



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

We conducted this audit to determine whether the U.S. Environmental Protection Agency (EPA) is preparing quality Independent Government Cost Estimates (IGCEs) that can be used to evaluate whether EPA receives the best value for dollars expended on Superfund contracts.

## Background

An IGCE is a detailed estimate of what a reasonable person should pay to obtain the best value for a product or service. EPA's training guide for IGCEs states that, "they are an integral part of any effective acquisition program." IGCEs are used to plan costs for new contracts and new work under existing contracts. Once program personnel prepare the IGCE, the IGCE should then be compared to the contractor's proposal to help determine price reasonableness.

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/2010/20100216-10-P-0065.pdf](http://www.epa.gov/oig/reports/2010/20100216-10-P-0065.pdf)

## ***EPA Can Improve Its Preparation and Use of Independent Government Cost Estimates for Superfund Contracts***

### What We Found

EPA can improve its Superfund IGCEs and the corresponding cost estimating process. In 30 of the 42 cases we reviewed, EPA did not sufficiently document information in its Superfund IGCEs. Additionally, in 9 of the 42 cases, EPA did not update the IGCEs when significant changes occurred. In 8 of the 42 cases, EPA program staff accepted the contractor's estimate without evaluating why it differed from the IGCE. Finally, in some cases EPA did not prepare an IGCE for actions with a potential value in excess of \$100,000, the Federal Acquisition Regulation threshold for simplified acquisitions. These actions are contrary to the Government Accountability Office Cost Estimating and Assessment Guide and the EPA Contracts Management Manual. They occurred because there is an overall lack of emphasis by EPA management on the preparation and use of IGCEs. EPA limits its ability to negotiate a fair and reasonable price when it does not have a well-supported IGCE.

### What We Recommend

We recommend that EPA place greater emphasis on IGCEs through training and tools for creating IGCEs. EPA should prepare IGCEs for all contract actions expected to exceed the simplified acquisition threshold and discontinue the practice of relying only on the contractors' estimates.

EPA agreed with all of our recommendations and provided a corrective action plan for most of the recommendations. EPA indicated it will provide its entire corrective action plan as part of its response to the final report.