



At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit to determine whether the EPA implemented effective contract administration for its Working Capital Fund contract EPW08034.

The Office of Administration and Resources Management's Office of Acquisition Management and the Office of Environmental Information's Office of Technology Operations and Planning perform contract administration activities with contracting officers, project officers and quality assurance managers for the Customer Technology Solutions contract EPW08034. Contract administration involves those activities performed by government officials after a contract has been awarded to determine how well the government and the contractor performed to meet the contract requirements. Contract administration assists the government in assuring it receives the goods and services for which it paid.

This report addresses the following EPA theme:

- *Embracing EPA as a high performing organization.*

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2013/20130916-13-P-0398.pdf

Improved Contract Administration Needed for the Customer Technology Solutions Contract

What We Found

Based on our review of the WCF contract EPW08034, which ended September 2012, the EPA needs to improve its contract administration to assist in managing other similar type contracts. The EPA did not, as stated by Office of Management and Budget, Federal Acquisition Regulations and agency guidelines:

- Use performance standards to measure cost outcomes.
- Complete any of the required contractor performance evaluation reports.
- Maintain required contract administration documents.

The EPA did not have policies in place that would require performance metrics and standards to be linked to cost outcomes and procedures to ensure contract administrators maintain sufficient documents in the official contract files. The EPA did not complete contractor performance reports because of insufficient guidance and inadequate communications during contractor performance system changes and personnel reassignments. The EPA's contractor performance systems include the National Institutes of Health's Contractor Performance System and subsequently the Contractor Performance Assessment Reporting System, which transmits information into the Past Performance Information Retrieval System. The EPA's ineffective contract administration may have hindered the ability of EPA staff to ensure that the contractor successfully met agency needs, as well as its ability to determine whether the EPA achieved the best value for the \$85 million expended on the WCF contract.

Recommendations and Planned Agency Corrective Actions

We recommend that the OARM assistant administrator update its policies and procedures to ensure that contract performance metrics and standards link to cost outcomes. We also made recommendations involving updating internal programs to provide oversight and accountability for linking metrics to cost outcomes and the review and submission of contractor performance evaluation reports for the contract reviewed. Further, we recommend that OARM develop contract administration procedures related to the transfer of documents when reassigning contract administrative staff.

OARM concurred with four of the six recommendations and did not concur with recommendations 1 and 2. The OARM's corrective actions for recommendations 3 through 6 do not contain milestones nor completely address the recommendations and are unresolved.

Noteworthy Achievements

The Office of Acquisition Management implemented the Balanced Scorecard program in fiscal year 2011 for the EPA Acquisition Systems to provide the necessary checks and balances to ensure procurement documents are of the highest quality and comply with applicable laws, regulations and policies.