



# At a Glance

## Why We Did This Review

The U.S. Environmental Protection Agency (EPA), Office of Inspector General (OIG), conducted this audit to address concerns identified in a previous audit regarding the agency's use of high-risk bridge contracts. Our audit objective was to determine whether the EPA is performing acquisition planning and conducting market research to promote competition and avoid high-risk contracting authorities.

The March 4, 2009, Presidential Memorandum on Government Contracting reports that noncompetitive and cost-reimbursement contracts have been misused across the federal government, resulting in wasted taxpayer resources, poor contractor performance and inadequate accountability. Office of Management and Budget Memorandum M-09-25, *Improving Government Acquisition*, issued on July 29, 2009, requires agencies to take action to reduce the use of high-risk contracting authorities.

### This report addresses the following:

- *Operating efficiently and effectively.*

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Listing of [OIG reports](#).

## ***Improved Acquisition Planning Will Help EPA Reduce Hundreds of Millions of Dollars in High-Risk Contracts***

### What We Found

The EPA's use of high-risk contracts could be reduced if the agency implements additional internal controls to strengthen and improve its acquisition planning process. Low-risk, firm-fixed-price contracts represented only nine percent of the agency's total contract obligations in the second quarter of FY 2017.

Other contracting vehicles pose higher risks to the EPA because they put the burden of cost risk on the government.

**Without improving its acquisition planning process, the EPA may continue to spend hundreds of millions of dollars on high-risk contracts that waste taxpayer resources.**

We also found that planning difficulties were cited as factors in each of the 10 sole source bridge contracts we sampled, which were awarded to extend existing contracts without full and open competition. The EPA allowed sole source contracts even when there was adequate time to plan and conduct a competitive award process. In addition, two of the sampled contracts did not document acquisition planning as required by EPA policy and federal regulations.

### Recommendations and Planned Agency Corrective Actions

We recommend that the Office of Administration and Resources Management take the following actions:

- Require the use of low-risk contracts and only permit high-risk contracts when low-risk contracts are not possible.
- Tighten scrutiny of the contract type selection and require higher level approvals for high-risk contracts.
- Issue guidance or policy to program offices and contracting staff regarding requirements for sole source bridge contracts.
- Permit sole source bridge contracts only when adequate and timely planning has occurred and when serious injury to the EPA's mission would result from a lapse of service.
- Develop a tracking mechanism for bridge contracts.
- Issue a memorandum to remind staff of the importance of including acquisition planning documents as part of the official contract records.

We also recommend that the EPA Deputy Administrator issue an agencywide memorandum to advocate and support Office of Administration and Resources Management initiatives to achieve greater use of contracts that minimize risk and maximize value to the government, including reducing the use of high-risk contracts.

The EPA agreed with the recommendations and provided proposed corrective actions and completion dates. The proposed and completed corrective actions meet the intent of the recommendations.