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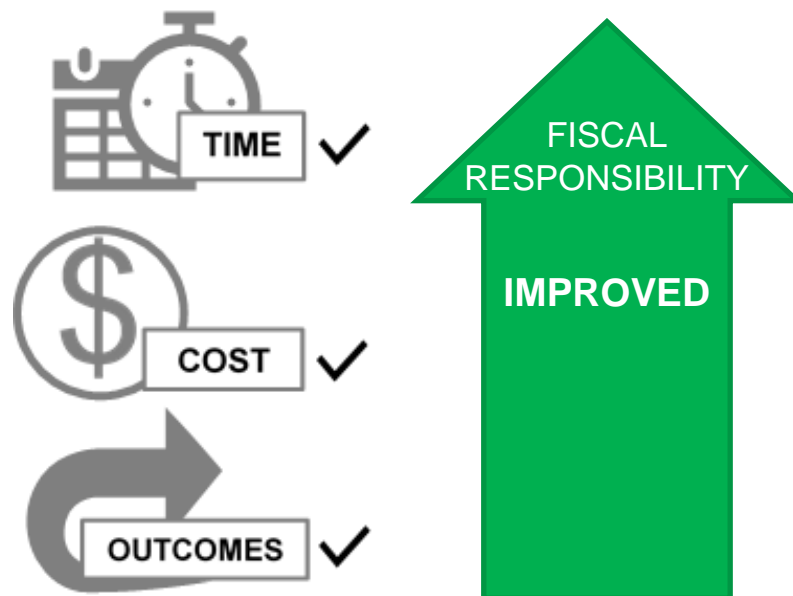
OFFICE OF INSPECTOR GENERAL

Operating efficiently and effectively

Corrective Actions and Additional Guidance Have Improved EPA's Fiscal Responsibility over Superfund Interagency Agreements

Report No. 19-P-0146

May 7, 2019



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Abbreviations

EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
IA	Interagency Agreement
IGMS	Integrated Grants Management System
OIG	Office of Inspector General
OLEM	Office of Land and Emergency Management
OMB	Office of Management and Budget
OSRTI	Office of Superfund Remediation and Technology Innovation
OSWER	Office of Solid Waste and Emergency Response
RAF	Remedial Acquisition Framework
USACE	U.S. Army Corps of Engineers

Cover Image: By implementing effective controls over time, costs and outcomes, the EPA improved its fiscal responsibility over USACE IAs. (EPA OIG image)

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At a Glance

Why We Did This Project

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) conducted this audit to determine whether the EPA is being fiscally responsible when awarding interagency agreements (IAs) to the U.S. Army Corps of Engineers (USACE) for Superfund work. We also sought to determine whether the EPA is meeting planned expectations for time, costs and outcomes in its use of USACE IAs.

The EPA's Superfund program is responsible for cleaning up some of the nation's most contaminated land and for responding to environmental emergencies, oil spills and natural disasters. The EPA accomplishes Superfund goals through a variety of mechanisms, including IAs. An IA is a written agreement between federal agencies that allows an agency needing supplies or services to obtain them from another agency. As of June 2018, the EPA had over \$3 billion in active Superfund IAs with the USACE.

This report addresses the following:

- *Operating efficiently and effectively.*

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Corrective Actions and Additional Guidance Have Improved EPA's Fiscal Responsibility over Superfund Interagency Agreements

What We Found

We found that the EPA has enhanced its fiscal responsibility over the management of IAs with the USACE since we conducted a prior audit of USACE IAs in 2007. The agency implemented corrective actions in response to the recommendations in our 2007 report (Report No. [2007-P-00021](#), *EPA Can Improve Its Managing of Superfund Interagency Agreements with U.S. Corps of Engineers*, issued April 30, 2007). The EPA also issued additional guidance regarding the management of IAs. As a result, the agency has policies and procedures in place for awarding and managing IAs and is adequately documenting justifications for using USACE IAs for Superfund work.

The agency's corrective actions in response to the OIG's 2007 audit of Superfund IAs directly contributed to improved fiscal responsibility over USACE IAs.

In addition, the EPA has an effective system in place for monitoring IA projects in terms of time, cost and outcomes. Our audit sample of 20 Region 2 IAs found that the region has been meeting time, cost and outcome expectations when managing its USACE IAs. Region 2 and the EPA's Office of Land and Emergency Management, which administers the agency's Superfund program, use the following tools to manage IAs with the USACE:

- Annual feedback surveys.
- Monthly progress reports and invoices.
- Bimonthly and weekly meetings and site visits.
- Integrated Grants Management System and project files.

We found that the agency is being fiscally responsible and adequately managing its USACE IAs for Superfund work. As a result, we make no new recommendations.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

May 7, 2019

MEMORANDUM

SUBJECT: Corrective Actions and Additional Guidance Have Improved
EPA's Fiscal Responsibility over Superfund Interagency Agreements
Report No. 19-P-0146

FROM: Charles J. Sheehan, Acting Inspector General

A handwritten signature in blue ink that reads "Charles J. Sheehan".

