



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

# Review of Hotline Complaint on EPA's Pre-Award Activities for Multiple Award Contracts at the National Computer Center

Report No. 13-P-0220

April 15, 2013



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**Report Contributors:**

Rudolph M. Brevard  
Warren Brooks  
Scott Sammons

**Abbreviations**

EPA	U.S. Environmental Protection Agency
NCC	National Computer Center
OIG	Office of Inspector General

## Hotline

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**write:** EPA Inspector General Hotline  
1200 Pennsylvania Avenue, NW  
Mailcode 2431T  
Washington, DC 20460



# At a Glance

## Why We Did This Review

We reviewed pre-award activities for multiple award contracts at the U.S. Environmental Protection Agency's National Computer Center. The review was conducted in response to an Office of Inspector General hotline complaint. The complaint alleged that:

- The NCC did not provide a fair opportunity to all vendors in a recent request for proposal for the acquisition of information technology equipment.
- EPA contractor personnel disclosed misleading information to a vendor regarding the outcome of the selection process.

## This report addresses the following EPA Goal or Cross-Cutting Strategy:

- *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/2013/20130415-13-P-0220.pdf](http://www.epa.gov/oig/reports/2013/20130415-13-P-0220.pdf)

## ***Review of Hotline Complaint on EPA's Pre-Award Activities for Multiple Award Contracts at the National Computer Center***

### What We Found

We found no evidence to support allegations made in the complaint. However, we determined that the EPA could improve communications with vendors during pre-award activities. We found instances where there were opportunities to improve communication with vendors that could help thwart misunderstandings and confusion related to the federal acquisition process. Federal guidance recommends that information be communicated to relevant personnel at all levels within an organization, including outside organizations. There was no evidence that the NCC communicated guidelines or regulations related to acquisitions to the hotline complainant (a vendor) during initial pre-award activities. Without communicating guidelines and regulations in initial communications with vendors, misunderstandings and false expectations related to the acquisition process could arise.

### Recommendations and Agency Corrective Actions

We recommend that the Director, National Computer Center:

1. Develop disclosure language outlining communication protocols between the agency and vendors to include all written communications with vendors during pre-award activities.
2. Distribute a memorandum to managers emphasizing the importance of implementing protocols developed in response to recommendation 1.

The agency agreed with our recommendations and developed a communications protocol and guidelines and communicated those to all NCC staff.



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

THE INSPECTOR GENERAL

April 15, 2013

**MEMORANDUM**

**SUBJECT:** Review of Hotline Complaint on EPA's Pre-Award Activities for Multiple Award Contracts at the National Computer Center  
Report No. 13-P-0220

**FROM:**

Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

**TO:**

David Updike, Director  
National Computer Center  
Office of Technology Operations and Planning, Office of Environmental Information

This is our report on the subject audit conducted by the Office of Inspector General of the U.S. Environmental Protection Agency. This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This audit was conducted in response to an OIG hotline complaint. This report provides the summary of our audit related to the allegations made in the complaint.

The OIG received a hotline complaint alleging that the EPA may have committed improprieties in the bidding process for EPA network security hardware. Specifically, the allegations claimed that:

- The EPA's National Computer Center did not provide a fair opportunity to all vendors in the recent request for proposal for the acquisition of information technology equipment. In particular, the request for proposal was written in a manner that only allowed for one specific vendor to make a bid proposal.
- EPA contractor personnel, tasked with testing the equipment during the market research phase of the pre-award activity, disclosed misleading information to a vendor regarding the outcome of the selection process.

We conducted our audit from August 2012 to April 2013 at the EPA's NCC in Research Triangle Park, North Carolina. We performed this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit

objectives. We believe the evidence obtained provides a reasonable basis for our recommendations and conclusions.

As part of our analysis, the OIG reviewed relevant EPA procedures and federal regulations to obtain an understanding of guidelines and rules related to pre-award activities for multiple award contracts. We also reviewed contract files and other documents and communications related to the acquisition of the information technology equipment, as well as pre-award activity documentation. Further, we conducted interviews with the following individuals to determine whether the EPA has followed agency policies and procedures related to pre-award activities for multiple award contracts:

- The complainant, who provided details of the OIG hotline complaint.
- EPA contractor personnel who were tasked with testing the equipment during the market research phase of the pre-award activity.
- EPA personnel from the Office of Administration and Resources Management's Office of Acquisition Management, responsible for managing the acquisitions and maintaining contract files related to the acquisitions.
- EPA personnel from the NCC responsible for initiating the acquisition of the information technology equipment.

