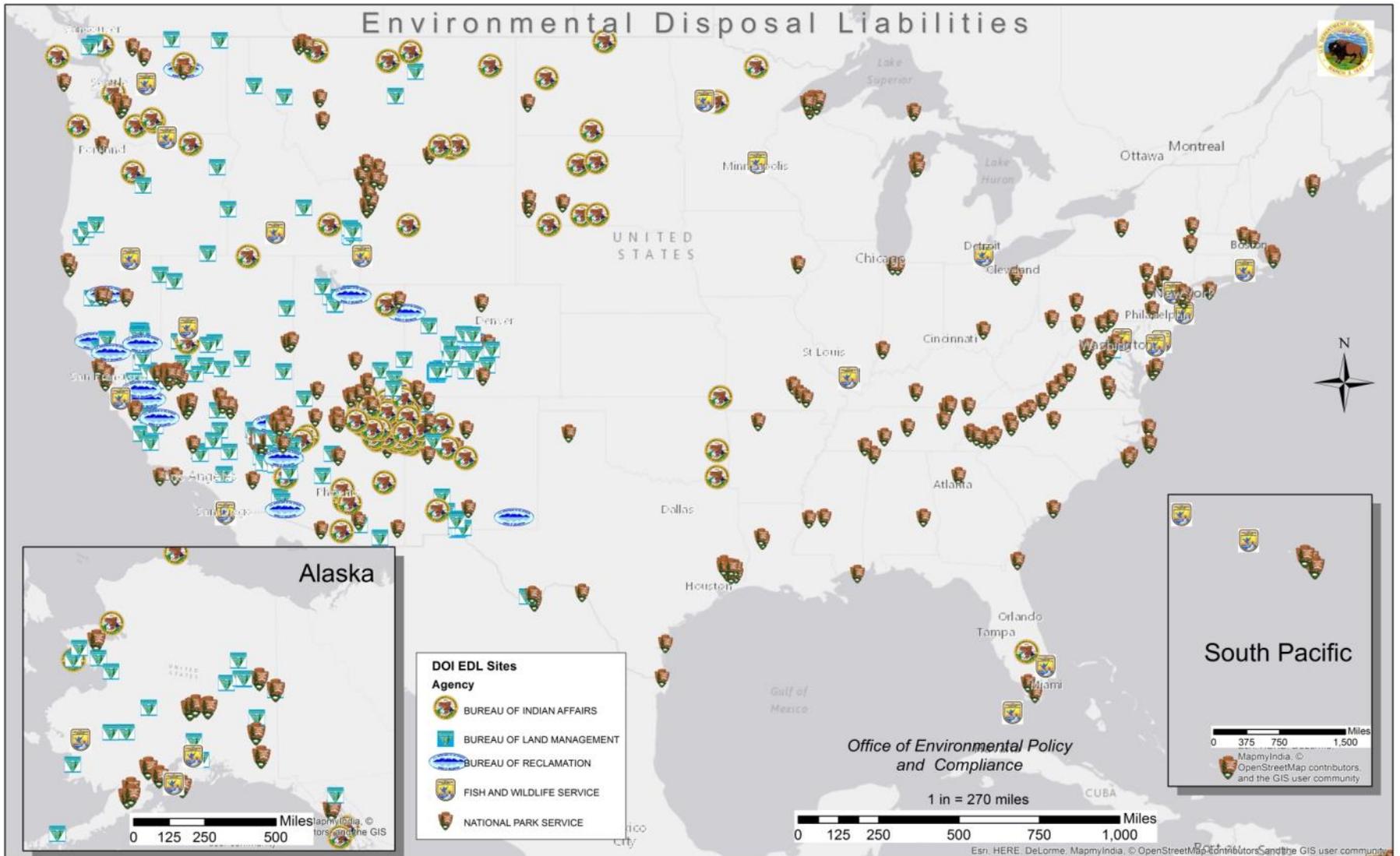
Bureau	Asbestos Bureau	
	Total	Sites
Bureau of Indian Affairs	\$ 130,566,319	6,042
Fish and Wildlife Service	\$ 69,314,954	7,186
USGS	\$ 8,365,822	394
Bureau of Land Management	\$ 12,025,849	1,205
National Park Service	\$ 303,906,566	28,122
Bureau of Reclamation	\$ 26,341,353	28,122
Grand Total	\$ 551,194,994	44,893

Where Are Our Remediation Liabilities?



Bureau	Bureau Amount Recognized	Sites
Bureau of Indian Affairs	\$ 42,274,820	77
Bureau of Land Management	\$ 42,566,632	196
Bureau of Reclamation	\$ 90,487,999	16
Fish and Wildlife Service	\$ 135,688,371	29
National Park Service	\$ 65,937,381	432
Grand Total	\$ 376,955,203	750

Where Are Our Remediation Liabilities?