TO: Barry N. Breen, Acting Assistant Administrator
Office of Land and Emergency Management

Donna J. Vizian, Principal Deputy Assistant Administrator
Office of Mission Support

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). The project number for this audit was OA&E-FY18-0200. This report represents the opinion of the OIG and does not necessarily represent the final EPA position.

You are not required to respond to this report because this report contains no recommendations. However, if you submit a response, it will be posted on the OIG's website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at www.epa.gov/oig.

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Purpose

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) conducted this audit to determine whether the EPA is being fiscally responsible when awarding interagency agreements (IAs) to the U.S. Army Corps of Engineers (USACE) for Superfund work. We also sought to determine whether the agency is meeting planned expectations for time, costs and outcomes when using USACE IAs.

Background

The EPA is the primary federal agency responsible for implementing the Comprehensive Environmental Response, Compensation and Liability Act of 1980, also known as *Superfund*. According to the EPA's Superfund [website](#), the "Superfund program is responsible for cleaning up some of the nation's most contaminated land and responding to environmental emergencies, oil spills and natural disasters."

The mission of the EPA's Office of Land and Emergency Management (OLEM), which was formerly called the Office of Solid Waste and Emergency Response (OSWER), is to restore land, prevent releases of contaminants and conserve resources. In support of this mission, per the agency's OLEM intranet site, "OLEM provides policy, guidance, direction, oversight and funding for the agency's hazardous waste management, underground storage tank, Brownfields,¹ and accidental oil and chemical release programs." OLEM also administers the agency's Superfund program.

USACE Superfund Assistance

A memorandum of agreement between the USACE and the EPA establishes "a mutual framework governing the respective responsibilities for the USACE to assist the EPA in conducting its statutory obligation under its Superfund program." While the memorandum documents the two agencies' broad agreement to work together to complete Superfund work, IAs outline the work to be done for individual projects. The USACE and the EPA enter into a mutually agreed-upon IA each time the EPA requests USACE assistance under the memorandum.

An ***interagency agreement*** is a written agreement between federal agencies that allows one agency needing supplies or services to obtain them from another agency.

IAs are a type of assistance agreement used by the EPA to help carry out its mission to protect human health and the environment. The Superfund program uses *Funds-Out IAs* to request USACE assistance with site cleanups and

¹ Per the "Overview of EPA's Brownfields Program" [webpage](#), "A brownfield is a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant."

associated activities,² as well as ongoing support or services from the USACE. Work under an IA can be performed by USACE staff or contractors.

The EPA’s Office of Grants and Debarment, within the Office of Mission Support, oversees assistance agreement management for the agency. The office also develops national policies, guidance and training; provides national compliance support; administers assistance agreements for headquarters programs; and manages the agency’s Suspension and Debarment program.

In addition, the EPA has IA Shared Service Centers located in Washington, D.C., and Seattle, Washington. These two centers are responsible for the EPA’s IA administrative and operational activities, including pre-award, award, administrative, management, post-award and closeout functions. The Seattle IA center services the USACE.

IA Awards

The EPA has almost \$3.7 billion in active IAs as of June 12, 2018 (Table 1 and Figure 1). These graphics also show that Region 2 has 53 percent of the agency’s total IA award dollars. The EPA has awarded over \$5 billion to the USACE in assistance agreements for both Superfund and non-Superfund projects from September 1992 through March 2018.

Table 1: Active IAs as of June 12, 2018

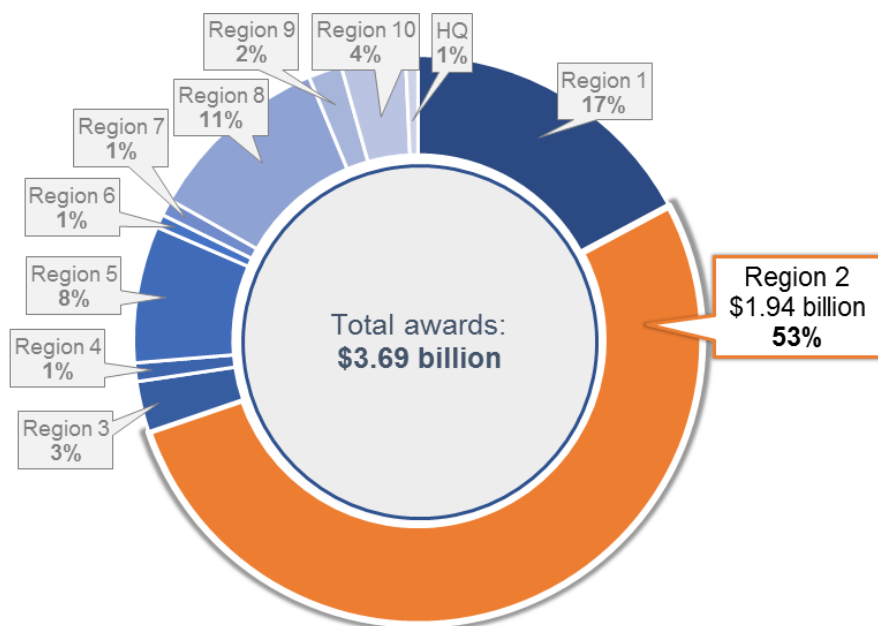
Region	Number of active IAs	Total award amount	Percentage ^a
1	23	\$635,603,478	17%
2	219	1,942,122,673	53
3	38	106,832,356	3
4	15	38,984,742	1
5	30	287,582,885	8
6	16	27,744,204	1
7	10	34,943,280	1
8	13	389,999,981	11
9	33	69,992,961	2
10	28	135,281,241	4
Headquarters	14	25,878,123	1
Total	439	\$3,694,965,924	

