



At a Glance

Why We Did This Review

We conducted this audit to determine whether the U.S. Environmental Protection Agency (EPA) has adequate controls for resolving Defense Contract Audit Agency (DCAA) audit reports, and whether EPA is resolving DCAA audit reports timely.

Background

DCAA performs contract audit services for EPA. Typical DCAA audit services include incurred cost audits, contract audit closing statements, and floor checks. The EPA Office of the Inspector General (OIG) previously requested, tracked, and reported DCAA audits until resolution. Once resolved, EPA tracked the corrective actions until implementation. On January 1, 2009, the OIG transferred its requesting, tracking, and reporting responsibilities to EPA.

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/2012/20111110-12-P-0071.pdf

EPA Should Improve Policies and Procedures to Ensure Effective DCAA Audit Report Resolution

What We Found

EPA should improve its policies and procedures to ensure timely and accurate tracking and reporting of the resolution of DCAA reports. When EPA is the cognizant agency, i.e., responsible for resolving the audit recommendations, it is generally resolving DCAA reports within 6 months, as required by Office of Management and Budget Circular A-50. However, EPA is not always:

- Reporting the status of unresolved DCAA audits to the Administrator
- Accurately recording the management decision dates for DCAA reports, which are used to evaluate the timeliness of resolution and implementation of corrective action
- Resolving DCAA reports within 6 months when EPA is not the cognizant agency
- Accurately defining when DCAA audits are resolved

All of these conditions contribute to the Administrator receiving inaccurate information on the status of resolution of DCAA audit reports. If audits are resolved timely, EPA may be able to deobligate funds on Agency contracts, thereby making funds available for other priorities.

What We Recommend

We recommend that EPA develop and/or revise and implement policies and procedures to ensure that unresolved DCAA audit reports are reported on a semiannual basis to the EPA Administrator, to record management decision and final action dates for DCAA audit reports, and to define the resolution point for the various types of DCAA audits. We also recommend that EPA revise EPA Manual 2750 to reflect current Agency processes for requesting, tracking, and reporting unresolved DCAA reports that impact EPA contracts; reexamine audits that we identify herein as already resolved and provide the OIG an adequate management decision where appropriate; and develop a plan to accelerate audit resolution when not receiving adequate audit support from DCAA. EPA agreed with all of our recommendations and provided milestone dates for each recommendation.