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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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STATEMENT OF
HENRY ESCHWEGE, DIRECTOR
COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION



114006

BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
OF THE
HOUSE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE
ON
[SELECTED ASPECTS OF THE NEW JERSEY INTERAGENCY
TOXIC WASTE INVESTIGATIONS/PROSECUTIONS PROGRAM]

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

WE ARE HERE TODAY AT YOUR REQUEST TO DISCUSS THE EXPENDITURE OF FEDERAL GRANT FUNDS PROVIDED FOR THE STATE OF NEW JERSEY TOXIC WASTE INVESTIGATIONS/PROSECUTIONS PROGRAM. GENERALLY THESE GRANTS WERE TO BE USED TO FUND AN INITIAL STATE INTERAGENCY PROGRAM TO INVESTIGATE AND PROSECUTE VIOLATORS OF LAWS DEALING WITH THE DISPOSAL OF TOXIC CHEMICAL WASTE.

OUR REVIEW COVERED THREE SEPARATE GRANTS TOTALING ABOUT \$1.4 MILLION PROVIDED BY THE ENVIRONMENTAL PROTECTION AGENCY (EPA), THE LAW ENFORCEMENT ASSISTANCE ADMINISTRATION (LEAA) OF THE DEPARTMENT OF JUSTICE, AND THE STATE OF NEW JERSEY. ABOUT \$1,067,000 WAS TO BE USED IN THE INVESTIGATIONS/PROSECUTIONS PROGRAM AND THE REMAINING \$322,000 WAS TO BE USED IN A PROGRAM FOR WHITE COLLAR CRIME INVESTIGATIONS. OUR WORK COVERED PROGRAM OPERATIONS BY THE STATE'S DIVISION OF CRIMINAL

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JUSTICE FROM JULY 1, 1978, THROUGH SEPTEMBER 30, 1980.
ATTACHED TO MY STATEMENT IS A SCHEDULE SHOWING FEDERAL AND
STATE FUNDS PROVIDED FOR THE PROGRAM.

AS YOU REQUESTED, WE FOCUSED ON THREE SEPARATE AREAS
OF PROGRAM OPERATIONS (1) FINANCIAL CONTROLS, (2) DEVELOPMENT
OF TOXIC WASTE TRAINING PROGRAMS FOR REGULATORY AND INVESTIGA-
TIVE PERSONNEL, AND (3) ESTABLISHMENT OF LABORATORY SERVICES
AT THE STATE LEVEL. TIME WAS NOT AVAILABLE FOR US TO
ASSESS THE EFFECTIVENESS OF THE INVESTIGATIONS/ PROSECUTIONS
PROGRAM. OUR REVIEW WAS CONDUCTED PRIMARILY AT THE DIVISION
OF CRIMINAL JUSTICE AT PRINCETON, NEW JERSEY.

WE SAW OUR ROLE AS BEING SUPPORTIVE OF OTHER REVIEW
EFFORTS GOING ON SIMULTANEOUSLY BY STAFF MEMBERS OF THIS
SUBCOMMITTEE.

FINANCIAL CONTROLS

WE ANALYZED AND ACCOUNTED FOR THE EXPENDITURES OF GRANT
FUNDS PROVIDED BY EPA, LEAA, AND THE STATE TO THE NEW JERSEY
TOXIC WASTE INVESTIGATIONS/PROSECUTIONS UNIT. WE REVIEWED
TWO LEAA GRANTS--ONE FOR \$450,000 AND ANOTHER FOR \$200,000--
AND ONE EPA GRANT FOR \$500,000. STATE FUNDS PROVIDED TO
THE THREE GRANTS TOTALED \$240,000. AT THE TIME WE CONDUCTED
OUR WORK, NO EXPENDITURES FOR THE TOXIC WASTE INVESTIGATIONS/
PROSECUTIONS UNIT HAD BEEN REPORTED ON ANOTHER LEAA GRANT FOR
\$371,000.