Source: OIG analysis of IA Shared Service Center data.

^a Total percentage is greater than 100 due to rounding.

² Under a *Funds-Out IA*, another federal agency provides goods and/or services to the EPA, and the EPA disburses funds to the other agency's account to pay for that agency's expenses.

Figure 1: IA award breakdown by EPA region ^a



Source: EPA OIG image derived from analysis of IA Shared Service Center data.

^a Total percentage is greater than 100 due to rounding.

Responsible Offices

The agency offices responsible for the issues in this report are the Office of Superfund Remediation and Technology Innovation (OSRTI), within OLEM, and the Office of Grants and Debarment, within the Office of Mission Support.

Scope and Methodology

We conducted this audit from June 2018 to December 2018 in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To address our objectives, we reviewed the following relevant EPA procedures and policy orders:

- *Policy for Issuing Superfund Interagency Agreements for Assigning Superfund Remedial Design or Remedial Action work to the U.S. Army Corps of Engineers and Other Federal Agencies*, OSWER 9200.1-83, April 3, 2008.
- *Interagency Manual*, May 2018.

- *Class Best Interest Determination for EPA Superfund Interagency Assisted Acquisition through Interagency Agreements with the US Army Corps of Engineers Remedial Design or Remedial Action Work*, April 3, 2009.
- *Use of the Class Best Interest Determination for EPA Superfund Interagency Assisted Acquisition through Interagency Agreements with the US Army*, April 16, 2009.
- *Class Best Approach Determination for Environmental Protection Agency (EPA) Interagency Assisted Acquisition with the US Army Corps of Engineers (USACE) for Superfund Response Activities*, May 6, 2011, May 31, 2013, and March 10, 2016.
- *Project Officer Integrated Grants Management System IA Manual*, March 20, 2012.
- *Rescinding Policy for Issuing Superfund Interagency Agreements for Assigning Superfund Remedial Design or Remedial Action work to the U.S. Army Corps of Engineers and Other Federal Agencies*, OSWER 9200.1-124, May 8, 2014.
- *Remedial Acquisition Strategy*, September 2015.
- *Memorandum of Agreement between EPA and USACE for the USACE Execution of Superfund Work Under P.L.96-510 The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as Amended*, 2016.
- *USACE Superfund Interagency Agreement Standard Terms and Conditions*, April 19, 2017.
- *Request or Extension of Class Best Procurement Approach Determination*, September 26, 2017.
- *Remedial Acquisition Framework Manual*, October 2017.

We also interviewed the EPA's IA Shared Service Center staff in Seattle and EPA staff in Region 2 to obtain an understanding of their roles in the administration and management of IAs. We followed up on EPA OIG Report No. [2007-P-00021](#), *EPA Can Improve Its Managing of Superfund Interagency Agreements with U.S. Corps of Engineers*, issued April 30, 2007, and we performed the following actions:

- Reviewed regional feedback surveys about the USACE for fiscal years (FYs) 2015, 2016 and 2017. Specifically, we reviewed raw data for the

summaries for FY 2017, and we reviewed summaries of the data for FYs 2015 and 2016.

- Reviewed and analyzed the following IAs with the USACE:
 - Universe of all active agreements as of June 12, 2018.
 - Universe of all closed agreements from October 1, 2015, through June 27, 2018.
- As detailed in Appendix A, we selected the following sample of 20 IAs from Region 2 for review, since Region 2 has more than half of the agency's total IA dollars (as outlined previously in Table 1 and Figure 1):
 - Eighteen active agreements, each valued at least \$20 million and totaling \$1.3 billion (69 percent of the total value of Region 2's IAs). *Note:* The two agreements that were closed during our preliminary research are included in the following bullet and are shown in Appendix A as closed.
 - The two highest-dollar closed agreements, with a total value of \$51.5 million. *Note:* As noted above, two active agreements were closed during our preliminary research. Consequently, we reviewed four closed IAs, with a total value of \$143.5 million, during our audit.
- Reviewed and analyzed data in the Integrated Grants Management System (IGMS) and related hard copy files for the 16 active and four closed IAs. During our audit, we reviewed the following information in the monthly progress reports and invoices:
 - Type of project.
 - Project period and extensions.
 - Justification for project.
 - Estimated cost of project.
 - Costs to date and budget extensions.