A Three-Tiered Approach

Remediation and
Asbestos Cost
Estimates

Environmental Disposal
Liabilities Handbook

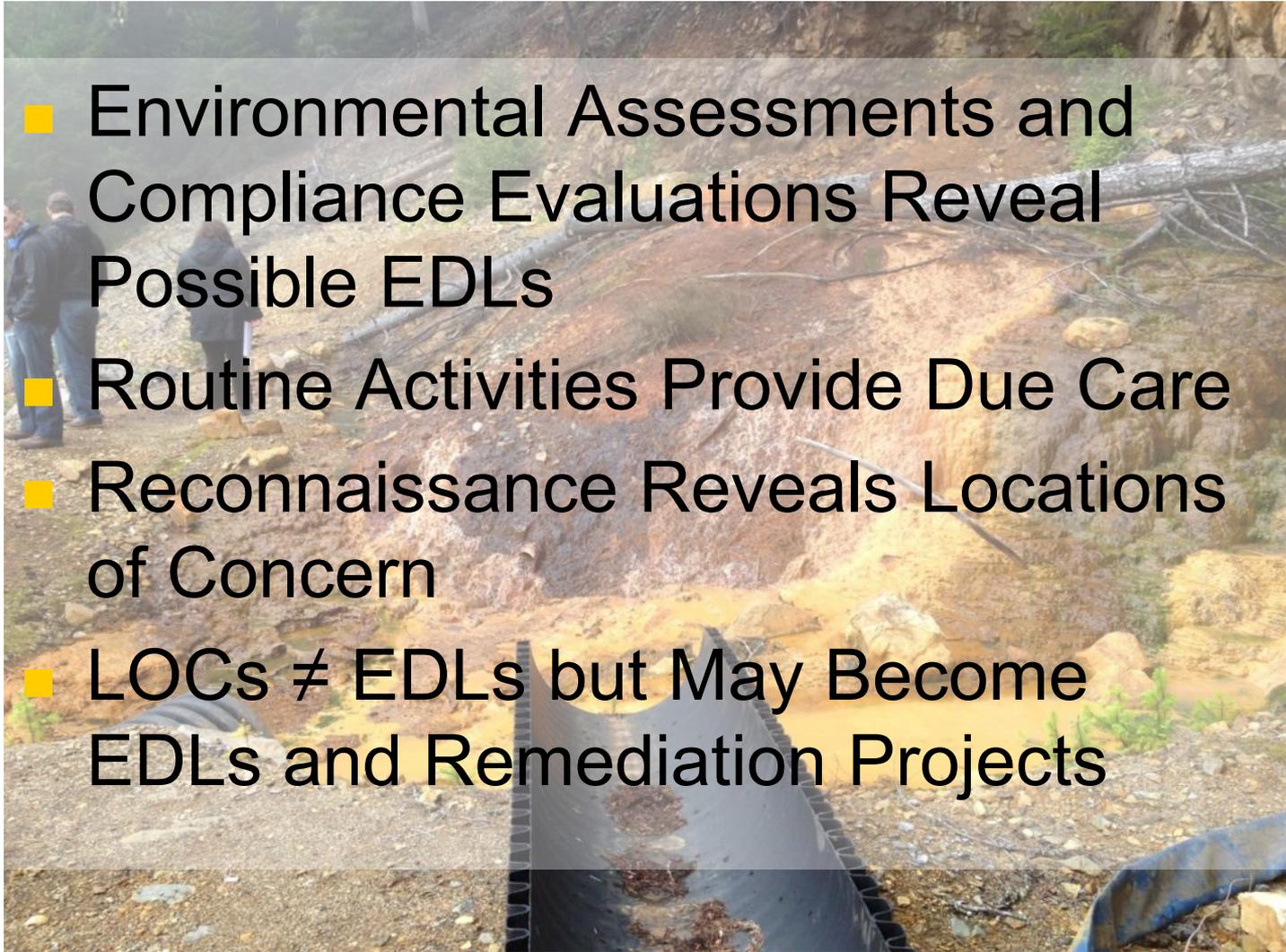
FASAB and OMB Guidance

Environmental Disposal Liabilities Handbook

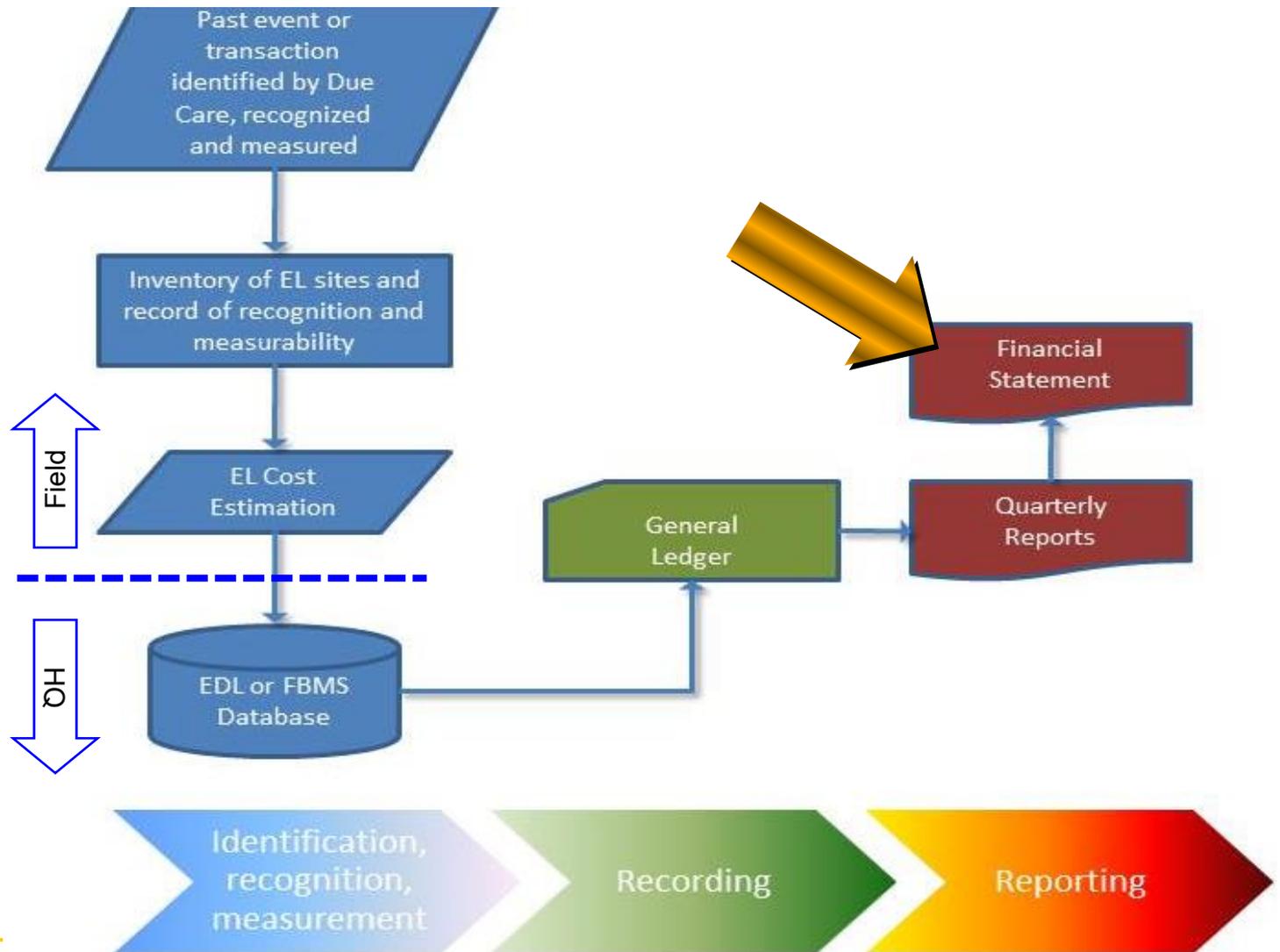
- Guidance for Bureaus and Headquarters
- Operational Controls Only
- Living Document
- Primary Documentation of Processes for Audit
- Minimum Requirement
- Currently in Revision

Bureau and Unit Role

- Environmental Assessments and Compliance Evaluations Reveal Possible EDLs
- Routine Activities Provide Due Care
- Reconnaissance Reveals Locations of Concern
- LOCs \neq EDLs but May Become EDLs and Remediation Projects



Writing It Down



Who is Responsible?

- 
- Environmental Managers
 - Identify and Value EDLs
 - Bureaus
 - Track, Validate, and Report EDLs
 - OEPC
 - Report EDLs to PFM
 - Policy and guidance
 - Training
 - Communications
 - Maintain Real Property Records
 - PAM
 - Reconciliation
 - PFM
 - SGLs
 - EDL/Asbestos Liability Reports



Internal Controls

■ Control Activities

- ❑ Segregation of Duties (Authorizing, Processing, Recording, Reviewing)
- ❑ Controls Over Access To Resources and Records – limited access to EDL Database
- ❑ Verifications – Bureau staff periodically verify site conditions
- ❑ Reviews of Operations, Processes and Activities – continuous review by OEPC and PFM

■ Monitoring

- ❑ Ongoing Monitoring – quarterly reporting

What is a Financial Audit?

- Chief Financial Officer's Act of 1990
- Every Federal Agency Audited Every Year
- Independent Auditors Review Financial Policies and Procedures
 - Real Property
 - Personal Property
 - Payroll
 - OM&S
 - Environmental Liability
- Fund Balance w/Treasury
- Accts Payable/Receivable
- Medical and Pension Liabilities
- Contingent Legal Liabilities



Asbestos Cleanup Liability Audit Findings

- Improvements in real property data (GSF, year built, renovation complete, etc.)
- No liability adjustment
- PFM not plan on statistical sampling.
- Sites identified where costs were not supported.
- Lack of supporting documentation.

Audit Issues

- Asbestos Cleanup Liability related:
 - Real property data – addressed by PAM
- Environmental Remediation Liability related:
 - Cost estimates
 - Old study, improper supports.....
 - Assignment of likelihood
 - Specifically, Government-acknowledged sites
 - Potential inconsistencies

The End



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