



At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) conducted an audit evaluating the Office of Acquisition Management's (OAM's) Contract Management Assessment Program (CMAP). CMAP is an integral part of OAM's implementation of the U.S. Office of Management and Budget (OMB) Revised Circular A-123, *Management's Responsibility for Internal Control*. The objectives of our audit were to answer the following questions:

1. Are contracting offices implementing the CMAP?
2. Are the assessments sufficient to identify weaknesses in internal controls or systemic vulnerabilities?
3. Are follow-up actions sufficient to ensure that weaknesses and vulnerabilities are corrected?

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

The full report is at: www.epa.gov/oig/reports/2014/20140902-14-P-0347.pdf

EPA Needs to Improve Contract Management Assessment Program Implementation to Mitigate Contracting Vulnerabilities

What We Found

CMAP is an integral part of OAM's implementation of OMB Revised Circular A-123 requirements. Multiple factors hinder CMAP implementation, such as ambiguous guidance, the EPA's organizational structure, and lack of resources. The contracting organizations within the EPA are implementing CMAP to varying degrees. Required submissions were not always submitted timely, and some annual reports did not contain all of the required elements. Additionally, the CMAP policy does not incorporate a process to address noncompliance. As a result, it is questionable whether the CMAP program can be fully and optimally implemented until the agency makes needed changes.

CMAP will not be fully and optimally implemented until the agency makes needed changes to improve implementation.

The EPA follow-up actions in response to peer review findings appear to be sufficient to ensure that weaknesses and vulnerabilities are corrected. However, one plan did not provide dates for the completion of planned corrective actions and OAM does not formally agree to or approve the corrective action plans. Additionally, quarterly update reports are not always submitted timely. OMB Revised Circular A-123 states that agency managers are responsible for taking timely and effective action to correct identified deficiencies. CMAP policy lacks specificity, which creates confusion and hinders follow-up action implementation. As a result, corrective actions may take longer than necessary.

Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Administration and Resources Management revise the CMAP policy to correct ambiguity and strengthen accountability, implement organizational changes to provide OAM with greater authority and oversight over regional contracting organizations, and evaluate whether the resources allocated to the CMAP are sufficient to ensure adequate internal controls and effective CMAP implementation. The agency agreed to take corrective action for all but one of the recommendations. It disagreed with the recommendation to implement organizational changes.

Noteworthy Achievements

We found that the assessments contracting organizations are required to perform under the CMAP program are designed to identify weaknesses in internal controls or systemic vulnerabilities. The CMAP components collectively address all five Government Accountability Office standards for internal control. If CMAP is implemented according to its program design, the EPA's internal controls for contracts management should improve over time.