Prior Report

The OIG issued Report No. [2007-P-00021](#), *EPA Can Improve Its Managing of Superfund Interagency Agreements with U.S. Corps of Engineers*, on April 30, 2007. This report outlined the following audit findings:

- The EPA needs to better justify and support its decisions to enter into Superfund IAs with the USACE.
- The EPA needs to improve its monitoring of IAs with the USACE to better manage cost, timeliness and quality.

- EPA regions indicated they were generally very satisfied with the majority of the work performed by the USACE.

The OIG made eight recommendations to address its findings, including three regarding the justifications and cost estimates the agency should document before awarding an IA. For this current audit, we followed up on those three recommendations to assess the effectiveness of the corrective actions.

Results

We found that the agency enhanced its fiscal responsibility over the management of USACE IAs for Superfund work by implementing corrective actions in response to the 2007 OIG report recommendations and by issuing additional guidance regarding the award and administration of IAs. We also found that the agency was meeting time, cost and outcome expectations for USACE IAs.

Office of Management and Budget Emphasizes Need to Correct Deficiencies

Office of Management and Budget (OMB) criteria emphasize the need for management to take corrective actions when issues or deficiencies are identified. OMB Circular No. A-50 Revised, *Audit Follow-up*, dated September 29, 1982, affirms that “[c]orrective action by management on resolved findings and recommendations is essential for improving the effectiveness and efficiency of Government operations.” In addition, Section V of OMB Circular No. A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, dated July 15, 2016, states, “Correcting control deficiencies is an integral part of management accountability and must be considered a priority by the Agency. An Agency’s ability to correct control deficiencies is an indicator of the strength of its internal control environment.”

OIG’s 2007 Report Recommendations and Agency Guidance

The OIG’s 2007 report, *EPA Can Improve Its Managing of Superfund Interagency Agreements with U.S. Army Corps of Engineers* stated, “The EPA needs to better justify and support its decisions to enter into Superfund [IAs] with the Corps.” The 2007 report included three recommendations regarding the justifications and cost estimates the agency should document before awarding an IA.

In October 2018, we reviewed the EPA’s Management Audit Tracking System to determine the status of the agency’s corrective actions. Information in this system indicated that the EPA implemented all corrective actions for the three pertinent recommendations (Table 2). Specifically, on April 3, 2008, the agency issued the *Policy for Issuing Superfund Interagency Agreements for Assigning Superfund Remedial Design or Remedial Action work to the U.S. Army Corps of Engineers and Other Federal Agencies*. This 2008 policy revised a 2003 policy to include

requirements for justifying the selection of the USACE and preparing an estimate of anticipated costs for USACE full-time equivalent hours, travel and other direct costs prior to entering into an IA with the USACE.

Table 2: Applicable recommendations and associated corrective actions from 2007 OIG report

OIG recommendation	EPA proposed corrective action	Completion date
Require that regional offices develop an EPA independent cost estimate for the Corps' oversight of IAs.	OSWER ^a will revise and reissue the EPA's May 2003 policy on assigning work to the USACE. In this updated policy, OSWER will require that regions prepare an estimate of anticipated USACE full-time equivalent hours/cost, travel and other direct costs prior to entering into an IA with the USACE.	4/3/2008
Require that regional offices conduct a cost analysis of alternatives when determining whether to award an IA and evaluate the analysis against an EPA-developed cost estimate.	OSWER ^a will update the May 2003 policy on assigning work to the USACE. The update will require that regions document their decisions regarding use of the USACE versus other mechanisms. These regional decisions will consider a variety of factors, including cost and technical capability. The EPA will require that an estimate of anticipated USACE full-time equivalent hours/cost, travel and other direct costs be developed before entering into an IA with the USACE.	4/3/2008
Develop a process for holding regional offices and Remedial Project Managers accountable for complying with OSWER's 2003 policy for assigning remedial work and the Office of Administration and Resources Management's ^b 2002 guidance to document in decision memorandums justifications for IAs based on an analysis of alternatives and EPA-developed cost estimates.	OSWER ^a will reissue the May 2003 policy on assigning work to the USACE and will include the following requirements: <ol style="list-style-type: none"> 1. Regions should document all alternatives to the IA that they considered, why the IA mechanism with the USACE was selected, and why estimated USACE staff hours and costs for the proposed work are considered to be reasonable, based on an EPA estimate of anticipated USACE staff hours and costs developed for use in negotiating the IA with the USACE. 2. Regions will normally consider several selection factors when making these decisions; these factors will be further described in the reissued policy. 3. Regions will document regional management involvement in these decisions. 4. Headquarters [OSWER] will develop a process for holding regional offices and Remedial Project Managers accountable for complying with the new policy and for monitoring regional adherence to the reissued policy. The process proposed was an annual self-certification by the regions that decisions are reviewed and approved by management and that the decision is documented. In addition, OSWER will either conduct on-site regional reviews to verify compliance or request that regions submit documentation for verification. The process will be outlined and described as part of the revised policy. 	4/3/2008

Source: OIG analysis of Management Audit Tracking System data.