TO OBTAIN AN OVERVIEW OF THE ACCOUNTING FOR GRANT FUNDS,
WE INITIALLY REVIEWED FEDERAL AND STATE EXPENDITURES UNDER

ONE LEAA GRANT TOTALING \$250,000--FEDERAL PORTION OF \$200,000 AND STATE PORTION OF \$50,000--AND THE SALARY AND EQUIPMENT EXPENDITURES IN CONNECTION WITH THE OTHER LEAA GRANT AND THE EPA GRANT. THE SALARY AND EQUIPMENT EXPENDITURES UNDER THE LATTER TWO GRANT PROGRAMS REPRESENTED OVER 80 PERCENT OF THE TOTAL EXPENDITURES OF \$656,000. SPECIFICALLY, WE EXAMINED THE ACCOUNTING RECORDS AND SOURCE DOCUMENTS USED TO SUPPORT THE EXPENDITURES. WE TRACED THE AMOUNTS REPORTED TO THE RESPECTIVE PURCHASE ORDERS, INVOICES, AND SUPPORTING SCHEDULES, AND WE REVIEWED APPLICABLE REPORTING PROCEDURES. WE INTERVIEWED OFFICIALS RESPONSIBLE FOR ADMINISTERING GRANT FUNDS AND 9 OF THE DIVISION'S 13 PROFESSIONAL STAFF MEMBERS WHOSE SALARIES WERE CHARGED TO THE PROGRAM, TO ESTABLISH THAT THEY WORKED ON GRANT-RELATED ACTIVITIES.

WE FOUND THAT ADEQUATE RECORDS ARE MAINTAINED FOR EACH OF THE GRANTS. INDIVIDUAL CONTROL ACCOUNTS AND SEPARATE OBJECT CLASS ACCOUNTS ARE USED TO RECORD ALL EXPENDITURES.

PERSONNEL COSTS WERE SUPPORTED PRIMARILY BY INDIVIDUAL SALARY WORKSHEETS FOR THE STAFF ASSIGNED TO THE GRANT PROGRAM. BASED ON OUR REVIEW OF THE RECORDS, DISCUSSIONS WITH THE NINE PROFESSIONAL STAFF MEMBERS, AND A REVIEW OF SELECTED CASE FILES, WE CONCLUDED THAT THEY WERE UTILIZED ON GRANT ACTIVITIES.

EQUIPMENT PURCHASES WERE SUPPORTED BY INVOICES AND OTHER TRANSACTION DOCUMENTS. WE VERIFIED A SAMPLE OF VARIOUS ITEMS PURCHASED, INCLUDING VEHICLES, OFFICE FURNITURE, AND INVESTIGATIVE EQUIPMENT. THE VEHICLES PURCHASED WERE AUTHORIZED

UNDER THE GRANTS. HOWEVER, WE DID NOT OBSERVE THE EQUIPMENT IN USE.

IN SUMMARY, IN THE TRANSACTIONS REVIEWED WE FOUND NO SUBSTANTIAL ACCOUNTING ERRORS OR EXPENDITURES WHICH WERE INCONSISTENT WITH GRANT OBJECTIVES, WITH THE EXCEPTION OF THE MATTER DISCUSSED LATER UNDER THE LABORATORY SERVICES SECTION OF MY STATEMENT.

TOXIC WASTE TRAINING PROGRAMS

UNDER THE TERMS OF THE GRANTS, THE DIVISION OF CRIMINAL JUSTICE WAS TO ASSUME RESPONSIBILITY FOR HIRING, EQUIPPING, AND TRAINING PERSONNEL TO INVESTIGATE TOXIC WASTE VIOLATIONS. TRAINING OF LOCAL AND COUNTY POLICE OFFICIALS WAS TO BE PROVIDED BY MEMBERS OF THE NEW JERSEY STATE POLICE ASSIGNED TO THE DIVISION'S TOXIC WASTE UNIT. THE DIVISION WAS ALSO RESPONSIBLE FOR INFORMING THE GENERAL PUBLIC OF THE ENVIRONMENTAL DANGERS CREATED BY TOXIC WASTE DISPOSAL.

