



At a Glance

Catalyst for Improving the Environment

Why We Did This Audit

We conducted this audit to determine how effectively and efficiently EPA is administering Response Action Contracts (RACs). We looked at the following areas:

- **Acquisition Planning:** How are RACs structured and funded?
- **Source Selection:** How does EPA decide with whom to contract? Is past performance considered?
- **Contract Administration:** Are there good measures for assessing contractor performance?
- **Contract Information Systems:** Do contract managers have the information needed to evaluate results and make decisions?

Background

RACs are used to obtain professional Architect-Engineer, technical, and management services in support of EPA's Superfund cleanup responsibilities. Current RACs, which expire between 2005 through 2009, have a maximum potential value of more than \$4 billion.

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/2005/20041206-2005-P-00001.pdf

Response Action Contracts: Structure and Administration Need Improvement

What We Found

EPA can improve the structure of RACs to better protect the Government's interests. Current RACs, which are Cost Plus Award Fee Level of Effort contracts, assign to EPA a disproportionate share of the risk of cost overruns; expose EPA to the risk of loss of funds through litigation; limit competition; and forego potential cost savings associated with other approaches to contracting, such as Performance-Based Service Acquisition.

EPA regions do not consistently document the rationale used to decide what procurement option to utilize for Superfund cleanup activities as required by established policy. Further, EPA does not have a process to measure and disseminate information on the U.S. Army Corps of Engineers' past performance in support of EPA.

The Agency has measures in place to assess contractor performance at the work assignment level. However, evaluations at the contract level were not being documented timely and consistently, as required, because they were not given the necessary priority. Not consistently documenting evaluations in a timely manner does not permit EPA and other Federal agencies to consider contractors' past performance and could be detrimental to contractors who have performed well.

Contract managers have, or can obtain, the information needed to evaluate results and make decisions, but the information in the national automated database is not always readily available. The Remedial Action Contract Management Information System is underutilized by regional staff, and the system does not collect national data as originally intended. As a result, EPA is expending approximately \$1.5 million a year on a system that is not being fully utilized.

What We Recommend

We recommend that the Office of Solid Waste and Emergency Response, in coordination with the Office of Administration and Resources Management, develop and implement a plan with milestones that will increase the use of different contract types, require regional staff to document the rationale for all source selection decisions, develop a method for holding Contracting Officers accountable for conducting past performance evaluations timely and accurately, and conduct a cost benefit analysis to determine whether the Remedial Action Contract Management Information System should be retained.