



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

We conducted this audit to examine the U.S. Environmental Protection Agency's (EPA's) use of interagency agreements (IAs) for American Recovery and Reinvestment Act of 2009 activities. Specifically, we sought to determine whether Recovery Act IAs identified clear lines of responsibility and whether EPA awarded Recovery Act IAs based on sound business decisions.

## Background

EPA uses IAs when it acquires goods and services from other federal agencies. From February 17, 2009, through June 30, 2010, EPA awarded \$278 million of Recovery Act funding through IAs under the Superfund and Drinking Water State Revolving Fund programs for project management services.

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

To view the full report, click on the following link:  
[www.epa.gov/oig/reports/2011/20101116-11-R-0016.pdf](http://www.epa.gov/oig/reports/2011/20101116-11-R-0016.pdf)

## ***EPA's Terms and Conditions as Well as Process to Award Recovery Act Interagency Agreements Need Improvement***

### What We Found

EPA did not clearly describe its responsibilities in the terms and conditions of the Recovery Act-funded IAs we reviewed. As stated in federal guidance and EPA's internal policies, an IA should identify both the requesting and servicing agencies' responsibilities. EPA stated that defining its roles and responsibilities in IAs was unnecessary because its role was clearly defined in EPA policy and guidance. However, because EPA did not clearly define its responsibilities within its Recovery Act IAs and supporting documents, it did not effectively establish accountability for implementing those agreements.

We found that decision memoranda and matrices for EPA Recovery Act IAs met the requirements set forth in EPA policies, but we believe that additional detail would be beneficial. Specifically, for the Recovery Act IAs we reviewed, EPA's award documentation did not include an analysis of the costs of alternatives to establishing an IA to award and manage a Superfund cleanup construction contract. EPA issued several policy documents that required personnel to consider experience, capability, and cost when entering into an IA. We believe EPA could improve its processes by considering the cost and level of effort associated with the procurement, management, and oversight of construction contracts for all Superfund cleanup contracting delivery options. Such analysis would ensure that EPA has selected the most efficient and effective method from a technical, resource, and cost perspective.

### What We Recommend

We recommend that EPA amend the terms and conditions for Recovery Act IAs under the Superfund and Drinking Water State Revolving Fund programs and revise its standard terms and conditions for use in future IAs to include EPA's roles and responsibilities. We also recommend that EPA prepare a program evaluation of levels of effort and the cost of the processes associated with procuring, managing, and overseeing Superfund construction contracts, and use this program evaluation to develop a strategy for determining the best value for delivering Superfund construction contracts. In response to the draft report, EPA concurred with recommendations 2-1 through 2-3 and agreed to take corrective action. EPA asked us to modify recommendation 3-1 and provided a revised recommendation; we accepted the suggested revision and added a second recommendation to ensure implementation.