BECAUSE TRAINING FUNDS WERE NOT SEPARATELY BUDGETED AND ACCOUNTED FOR, WE COULD NOT DETERMINE THE TOTAL EXPENDITURES FOR TRAINING. THE ONLY COSTS SEPARATELY IDENTIFIABLE AS TRAINING COSTS WERE FOR TRAVEL AND COURSE REGISTRATION FEES AMOUNTING TO \$4,400.

ALTHOUGH THE DIVISION EMPLOYED INVESTIGATORS WITH LAW ENFORCEMENT EXPERIENCE, THE MAJORITY LACKED THE EXPERIENCE FOR THE INVESTIGATION OF TOXIC WASTE CASES. AN INVESTIGATOR WITH PREVIOUS TOXIC WASTE INVESTIGATIVE EXPERIENCE AND AN ENVIRONMENTAL SPECIALIST WERE EMPLOYED TO PROVIDE ON-THE-JOB

TRAINING FOR INVESTIGATORS. IN ADDITION, TWO INVESTIGATORS ATTENDED HAZARDOUS WASTE SEMINARS--ONE AT A NEARBY COLLEGE AND ANOTHER AT A PRIVATE CHEMICAL FIRM. ANOTHER INVESTIGATOR RECEIVED ADVANCED TRAINING IN LAW ENFORCEMENT PHOTOGRAPHY AT A NATIONAL PHOTOGRAPHY INSTITUTE.

THE DIVISION'S FIRST TRAINING PROGRAM FOR PARTICIPATING AGENCIES WAS HELD IN APRIL 1980. IN A 1-DAY INFORMAL SEMINAR, PERSONNEL OF A 33-MEMBER EMERGENCY RESPONSE UNIT OF THE NEW JERSEY STATE POLICE WERE TRAINED IN TOXIC WASTE INVESTIGATIONS AND PROSECUTIONS. EARLY THIS MONTH THE DIVISION CONVENED A FORMAL TOXIC WASTE INVESTIGATORS' TRAINING COURSE AT THE ESSEX COUNTY POLICE ACADEMY. THIS COURSE WAS SCHEDULED FOR 62 PARTICIPANTS FROM EPA AND FROM STATE AND LOCAL AGENCIES. A SECOND COURSE IS SCHEDULED FOR LATER THIS MONTH AT THE BURLINGTON COUNTY POLICE ACADEMY.

A TOXIC WASTE TRAINING PROGRAM FOR LOCAL AND COUNTY LAW ENFORCEMENT DEPARTMENTS IS SCHEDULED FOR SPRING OF 1981. DIVISION OFFICIALS ALSO CONDUCTED PUBLIC AWARENESS ACTIVITIES BY SPEAKING TO VARIOUS PUBLIC INTEREST AND LAW ENFORCEMENT GROUPS AND BY INTERACTIONS WITH THE NEWS MEDIA.

LABORATORY SERVICES

AN OBJECTIVE OF THE EPA GRANT WAS TO HAVE A STATE LABORATORY SAMPLING AND ANALYSIS CAPABILITY FOR TOXIC WASTES. DESIGNATED STAFF IN THE STATE MEDICAL EXAMINER'S OFFICE WERE TO BE PROVIDED WITH THE NECESSARY TECHNICAL

ASSISTANCE FROM EPA'S REGION II LABORATORY. EXISTING EQUIPMENT AVAILABLE TO THE STATE MEDICAL EXAMINER WAS TO BE UTILIZED IN THIS EFFORT.

TO DETERMINE WHAT LABORATORY SERVICES WERE ESTABLISHED AT THE STATE LEVEL, WE INTERVIEWED OFFICIALS IN THE NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION, IN THE DIVISION OF CRIMINAL JUSTICE, AND IN THE STATE MEDICAL EXAMINER'S OFFICE. AMONG OFFICIALS INTERVIEWED AT EPA'S REGION II HEADQUARTERS WERE ITS LABORATORY OFFICIALS. SUPPORTING DOCUMENTATION WAS OBTAINED AT THE VARIOUS OFFICES VISITED.

