



At a Glance

Why We Did This Review

We conducted this review to determine if the U.S. Environmental Protection Agency (EPA) is reducing the amount of high risk contracting activities for remedial actions. In the cleanup of Superfund sites, EPA uses a variety of instruments (such as contracts, cooperative agreements, and interagency agreements) to obtain Superfund remedial services. One such instrument used in procuring these services is the Remedial Action Contract (RAC). The Agency had expenditures of almost \$570 million for remedial actions under RAC contracts for fiscal years 2007 through 2011.

This report addresses the following EPA Goals or Cross-Cutting Strategies:

- *Cleaning up communities and advancing sustainable development.*
- *Strengthening EPA's workforce and capabilities.*

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2013/20130328-13-P-0208.pdf

EPA Should Increase Fixed-Price Contracting for Remedial Actions

What We Found

EPA continues to rely on high risk cost-reimbursement contracts and time-and-materials task orders in the Superfund remedial program. The President, U.S. Office of Management and Budget, Congress, and U.S. Government Accountability Office have called for a reduction in high risk contracts. Resistance to change, regional program office pressure, lack of leadership, and lack of trained qualified staff have contributed to the reliance on high risk contracts. Reducing the reliance on these contracts can result in numerous benefits, including cost savings, increased competition, and achievement of socio-economic goals.

Additionally, the EPA Acquisition System (EAS) contains inaccurate contract and task order types. Specifically, 5 of 17 contracts and 22 of 60 task orders and work assignments reviewed had an incorrect contract or award type listed in EAS. The inaccurate data in EAS is due to the lack of a specific EAS data quality plan and a decentralized quality assessment process. As a result, EPA is misreporting contract and spending information to the public.

Recommendations and Planned Agency Corrective Actions

We recommend that EPA require written acquisition plans for cost reimbursement RAC contracts be approved by the Head of the Contracting Activity. We also recommend that EPA develop performance measures and goals for each region for the use of fixed-price contracts and task orders, and recommend that EPA provide training to staff on how and when less risky contracts and task orders should be used. Finally, we recommend that EPA determine whether staffing changes are needed in each region to ensure that staff have the skills to manage the increased use of fixed-price contracts and task orders and develop a data quality plan for EAS to ensure the adequacy of data across all regions.

EPA agreed in principle to the objectives of the report – to improve acquisition planning and increase the use of fixed price contracts where appropriate. EPA concurred with two of our recommendations but disagreed or did not respond to four others. EPA did agree to provide training on how and when less risky contracts and tasks orders are appropriate. EPA indicated that the decision on contract type must be made on a case-by-case basis and did not agree with requiring certain contract types or setting performance measures for fixed price contracting. We revised one of the draft report recommendations to not require a certain contract type, but to elevate the responsibility for approving future cost-reimbursable RAC contracts.

Noteworthy Achievements

EPA Region 7 is implementing the vision of the original Contracts 2000 Strategy to increase the use of fixed price contracting for Superfund remedial actions.