



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

The U.S. Government Accountability Office has designated management of interagency contracting a Government-wide high-risk area since 2005. We sought to determine whether the U.S. Environmental Protection Agency (EPA) effectively follows interagency contracting requirements by ensuring products and services meet quality, cost, and timeliness requirements. We also looked into whether opportunities exist to improve EPA's processes for managing interagency contracts.

## Background

EPA defines an interagency agreement as a written agreement between Federal agencies under which goods or services are provided. Interagency contracts are contracts awarded by one Federal agency but available to others for use, generally for a fee.

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

To view the full report, click on the following link:  
[www.epa.gov/oig/reports/2007/20070327-2007-P-00011.pdf](http://www.epa.gov/oig/reports/2007/20070327-2007-P-00011.pdf)

## ***Interagency Agreements to Use Other Agencies' Contracts Need Additional Oversight***

### **What We Found**

While EPA has improved some interagency contracting processes, we found that the Agency entered into some interagency contracts without meeting all requirements. EPA often entered into interagency contracts without conducting cost reasonableness assessments, or identifying alternatives, such as determining whether EPA's in-house acquisition staff should acquire the services or products for them. As a result, we found interagency contracts where EPA could have saved money if it had awarded the contracts directly through its in-house contracting staff. This occurred because (1) project officers preferred the speed and convenience of interagency contracts, received inadequate training, and lacked sufficient guidance; and (2) EPA provided limited oversight.

We found other opportunities for EPA to improve its processes for managing interagency contracts. EPA needs to ensure that newly assigned project officers to existing interagency contracts receive a complete file for effective contract management. Also, EPA did not collect data on the fees paid to other agencies for interagency contracts, so costs and benefits could not be determined.

In addition, we noted positive aspects of the interagency contracting process. These involved ordering work within the scope of the existing agreement; project officers being satisfied with the quality and timeliness of services; and, in most cases, contractor invoices having sufficient information for approval.

### **What We Recommend**

We recommend that the Assistant Administrator for the Office of Administration and Resources Management:

- Provide guidance to project officers on conducting cost reasonableness assessments and identifying alternatives before using IAG contracts.
- Strengthen training to include how to develop independent government cost estimates or other appropriate cost information, conduct cost reasonableness assessments, and identify alternatives.
- Ensure that the Grants Administration Division requires that the IAG decision memorandum better explains why an IAG is more cost effective, and include an evaluation of cost reasonableness assessments in reviews.

EPA generally agreed with our recommendations, but deferred action pending the issuance of Government-wide guidance by the Office of Federal Procurement Policy. EPA has been informed that a guidance document will be issued in the next several months on roles and responsibilities on interagency contracting.