



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

APR 29 2014

THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: Evaluation of Agency Response to OIG Report No. 14-P-0132, *Early Warning Report: National Service Center for Environmental Publications in Blue Ash, Ohio, Spent \$1.5 Million to Store Excess Publications*, issued March 11, 2014

FROM: Arthur A. Elkins Jr. 

TO: Craig E. Hooks, Assistant Administrator
Office of Administration and Resources Management

The Office of Inspector General (OIG) would like to thank you for your April 11, 2014, response to the subject report. As this was an early warning report conveying a significant time-critical issue that was observed during our Assignment No. OA-FY13-0248, *Management and Disposal of Underutilized Personal Property Stored in Warehouse Spaces*, no recommendations were identified, nor was an agency response required. A full OIG report will be issued at the completion of our audit with completely developed findings, conclusions and recommendations. As such, your efforts and response demonstrate true commitment to achieving better efficiencies for the U.S. Environmental Protection Agency (EPA) and, potentially, other federal agencies.

We are encouraged with the completed efforts addressed in your memorandum, particularly the actions taken after we briefed our fieldwork results before we issued our report. These actions show promise toward achieving improved operations. Since our assignment began in early 2013, you have:

- Reduced contract costs by \$200,000 per option year.
- Completed a cost comparison of the Government Printing Office's (GPO's) regular print services and GPO's express printing.
- Recycled 1,861,772 items between June and October 2013.
- Revised the National Service Center for Environmental Publications' (NSCEP's) standard operating procedure requiring division director approval to maintain stock beyond 18 months.
- Started developing an approach for an improved inventory management process.

We have reviewed your response and appreciate all immediate actions taken as well as those the agency is planning on taking, especially evaluating publication storage requirements.

You disagreed with the OIG's reporting of \$1.5 million to store publications. In your memorandum you stated:

We are unable to reconcile how the OIG concludes that the EPA spends \$1.5 million to store publications. According to our records, the agency spends \$1.0 million annually for the management of the publication center and the lease of the warehouse. For FY14, the cost is comprised of \$690,749 for the . . . contract for operating the publications distribution center and \$330,828 for the leased space to house the center.

During our review of the NSCEP's operations, we obtained a copy of the contract for operating the NSCEP and a copy of the warehouse's General Services Administration lease. The EPA's financial system—COMPASS—listed obligated amounts and actual dollars spent for the warehouse contract and lease. The table below shows the costs reported in those documents.

Reported Costs	Base Period (10/2011 – 9/2012)	Option Period 1 (10/2012 – 9/2013)	Option Period 2 (10/2013 – 9/2014)
Contract	\$1, 789, 433.60	\$1, 674, 945.22	\$1,706,282.57
Warehouse Lease	551,795.80	551,795.80	551,795.80

We subtracted the Call Center costs, using only direct warehouse costs, and calculated the average expenditures for a 3-year period as \$1,249,411 (see table below). Also, since the NSCEP is only 65 percent of the warehouse's 115,000 square feet, the rent allocable to the publications center is \$358,667.30. We added the average contract cost of \$1,249,411 to the lease cost of \$358,667, which equals \$1,608,078. We rounded this figure down to \$1.5 million for ease of reporting.

Reported Costs	Base Period (10/2011 – 9/2012)	Option Period 1 (10/2012 – 9/2013)	Option Period 2 (10/2013 – 9/2014)
*Direct Warehouse Costs	\$1,330,286	\$1,202,231	\$1,222,716

*Warehouse direct costs minus call center costs.

We will close this report in the OIG tracking system. If you have any questions, please contact Kevin Christensen, acting Assistant Inspector General for Audit, at (202) 566-1007 or christensen.kevin@epa.gov; or Mike Davis, Director, Efficiency Audits, at (513) 487-2363 or davis.michaeld@epa.gov.

cc: Bob Perciasepe, Deputy Administrator
 Renee Wynn, Acting Assistant Administrator and Chief Information Officer, Office of Environmental Information
 Marian Cooper, Special Assistant to the Assistant Administrator, Office Administration and Resources Management
 Nanci Gelb, Principal Deputy Assistant Administrator, Office of Administration and Resources Management
 John Showman, Director, Office of Policy and Resources Management, Office of Administration and Resources Management
 Steven Blankenship, Deputy Director, Office of Policy and Resources Management, Office of Administration and Resources Management
 Patricia Williams, Office of Planning Resources and Outreach, Office of Environmental Information

Wes Carpenter, Acting Deputy Director, Office of Administration, Office of Administration and Resources Management
Bridget Shea, Director, Facilities Management and Services Division, Office of Administration, Office of Administration and Resources Management
Yvette Jackson, Acting Deputy Director, Facilities Management and Services Division, Office of Administration, Office of Administration and Resources Management
John Bashista, Director, Office of Acquisition Management, Office of Administration and Resources Management
Brandon McDowell, Audit Follow-Up Coordinator, Office of Administration and Resources Management
Sandy Womack-Butler, Audit Follow-Up Coordinator, Office of Administration and Resources Management
Scott Dockum, Audit Follow-Up Coordinator, Office of Environmental Information
Judi Maguire, Audit Follow-Up Coordinator, Office of Environmental Information