



United States Department of the Interior

OFFICE OF THE ASSISTANT SECRETARY
POLICY, MANAGEMENT AND BUDGET
Washington, DC 20240



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Memorandum

To: Bureau Directors
Bureau Chief Financial Officers
Bureau Hazardous Materials Program Contacts
Departmental Offices

From: R. Thomas Weimer *R. Thomas Weimer*
Assistant Secretary

Subject: Environmental and Disposal Liabilities and Implementation of the
Environmental Database System

The Department of the Interior (Department) is required to submit quarterly financial statements to the Office of Management and Budget (OMB). Included in these financial statements are contingent environmental and disposal liabilities (EDL), sometimes referred to as environmental cleanup liabilities (ECL). In order for finance offices to prepare timely, fairly stated quarterly and fiscal year-end financial statements, EDL estimates must be well-supported and adequately documented.

Federal accounting standards address how to recognize and measure liabilities, including those related to environmental cleanup, for inclusion in Federal financial statements. To maximize consistency across bureaus, in March 2006, the Department issued guidance, *Environmental and Disposal Liabilities Identification, Documentation, and Reporting Handbook (Version 1.1)* for use by all bureaus and offices.

In order to comply with reporting requirements, each bureau's Hazardous Materials Program Contacts or other designated personnel must: (1) identify and report new sites with potential environmental liabilities, (2) if reasonably estimable, develop environmental response or study cost estimates for newly-reported sites, and (3) update environmental response or study cost estimates for previously-reported sites as new information is obtained. The Department developed a web-based standard Environmental Database (EDB) on the Intranet server to enhance the process of recording information about sites requiring action due to contamination. The EDB was implemented in the second quarter of Fiscal Year 2006, and its use by bureaus is now mandatory. Entries into the EDB must be supported by documentation. This documentation must be completed and retained at the bureau level.

Hazardous Materials Program Contacts or other designated personnel must input EDL information and cost estimates into the EDB in a timely manner (within 30 days of initial identification) for use by bureau finance personnel, the Office of Financial Management (PFM), and the Office of Environmental Policy and Compliance (EPC). To fully document, review and approve entries by end of each quarter, the following schedule has been set:

- Data entry at the site level must be completed 5-weeks prior to the End of the Quarter (EOQ). This must include legal review, as appropriate.

- Regional environmental staff must complete all reviews or data entries 4weeks prior to EOQ.
- Bureau national environmental program staff must complete all reviews 3-weeks prior to EOQ.
- Bureau EDL administrator must complete all approvals and certify entries 1-week prior to EOQ.

In the final quarter of the current year, additions and updates are required by September 22, 2006. If material changes arise subsequent to September 22, 2006 but prior to the fiscal year-end, a special update should be submitted by October 6, 2006.

Upon receipt of this memo, please submit to EPC, Attention: Mr. Robert Wilson and PFM, Attention: Mr. Eric Eisenstein, a list of bureau contacts designated to perform data entry functions and review and approval functions in order to ensure appropriate access and security over the EDB.

If the Bureau of Indian Affairs (BIA) cannot fully access the Intranet server during the FY 2006 implementation of the EDB, BIA should transmit its entries to the Department via the enhanced Excel spreadsheet.

The Attachment (*EDL Handbook*, Version 1.1) addresses: (1) applicable accounting standards, (2) Department's program guidance on recognition and estimation of environmental liabilities, (3) coordination with the Office of the Solicitor (SOL), and (4) the EDL Web-based application. Please note that the EDL information is primarily for financial reporting purposes rather than as support for future funding requirements.

Upon receipt from Hazardous Materials Program Contacts or other designated personnel, bureau finance offices should electronically notify PFM and PEP of the completion of the bureau's quarterly review and update. This notification should occur no later than the final day of each quarter.

EDL information is sensitive and for internal Departmental use only, it is considered a deliberative document. It should not be released outside the bureau, EPC, and PFM, without coordination with PEP, PFM, and the SOL. Please do not photocopy the list or duplicate the file unless the copies are controlled, accounted for, and/or destroyed.

If you have any questions, please call Mr. Eric Eisenstein on (202) 208-4701 or Mr. Robert Wilson on (202) 208-7556. Thank you for your participation in this important effort.

Attachment

cc: Deputy Secretary
 Chief of Staff
 Deputy Chief Financial Officers
 Bureau Finance Officers
 Financial Statement Guidance Team
 Regional Environmental Officers