

Agency's Management and Oversight Of Selected Contracts Awarded to A Major EPA Contractor

#6100161

EXECUTIVE SUMMARY

PURPOSE

We performed an audit of the Agency's management and oversight of selected contracts with a major EPA contractor. The purpose of this audit was to assess the adequacy, timeliness, and value of products and services procured by EPA from the contractor.

BACKGROUND

The EPA contractor we reviewed is the Agency's third largest contractor with 27 active contracts potentially worth \$514 million. The obligations against these contracts amounted to \$188 million. EPA utilizes the contractor to perform various activities in support of many Agency programs. Our review encompassed the contractor's efforts in regard to four such programs.

In 1991, the Agency initiated "Green Lights," a voluntary, nonregulatory program aimed at reducing air pollution. Green Lights "Participants" are companies and organizations that the Agency classifies as Partners, Allies, or Endorsers. Partners and Allies agree to install energy-efficient lighting in their facilities, while Endorsers pledge to promote the concept of energy-efficient lighting to their members. During 1994 and 1995, EPA spent \$12.2 million on contracts, primarily with the contractor we reviewed, to implement and market the program to potential participants.

In 1986, Congress mandated that EPA research and develop information on indoor air quality. The Agency uses such information to educate the public about indoor air pollution and its associated health risks. During 1994 and 1995, the contractor was involved in the preparation of at least three indoor air quality publications concerning air quality in homes, in commercial and public buildings, and in schools.

The contractor and its subcontractor provided Environmental Services Assistance Teams (ESAT) to perform analytical services at EPA laboratories for Superfund as well as other Agency programs. The first two ESAT contracts were awarded in 1987 and extended through September 1991. Two new contracts were awarded in September 1991 to continue the services to the end of fiscal year 1995. We reviewed work assigned under one of these contracts within Regions VI and VIII.

In 1987, Congress established the Local Government Reimbursement program under Superfund. The purpose of this program is to help defray expenses incurred by local municipalities in responding to hazardous substance threats such as chemical fires and explosions, tire fires, or fires at landfills. The reimbursement limit is \$25,000 per response. The Agency employed its major contractor to help inform local governments about the program.

RESULTS IN BRIEF

Our purpose was to assess the adequacy, timeliness, and value of products and services procured from the contractor. We found instances where the products and services were either inadequate, untimely, and/or of questionable value. Three of the indoor air quality projects went on year after year, greatly exceeding their original budgets and due dates. In addition, EPA experienced various problems with the program management of the ESAT Zone II contract.

The conditions disclosed during our review are summarized in the following paragraphs and discussed in detail in this report.

PRINCIPAL FINDINGS

DIFFERENT MEASURES SHOULD BE USED TO DETERMINE THE SUCCESS OF THE GREEN LIGHTS PROGRAM

During fiscal years 1994 and 1995, EPA spent \$12.2 million on contracts, primarily with one of its major contractors, to market and implement the program. The Agency enlisted entities such as businesses, schools, and hospitals into the program, and then went to great lengths to promote the effectiveness of the program. This effectiveness was measured, in part, by the number of entities who signed up. However, we found that many of the entities that had signed up had not actively participated.

SOME GREEN LIGHTS ASSIGNMENTS WERE QUESTIONABLE

We believe that the use of a voluntary, nonregulatory program aimed at reducing air pollution is a good idea, but the Green Lights Program is more costly than necessary. EPA needs to become more discerning in assigning Green Lights projects, as there were instances where the Agency authorized the contractor to perform work that was questionable from the standpoint of either cost or content. We believe this occurred because EPA personnel did not analyze the cost effectiveness or necessity of tasks they assigned.

PROJECTS ESTIMATED TO TAKE MONTHS INSTEAD TOOK YEARS

EPA's heavy reliance on the contractor to support "Indoor Air Quality" projects dramatically increased the Agency's vulnerability to incur delays and escalated costs. This vulnerability was compounded by the Agency's lack of effective and efficient planning to advance such projects to completion. Specifically, we found that indoor air quality projects had lingered on for years, far exceeding their original budgets and due dates.

EXCESSIVE ADMINISTRATIVE COST FOR THE LGR PROGRAM

The Agency's efforts to administer and promote the Local Government Reimbursement (LGR) program were inefficient, as well as ineffective. During fiscal year 1994, EPA spent more money promoting the program, than it did on actual reimbursements to local governments. The Agency paid the contractor to organize conferences to enable the LGR coordinator to give presentations to advertise the program. Despite these costly efforts, there was very limited response to the program. We question whether these efforts to promote the program were cost effective in light of the limited response to the program. Our review also disclosed that EPA personnel, whose function is to inform the public about the Agency, were unaware of the LGR program. We believe that the program should have been scaled down during fiscal year 1995 rather than expanded.

ESAT EXPERIENCED PROGRAM MANAGEMENT DIFFICULTIES

Despite the fact that this was a follow-on contract, EPA experienced problems in the program management area soon after it re-awarded the Environmental Services Assistance Team (ESAT) Zone II contract to the contractor. The contractor did not adequately manage the Region VII ESAT team and consequently did not always meet the needs of the Agency. Nevertheless, the Agency granted positive award fee evaluations to the contractor. In addition, we found that an excessive percentage of time was charged to program management at the Region VIII ESAT location. This occurred because there was no clear definition of program management.

RECOMMENDATIONS

We recommend that the Assistant Administrator for Air and Radiation, have the Director, Atmospheric Pollution Prevention Division:

- Establish a uniform policy ensuring that: (a) only entities who actually participate in Green Lights can be listed as Green Lights participants; (b) only such participants will be considered when measuring the success of the program; and, (c) entities that fail to implement Green Lights are dropped from the program.
- Require work assignment managers to more closely review the justification for the selection of site visits, and only approve visits to participants that need help in their Green Lights program. This can be accomplished with a memorandum to the work assignment managers reminding them of their responsibility.
- Work with the Director, Office of Acquisition Management, to review active work assignments under the Green Lights program to ensure they are necessary and appropriate, and terminate work assignments which are outside the scope of the contract.
- Reevaluate the need for the volume and content of the Green Lights reports being submitted by the contractor and order only those reports that are actually needed to operate the program.

We recommend that the Assistant Administrator for Air and Radiation, have the Director, Indoor Air Division:

- Work with the Director, Office of Acquisition Management, to: (a) immediately review all open work assignments to ensure they are necessary, appropriate, and will be completed timely; (b) terminate work assignments which are not necessary; and, (c) require adequate justification for continuing work assignments with significant delays or increased costs.
- Emphasize to program personnel the need to effectively plan projects at time of issuance in order to avoid unnecessary modifications and increased costs. This can be accomplished with a memorandum to program personnel (project officers).

We recommend that the Assistant Administrator for Solid Waste and Emergency Response, have the Director, Emergency Response Division modify the Local Government Reimbursement program as follows:

- Curtail the use of costly workshops to promote the program.
- Instruct the LGR coordinator to make use of materials such as the LGR "Fact Sheet" to inform local governments as well as the EPA regional Public Environmental Education Centers about the program.
- Eliminate all contractor efforts to promote or administer the program.

We recommend that the Assistant Administrator for Solid Waste and Emergency Response, and the Acting Assistant Administrator for Administration and Resources Management:

- Revise the statement of work on ESAT contracts to specifically define program management.

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- [Report of Audit: Agency's Management and Oversight of Selected Contracts Awarded to a Major EPA Contractor \(6100161\)](#)