



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We reviewed open recommendations from prior Office of Inspector General (OIG) audit reports that could impact the U.S. Environmental Protection Agency's (EPA's) American Recovery and Reinvestment Act activities. These recommendations involved grants, contracts, and interagency agreements.

Background

Open recommendations are those for which EPA has not completed corrective actions. Recent Office of Management and Budget guidance requires the expediting of actions on open recommendations to preclude the continuance of weaknesses or deficiencies that can impact Recovery Act funding.

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/2009/20090409-09-X-0136.pdf

Open Audit Recommendations Affecting Recovery Act Activities

What We Found

We identified five open recommendations, from three EPA OIG reports, that could have an impact on Recovery Act funding.

- In response to a 2008 report, EPA agreed to implement our recommendation to distribute revised terms and conditions to regions in June 2009 for spending brownfields grant funds more timely. EPA told us these terms and conditions would be in place before EPA awarded any Recovery Act grants.
- A 2008 OIG report found that EPA had no assurance that use of Cost-Plus-Award-Fee contracts facilitates a higher level of performance than other types of contracts, and contractors were given award fees without sufficient support. To address these issues, the Office of Acquisition Management completed revisions to the Contracts Management Manual on April 7, 2009, and will have the information published by late April. We also noted EPA Region 5 paid award fees in excess of limits, and corrective action is still pending.
- A 2007 OIG report found that EPA often entered into interagency contracts without conducting cost reasonableness assessments or identifying alternatives, such as whether EPA's in-house staff should acquire the services or products. EPA is not planning to conduct its comprehensive review of interagency contracts to verify implementation of the corrective action until September 2010. EPA needs to ensure other corrective actions related to cost reasonableness assessments and considerations of alternatives to interagency contracts are implemented for Recovery Act interagency contracts.

We also have concerns that EPA is considering granting a waiver related to several closed recommendations involving obtaining independent cost estimates for interagency agreements with the U.S. Army Corps of Engineers.

We recommend that the Agency expedite corrective actions for the open recommendations as they pertain to Recovery Act funds. EPA should let us know within 30 days how it has acted, or plans to act, on these recommendations.