



At a Glance

Why We Did This Review

The federal government spends approximately \$500 billion on goods and services each year to support its mission. Given the increasing fiscal pressures facing the United States, there has been a renewed focus on maximizing efficiencies in the procurement process to achieve cost savings. One such initiative is the use of strategic sourcing as outlined in the Federal Strategic Sourcing Initiative (FSSI).

The purpose of this review was to determine whether the U.S. Environmental Protection Agency's (EPA's) strategic sourcing program is gaining efficiencies from existing federal initiatives under the FSSI mandate and the EPA was identifying and taking advantage of strategic sourcing opportunities outside of FSSI.

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

For further information, contact our public affairs office at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2014/20140826-14-P-0338.pdf

Increased Emphasis on Strategic Sourcing Can Result in Substantial Cost Savings for EPA

What We Found

Although the Office of Management and Budget issued a policy memorandum on strategic sourcing in 2005 expressing the need for agencies to leverage strategic sourcing to the maximum extent possible, the EPA has been slow in implementing such efforts. Crucial aspects, such as conducting spend analyses and developing controls to ensure maximum agency participation, were either not developed or conducted timely. The Office of Management and Budget also encouraged agencies to participate in governmentwide solutions, known as FSSI, and advised agencies to consider those being offered for commonly procured commodities first when contemplating acquisitions. Of the four solutions offered (print management, wireless services, office supplies and domestic delivery), the EPA only participated in the office supplies and domestic delivery solutions. The agency has been slow in implementing strategic sourcing due to a lack of commitment in the initial stages of the initiative and by proceeding cautiously as experience was gained. As a result, the EPA has been missing out in cost saving opportunities and improved efficiencies in its procurement processes.

The EPA could save \$30 to \$60 million annually by fully implementing its strategic sourcing program.

Recommendations and Planned Corrective Actions

We recommend that the EPA develop a plan of action to strategically source wireless services and print management. If the EPA's plan is to source these commodities internally because it is not practicable under the FSSI initiative, we recommend that a price comparison analysis be performed to ensure the best possible pricing is negotiated. We also recommend that the EPA develop and implement policies and procedures to ensure that controls are in place so that all strategically sourced vehicles are utilized unless a valid exception is approved. The EPA agreed with our recommendations and provided a corrective action plan with dates for each recommendation.

Noteworthy Achievements

The EPA conducted a study of the agency's acquisition function to realize cost savings and increase the efficiency and effectiveness of the acquisition function within the EPA. The study, known as the Centers of Expertise in Contracting, details the challenges facing the EPA. The report identifies the value of strategic sourcing and estimates that, with a fully staffed strategic sourcing office, it can achieve potential cost savings of \$30 to \$60 million on an annual basis. The report provides recommendations on how to achieve a more efficient and effective acquisition process, and the EPA is currently evaluating these recommendations.