CONTRARY TO A GRANT OBJECTIVE, A STATE TOXIC WASTE SAMPLING AND ANALYTICAL CAPABILITY HAS NOT BEEN ESTABLISHED IN THE STATE MEDICAL EXAMINER'S OFFICE. ALTHOUGH TWO TECHNICAL STAFF MEMBERS--A TOXICOLOGIST AND AN ASSISTANT--WERE PAID FROM GRANT FUNDS, THEY WERE NOT UTILIZED IN TOXIC ANALYSIS WORK. TOXIC ANALYSIS SERVICE WAS OBTAINED PRIMARILY BY PRIVATE LABORATORIES.

THE TOXICOLOGIST, AT AN ANNUAL SALARY OF \$20,510, AND THE ASSISTANT, AT AN ANNUAL SALARY OF \$9,396, WERE ASSIGNED TO THE TOXIC WASTE INVESTIGATIONS/PROSECUTIONS PROGRAM BY THE MEDICAL EXAMINER AND PAID WITH GRANT FUNDS FOR A PERIOD OF ABOUT 6 AND 5 MONTHS, RESPECTIVELY. HOWEVER, THE TWO INDIVIDUALS WERE NOT USED FOR TOXIC ANALYSIS WORK. WE INTERVIEWED THE TOXICOLOGIST, REVIEWED PAYROLL RECORDS, AND FOUND THAT LIMITED WORK WAS PERFORMED IN CONNECTION WITH THE GRANT FROM DECEMBER 17, 1979, WHEN HE WAS ASSIGNED, UNTIL JUNE 27, 1980, WHEN HE WAS REMOVED

FROM THE PROGRAM. HE ADVISED US THAT, EXCEPT FOR A FEW WEEKS OF TRAINING AT EPA'S REGION II LABORATORY IN JANUARY 1980, NEITHER HE NOR HIS LABORATORY ASSISTANT, WHO WAS ASSIGNED TO THE GRANT ON JANUARY 14, 1980, PERFORMED ANY WORK UNDER THE GRANT PROGRAM. HIS ASSISTANT CONFIRMED THAT SHE DID NOT PERFORM ANY WORK UNDER THE PROGRAM. WE WILL BRING THIS MATTER TO THE ATTENTION OF EPA OFFICIALS SO THAT AN APPROPRIATE AMOUNT OF GRANT FUNDS CAN BE RECOVERED.

IN COMMENTING ON THIS MATTER, OFFICIALS OF THE STATE MEDICAL EXAMINER'S OFFICE ADVISED US THAT TO HAVE USED THEIR EQUIPMENT FOR TOXIC SAMPLING ANALYSIS WOULD HAVE CONTAMINATED IT FOR USE IN FORENSIC ANALYSIS WORK. BECAUSE THE EXISTING EQUIPMENT COULD NOT BE USED, LABORATORY ANALYSIS OF TOXIC WASTES NEEDED BY THE DIVISION'S INVESTIGATORS CONTINUED TO BE OBTAINED PRIMARILY FROM COMMERCIAL LABORATORIES.

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THIS CONCLUDES MY PREPARED STATEMENT. WE WILL BE GLAD TO RESPOND TO YOUR QUESTIONS.

FEDERAL AND STATE GRANTS INCLUDED IN GAO'S REVIEW

<u>FEDERAL AGENCY</u>	<u>TIME PERIOD</u>	<u>FEDERAL FUNDS</u>	<u>STATE FUNDS</u>	<u>TOTAL FUNDS</u>	<u>STATE AND FEDERAL EXPENDITURES THROUGH 8/31/80 FOR THE TOXIC WASTE INVESTIGATIONS/ PROSECUTIONS PROGRAM</u>
LEAA	7/01/78 to 6/30/79	\$449,970	\$79,407	\$529,377	\$207,300
LEAA	7/01/79 to 6/30/80 Grant Period Extended to 8/31/80	199,995	49,999	249,994	249,994
EPA	7/01/79 to 6/30/80 Grant Period Extended to 9/30/80	500,000	110,161	610,161	449,092 (as of 6/30/80)
		<u>\$1,149,965</u>	<u>\$239,567</u>	<u>\$1,389,532</u>	<u>\$906,386</u>