We found no evidence to support allegations made in the complaint. However, we determined that the EPA could improve communications with vendors during pre-award activities. During our review of contract documentation, we identified email communications between the EPA and the vendor who had subsequently filed the hotline complaint, attempting to clarify the vendor's interpretation of acquisition procedures and regulations. We recognized instances where there were opportunities for improvement in the communication. Office of Management and Budget Circular A-123, *Management's Responsibility for Internal Control*, states "Information should be communicated to relevant personnel at all levels within an organization. The information should be relevant, reliable, and timely. It is also crucial that an agency communicate with outside organizations as well, whether providing information or receiving it." There was no evidence that the NCC included any communications or disclosures to the complainant of any federal or agency protocols or regulations related to acquisitions during initial pre-award activities. Without communicating guidelines and regulations in initial communications with vendors, misunderstandings and false expectations related to the acquisition process could arise.

## **Recommendations and Agency Corrective Actions**

We recommend that the Director, National Computer Center:

1. Develop disclosure language outlining communication protocols between the agency and vendors to include all written communications with vendors during pre-award activities.
2. Distribute a memorandum to managers emphasizing the importance of implementing protocols developed in response to recommendation 1.

The agency agreed with our recommendations and developed a communication protocol and guidelines and communicated those to all NCC staff.

The agency's response to our discussion draft report included proposed corrective actions and completion dates. The agency provided us with documentation that the recommendations have been implemented. Our analysis confirmed the agency completed the corrective actions on March 14, 2013. We have no objections to the further release of this report to the public. We will post this report to our website at <http://www.epa.gov/oig>.

If anyone has any questions regarding this report, please contact Melissa Heist, assistant inspector general for audit, at (202) 566-0899 or [heist.melissa@epa.gov](mailto:heist.melissa@epa.gov); or Rudolph M. Brevard, product line director, at (202) 566-0893 or [brevard.rudy@epa.gov](mailto:brevard.rudy@epa.gov).

## **Status of Recommendations and Potential Monetary Benefits**

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Completion Date	Claimed Amount	Agreed-To Amount
1	2	Develop disclosure language outlining communication protocols between agency and vendors to include all written communications with vendors during pre-award activities.	C	Director, National Computer Center	03/14/13		
2	2	Distribute a memorandum to managers emphasizing the importance of implementing protocols developed in response to recommendation 1.	C	Director, National Computer Center	03/14/13		

<sup>1</sup> O = recommendation is open with agreed-to corrective actions pending  
 C = recommendation is closed with all agreed-to actions completed  
 U = recommendation is unresolved with resolution efforts in progress

## ***Agency Response to Discussion Draft Report***



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
RESEARCH TRIANGLE PARK, NC 27711

OFFICE OF  
ENVIRONMENTAL INFORMATION

March 19, 2013

### **MEMORANDUM**

**SUBJECT:** Response to Office of Inspector General Discussion Draft No. OMS-FY12-0012, "Improved Communications with Vendors Needed for EPA's Pre-award Activities for Multiple Award Contracts at the National Computer Center," dated 2/28/2013

**FROM:** David Updike, Director  
National Computer Center  
Office of Technology Operations and Planning

**THRU:** Vaughn Noga, Director  
Office of Technology Operations and Planning  
and Agency Chief Technology Officer

**TO:** Rudolph M. Brevard, Director  
Information Resources Management Audits  
Office of Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the subject audit report. Following is a summary of the Office of Technology Operations and Planning's (OTOP) overall position, along with my position on each of the report recommendations. I have provided below high-level corrective actions and estimated completion dates.

#### **AGENCY'S OVERALL POSITION**

I concur with the recommendations contained in the report. Communications protocol and guidelines have been developed and communicated to all National Computer Center (NCC) staff with specific emphasis on effective management and oversight of all communications with vendors during potential and active procurement solicitation.



## AGENCY'S RESPONSE TO REPORT RECOMMENDATIONS

### Agreements

No.	Recommendation	High Level Intended Corrective Action	Estimated Completion Date
1	Develop disclosure language outlining communication protocols between agency and vendors to include all written communications with vendors during pre-award activities.	Develop communication protocol and guidelines for communicating with vendors during pre-award activities.	3/22/13
2	Distribute a memorandum to managers emphasizing the importance of implementing protocols developed in response to recommendation 1.	Distribute memo to all NCC staff emphasizing effective management and oversight of all communications with vendors during pre-award activities.	3/22/13

### CONTACT INFORMATION

If you have any questions regarding this response, please contact me at 919-541-0780.

cc: Scott Dockum, OEI Audit Follow-up Coordinator  
Anne Mangiafico, OTOP Audit Coordinator

## ***Distribution***

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