^a OSWER is now called OLEM.

^b The Office of Administration and Resources Management is now part of the Office of Mission Support.

Agency Corrective Actions and Additional Guidance Improved Fiscal Responsibility

The OIG's 2007 report on the management of Superfund IAs and the agency's corrective actions directly contributed to the EPA being more fiscally responsible when awarding IAs to the USACE. Approximately 1 year after the 2007 OIG report was published, the EPA issued a policy requiring that justifications and cost estimates be documented before entering into IAs with the USACE.

Subsequent guidance and processes also require that Superfund IAs awarded to the USACE be based on sound decisions:

- The EPA’s April 2008 memorandum specified that when the EPA selects the USACE for Superfund work, the agency must include the rationale documenting why an IA was selected, preparation of cost estimates, terms and conditions for monitoring IA activities, and a process for annually evaluating IA supporting documentation that ensures the policy requirements are implemented. This 2008 memorandum was later rescinded on May 8, 2014, by the issuance of another memorandum, which states, “Since 2008, EPA and federal policies and procedures that cover the intent of the OSRTI 2008 policy have been put in place, thus the OSRTI 2008 policy is no longer needed.”
- On April 16, 2009, the EPA’s Office of Acquisition Management issued a memorandum titled *Use of the Class Best Interest Determination for EPA Superfund Interagency Assisted Acquisitions through Interagency Agreements with the US Army Corps of Engineers Remedial Design or Remedial Action Work*. The memorandum noted that the OSRTI “believes that it is in both the Superfund program’s and the EPA’s best interest to use the USACE as a qualified and cost-effective source for acquiring, managing and overseeing Superfund remedial design or remedial action activities at hazardous waste sites.” The initial class determination was renewed in 2011, 2013, 2016 and 2017.
- In October 2017, the EPA developed its Remedial Acquisition Framework (RAF), which outlines the agency’s approach for acquiring national response services to support its Superfund remedial program. The *RAF Manual* serves as an implementation tool for the RAF and includes procedures for the following two tasks:
 - (1) conducting a RAF acquisition forecast and supporting business cases; (2) guiding determination of the appropriate remedial work procurement vehicle (including contracts and interagency agreements).

As part of the acquisition planning process, the RAF requires regions to document which tool or vehicle they use for acquisitions in the *Business Case for Assignment of Vehicle for Superfund Work* document. Most of the factors listed in the business case were originally included in the April 2008 policy’s *Decision Factors for Selecting USACE for Superfund RD [Remedial Design] or RA [Remedial Action] Support* document. By also including these factors in the 2017 business case document, the EPA is continuing its efforts to award USACE IAs based on sound decisions.

Region 2 Adequately Justifies USACE Awards

The agency has policies and procedures in place and is adequately documenting its justifications for using USACE IAs for Superfund work. Implementation of agency guidance and corrective actions in response to the OIG's 2007 report recommendations resulted in Region 2 adequately justifying the award of IAs to the USACE.

As illustrated previously in Table 2, the OIG's 2007 report raised concerns regarding the justification of IA awards to the USACE, which the EPA addressed in its April 2008 policy. Our current audit sample of 20 IAs included six that were awarded in or after 2008, with a total value of over \$289 million. We reviewed those six IAs and noted that the following required elements were adequately documented in the files:

- Decision memorandums providing a justification and explanation for selecting the USACE.³
- Decision matrix providing a reasonable rationale for selection of the USACE.
- Cost estimates for the IAs.

OLEM, Region 2 Effectively Monitoring Management of USACE IAs

The EPA has an effective system in place for monitoring USACE IAs, which Region 2 has been using to manage its USACE IAs. Our audit of 20 Region 2 IAs, valued at over \$1.4 billion, found that Region 2 has been meeting planned expectations for time, costs and outcomes in its use of USACE IAs. Specifically, Region 2 uses the following tools to manage IAs with the USACE:

- Annual feedback surveys.
- Monthly progress reports and invoices.
- Bimonthly and weekly meetings and site visits.
- IGMS and project files.

EPA Uses Feedback Surveys to Monitor USACE's Performance

The EPA has an adequate mechanism in place to collect feedback on the performance of the USACE. Per USACE Superfund IA standard terms and conditions, the EPA conducts feedback surveys annually to assess work assigned to the USACE through the Superfund IAs. The EPA sends annual feedback surveys to all EPA regions and uses the results to assess the USACE's performance in carrying out assigned Superfund work during the calendar year.

³ One IA awarded in September 2008 did not include a justification and explanation for selecting the USACE.

The surveys consist of 18 questions developed by OLEM. The EPA shares the results of the surveys with the USACE and the regions. Remedial Project Managers complete the surveys and rate USACE performance on a scale from 1 to 5 for each question, where 5 is the highest score and 1 is the lowest. OLEM summarizes the survey results, and if project-specific issues are noted, OLEM coordinates with the USACE for resolution.

We reviewed the summary data for the FYs 2015, 2016 and 2017 feedback surveys and calculated average scores for all three fiscal years, as shown in Table 3.

Table 3: USACE feedback survey national summary (FYs 2015–2017) ^a

No.	Question/topic	FY 2017 ^b		FY 2016 ^c		FY 2015 ^c	
		Average score	Total responses	Average score	Total responses	Average score	Total responses
1	Management of USACE contractor costs	4.07	92	4.22	130	4.21	87
2	Management of USACE in-house costs	4.14	105	4.26	149	4.18	108
3	Adequacy of oversight of contractor personnel to ensure efficient and effective use of the workforce and equipment	4.19	91	4.28	120	4.35	83
4	Adequacy of oversight of contractor personnel to ensure compliance with U.S. Occupational Safety and Health Administration safety requirements	4.23	69	4.43	96	4.22	68
5	Overall assessment of the contractor's performance	4.21	94	4.21	121	4.36	84
6	Quality assurance/quality control services for project activities	4.15	88	4.31	125	4.38	87
7	Real estate services for project	4.11	19	4.03	31	4.07	15
8	Effectiveness of the interaction with the local community	4.33	49	4.25	79	4.43	54
9	Timeliness in identifying funding needs	4.18	99	4.23	138	4.23	96
10	Accomplished major project milestones within the agreed upon schedule	4.21	98	4.20	144	4.21	95
11	USACE response to concerns	4.47	107	4.44	150	4.43	108
12	Followed EPA's guidance and staff direction	4.44	105	4.43	151	4.45	106
13	Overall quality of the products/services delivered to EPA	4.37	106	4.33	149	4.46	108
14	USACE staff keeps staff adequately involved in addressing project issues and providing effective problem resolution	4.41	103	4.41	150	4.42	106
15	Usefulness of the monthly reports and supporting documentation submitted by USACE	3.83	100	3.97	150	3.85	46
16	Timeliness of monthly reports	3.90	99	4.04	149	3.94	108
17	Timeliness of USACE requests for extensions of the project's IA performance period	4.15	61	4.29	93	4.20	71
18	Overall satisfaction of how this project is being managed by USACE	4.36	106	4.36	151	4.38	109

Source: OIG analysis of FYs 2015–2017 feedback survey data.

^a Responses shown are based on a scale of 1 to 5, where 1 is the lowest and 5 is the highest rating.

^b Agency-calculated, with the OIG verifying averages.

^c OIG-calculated and verified by agency.

We also reviewed the raw data for FY 2017 and the comments provided in response to each of the questions. Table 4 shows the two questions that received the highest and lowest scores. The average lowest score was 3.83 out of 5 and is considered “above average” on a 1–5 rating scale. Survey comments varied and were both positive and negative, as they related to the status of the ongoing process and interaction with the USACE.

Table 4: FY 2017 questions with highest and lowest scores

No.	Question	Score
11	USACE response to concerns	4.47 (highest)
15	Usefulness of the monthly reports and supporting documentation submitted by USACE	3.83 (lowest)

Source: OIG analysis of FY 2017 feedback survey data.

IA Monthly Progress Reports and Invoices Document Time, Costs and Outcomes

The EPA has a system in place to monitor IA projects. The EPA uses monthly progress reports to document performance and show how the USACE meets planned expectations for time, costs and outcomes. According to USACE Superfund IA standard terms and conditions, “USACE will provide monthly progress reports to the EPA project officer and to the EPA remedial project manager (RPM).”

For the 20 IAs in our sample, we reviewed 73 monthly progress reports and invoices to determine whether the agency is meeting planned expectations for time, costs and outcomes. The monthly progress reports include the monthly vouchers, which show the monthly charges for the period and the project costs to date. The reports also consist of narratives that outline the scope of work, the work performed during the period of the report, and the forthcoming milestones. Our audit did not reveal any issues or problems regarding the projects’ progress. Specifically, we found the following conditions regarding the 16 active IAs in our audit sample:

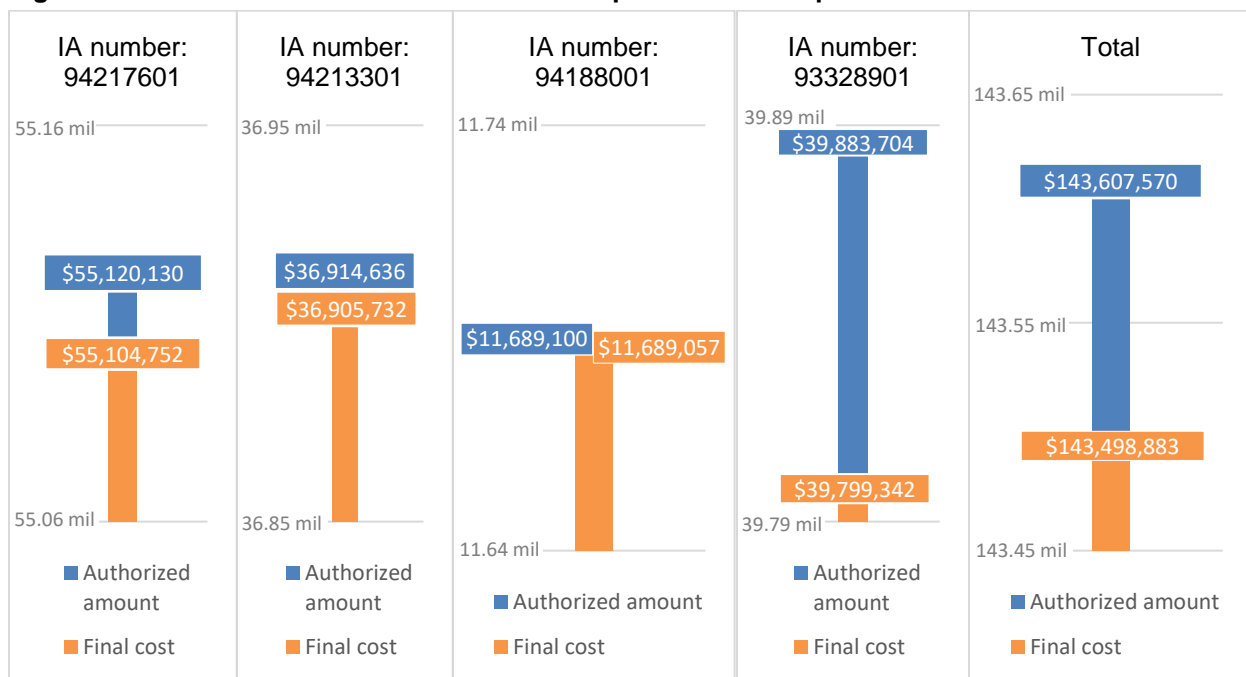
- Some reports demonstrated progress by percentage completed, while others outlined the work performed and completed status via narrative.
- The costs to date were consistent with the description of the work performed for the period of the report.
- The costs were also within the authorized amounts,⁴ and the work performed was within the period of performance.

In addition, we reviewed the four closed IAs in our selected sample to determine whether the project closed within the stated period of performance and whether

⁴ One IA in our sample had only one invoice submitted during this period due to the project being completed and in the closeout process.

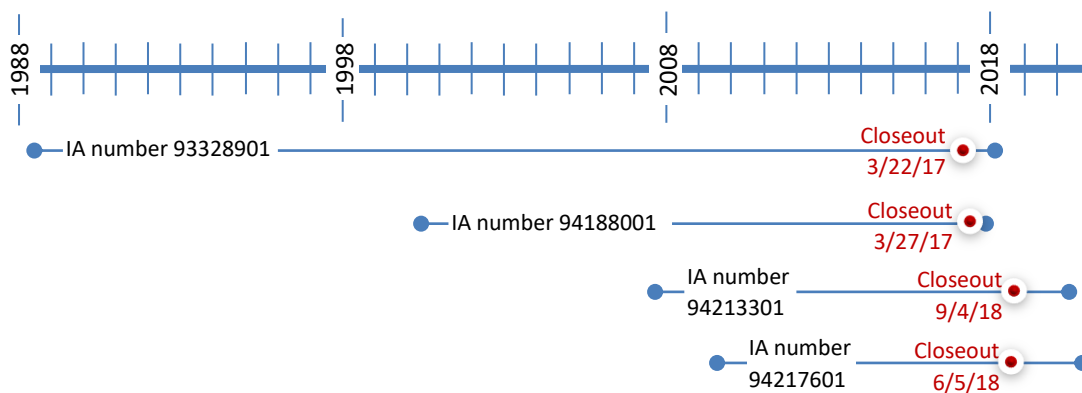
the project costs were within the awarded amount (Figures 2 and 3). We also looked at whether the activities conducted were consistent with the scope of work. Our analysis found that the costs for the closed IAs were within the authorized amount and the IAs were closed before the end period of performance date. The amounts billed in the latter months of the projects were minimal and were attributed to closeout procedures. Furthermore, the four closed IAs did not indicate any issues regarding planned expectations for the time period reviewed. Based on our analysis, the USACE provided the EPA with the services outlined in the projects' scopes of work.

Figure 2: Authorized amount and final cost comparisons in sampled closed IAs



Source: OIG image derived from analysis of IA data from IGMS and project files.

Figure 3: Period of performance and closeout date timelines in sampled closed IAs



Source: OIG image derived from analysis of IA data from IGMS and project files.

EPA Actively Monitors USACE Performance

Region 2 has mechanisms in place to monitor USACE performance. A Region 2 Project Officer assists the Remedial Project Managers with managing the IAs. The Project Officer helps review the statements of work, monthly progress reports and invoices; input information into IGMS; maintain the official files; and act as the point of contact for the IA Shared Service Center.

The Remedial Project Managers, Branch Chiefs and Branch Managers attend a bimonthly “line item review” meeting to discuss ongoing projects with the USACE district offices, which are in Philadelphia, New York and Kansas City. The meeting consists of a review of the region Superfund projects in which the USACE is involved, including schedules, delays, funding and any issues.

Region 2 also conducts a weekly conference call with USACE staff. In addition, the region conducts site visits to construction sites at least once a month depending on the location of the project. Region 2 staff believe that monitoring and oversight are two of their strong points. They stated that they have an intense working relationship with the USACE and that they are part of the IA processes.

IGMS and Project Files Contain Required Documentation

We found that the hard copy and IGMS files for the 20 IAs we reviewed contained documentation with adequate information to gauge how Region 2 is awarding and managing IAs. According to the *Project Officer IGMS IA Manual*, dated March 20, 2012, IGMS was developed “to automate the Grant/IA process, support improved management of assistance agreements and interagency agreements, and reduce the Agency’s cost in carrying out its mission.” The *Project Officer IGMS IA Manual* also notes, “In FY09, the IGMS IA modules were expanded to support preparation of Decision Memoranda and Commitment Notices.”

We noted that the IGMS and project files included the following information:

- Decision memorandums.
- Budget commitment notices and amendments.
- Awarded IAs and amendments.
- Cost estimates.
- Scopes of work.
- Monthly reports and invoices.

In addition, Region 2 tracks and maintains monthly reports and invoices via its Resource Management/Cost Recovery Section. All official monthly reports and invoices are received and maintained by staff in this office, who assign a unique identifier and bar code to facilitate tracking and retrieval.

Conclusion

The implementation of agency corrective actions in response to the 2007 OIG report recommendations resulted in enhancements to the USACE IA award and management process. The EPA has implemented policies and guidance that help the agency be fiscally responsible when awarding IAs to the USACE. Also, we found that Region 2 is adequately justifying the award of USACE IAs. Furthermore, we determined that OLEM and Region 2 have effective methods for managing IAs with the USACE. Feedback surveys and monthly progress reports provide adequate oversight tools for EPA management. In addition, Region 2 holds weekly and bimonthly meetings and conducts periodic site visits to confirm the reported progress of the IAs.

Agency Response and OIG Evaluation

We issued a discussion document presenting our audit results to the agency on December 4, 2018. In addition, we met with the agency on December 12, 2018, to discuss our findings. The EPA agreed with our findings and with proceeding directly to a final report. Although the agency did not provide a written response, it did suggest minor edits to the discussion document. The OIG considered the agency's suggestions and modified the report accordingly.

List of IAs Reviewed

IA number	Period of performance	Award amount		Total budgeted cost ^a
		USACE	Contractor	
Active IAs reviewed (during audit performance period)				
94193501	9/30/2001–9/29/2019	\$56,249,516	\$220,650,863	\$276,900,379
94187901	7/28/2000–7/28/2020	12,074,890	189,530,642	201,605,532
94183601	6/29/1999–12/30/2019	12,519,617	116,774,978	129,294,595
94159401	9/1/1992–12/31/2018	21,649,754	78,356,420	100,006,174
94209301	8/15/2006–12/31/2018	5,647,994	82,682,987	88,330,981
94216601	9/30/2008–7/31/2019	6,382,000	74,994,041	81,376,041
94217501	5/29/2009–12/31/2019	7,381,210	71,680,880	79,062,090
94191101	5/1/2001–12/31/2018	5,769,917	35,405,681	41,175,598
94211201	3/19/2007–3/31/2019	Not in file ^b	Not in file ^b	41,518,320
94184301	8/23/1999–12/31/2018	4,572,398	34,826,092	39,398,490
94197501	9/30/2002–9/29/2019	Not in file ^b	Not in file ^b	38,075,000
94183401	6/28/1999–12/31/2018	Not in file ^b	Not in file ^b	31,415,000
95896801	6/16/2016–6/14/2031	4,189,3000	24,870,000	29,059,300
95905501	9/1/2016–8/31/2023	1,999,893	22,500,000	24,499,893
95884601	8/24/2015–12/31/2020	2,290,000	18,526,017	20,816,017
94194901	2/11/2002–12/31/2018	1,470,158	18,663,493	20,133,651
Subtotal				\$1,242,667,061
Closed IAs reviewed (during audit performance period)				
94217601	5/15/2009–6/30/2020	\$3,338,481	\$51,766,271	\$55,104,752
94213301	10/1/2007–6/30/2020	2,157,958	34,747,748	36,905,732
94188001	9/30/2000–3/31/2017	2,399,837	9,289,219	11,689,057
93328901	6/17/1988–12/31/2018	Not in file ^b	Not in file ^b	39,799,342
Subtotal				\$143,498,883
Total				\$1,386,165,944

Source: OIG analysis of data obtained from IGMS and project files.

^a The total budgeted cost represents the most current project cost to date, including amendments.

^b This cost information was not in these specific categories for IAs awarded before April 2008.

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