



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

JAN 18 2012

THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: Evaluation of Agency Response to OIG Report No. 11-P-0705, *EPA's Contract Oversight and Controls Over Personal Computers Need Improvement*, September 26, 2011

TO: Malcolm D. Jackson
Assistant Administrator for Environmental Information and
Chief Information Officer

Craig E. Hooks
Assistant Administrator for Administration and Resources Management

Thank you for the Office of Environmental Information (OEI) and Office of Administration and Resources Management (OARM) responses to the subject report. We appreciate the Agency's efforts to be responsive to our recommendations.

We have reviewed the responses to the subject report. OEI reaffirmed its disagreement with recommendation 1 and stated it has initiated activities to replace the current Customer Technology Solutions contract, with completion expected in October 2012. We agree with this corrective action. OARM concurred with our recommendations and has implemented corrective actions and provided milestone dates that adequately address the findings for recommendations 2, 3, and 4 in the report. Therefore, we will close the report upon issuance of this memorandum.

Attached are the OEI and OARM responses to our report. If you or your staffs have any questions, please contact Paul Curtis, Director for Financial Statement Audits, at (202) 566-2523; or Gloria Taylor-Upshaw, Project Manager, at (404) 562-9842.

Arthur A. Elkins, Jr.

Attachments

cc: Vaughn Noga, Director, Office of Technology Operations and Planning, OEI
Johnny Davis, Director, Enterprise Desktop Solutions Division, OEI
John Bashista, Director, Office of Acquisition Management, OARM
Renee Page, Director, Office of Administration, OARM

Bridget Shea, Director, Facilities Management and Services Division, OARM
Dennis Bushta, Deputy Director, Office of Administration, OARM
Patrick Huber, Audit Follow-Up Coordinator, OEI
Sandy Womack, Audit Follow-Up Coordinator, OARM
Melissa Heist, Assistant Inspector General for Audit
Paul Curtis, Director, Financial Statement Audits



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DEC 28 2011

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: EPA's Contract Oversight and Controls over Personal Computers Need Improvement
Report No. 11-P-0705

FROM: *for [signature]* Craig E. Hooks, Assistant Administrator

TO: Arthur A. Elkins, Jr., Inspector General
Office of the Inspector General

Malcolm D. Jackson, Assistant Administrator
Office of Environmental Information and
Chief Information Officer

In accordance with the U.S. Environmental Protection Agency Manual 2750, OARM is providing the required status update on the corrective actions associated with the OIG recommendations 2, 3, and 4 of the subject report. It is OARM's understanding that OEI will provide its response to recommendation 1 under separate cover.

OARM's update on the relevant recommended actions is as follows:

Recommendation 2: Update the property manual to require the separation of duties in property staff positions and consider assigning permanent property positions throughout the agency to ensure that there are safeguards over the EPA's assets.

Update: OARM concurs with this recommendation. Because we do not control staffing numbers and duty assignments throughout the agency, we will take the following corrective actions available to us:

- OARM will again distribute the information included in the September 3, 2010 memorandum and discuss its importance during monthly conference calls with accountable area property personnel. **Completed:** October 2011;
- With one adjustment, OARM will continue to encourage compliance with the requirement for separation of property roles and ask that consideration be given to assigning permanent property positions. As a result of the response from and concern expressed by field locations, OARM has re-evaluated its policy requiring full separation. Because of staffing limitations and inability to provide full time staff for property positions in most instances, OARM has agreed to require that

- separate individuals serve in the Property Management Officer (PMO) and the Property Accountability/Utilization Officer (PAO/PUO) positions only. Because the PMO provides the oversight role for the PAO and PUO, that position must be separate. However, we have agreed to allow one individual to serve as both the PAO and PUO in those accountable areas where staffing is an issue as long as performance objectives can be met. Completed: October 2011; and
- Include information on adjustment to the required separation of property roles in the revision of the *EPA's Personal Property and Procedures Manual*. Projected completion date: February 2012.

Recommendation 3: Develop and implement a process that would require property staff to routinely review and update FAS data.

Update: OARM concurs with this recommendation and notes that considerable progress has been made in verifying data between offices with shared responsibility and stakeholders. Corrective actions include:

- In conjunction with the implementation of the new Compass financial system in October 2011, property program officials received discrepancy reports as existing data was entered into the new system and corrective actions were taken to reconcile this information. Completed: October 2011;
- During the implementation of the new property tracking system in FY 2012, a second review will be completed to eliminate any discrepancies existing at that time. Projected completion date: October 2012; and
- OARM plans to develop a regular program of data reviews in conjunction with field audits of accountable areas. OARM will conduct at least six field audits during FY 2012 to monitor compliance with property requirements for data entry and updating. Projected completion date: September 2012.

Recommendation 4: Develop and implement a process that would ensure that property staffs adhere to records retention requirements.

Update: OARM concurs with this recommendation and is taking the following corrective actions:

- Review the existing process for collecting and maintaining acquisition documents and make any necessary modifications. Completed: November 2011;
- Inform property personnel of the need to maintain all necessary acquisition documentation and provide timeframes and implementing guidance. Completed: December 2011;
- The EPA is addressing property controls nationwide by upgrading the existing online training program for custodial officers. Projected completion date: April 2012;
- During FY 2012, OARM will conduct a training course for all agency property personnel that will include all aspects of property policy and procedures. Projected completion date: July 2012;
- During FY 2012, OARM will establish a certification program to provide evidence that all accountable areas are following agency policy to maintain the required documentation for the specified period of time. Projected completion date: October 2012; and
- Include a review of records retention documentation in a minimum of six annual field audits. Projected completion date: November 2012.

In addition to this hardcopy response, an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended will be provided per your request.

If you or your staff have any questions regarding this report, please contact Dr. Jerry Oakley at (202) 564-2082 or oakley.jerry@epa.gov; or David Shelby at (202) 564-3307 or shelby.david@epa.gov.



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

JAN 05 2012

OFFICE OF
ENVIRONMENTAL INFORMATION

MEMORANDUM

SUBJECT: OEI Response to Final Report: EPA's Contract Oversight and Controls Over Personal Computers Need Improvement (Project No. OA-FY 10-0057)

FROM: Malcolm D. Jackson 
Assistant Administrator and Chief Information Officer

TO: Arthur Elkins
Inspector General

The purpose of the memorandum is to provide the Office of Environmental Information's (OEI) official response to the subject final report.

OEI reaffirms our position with respect to the audit report recommendation and continues to respectfully disagree with the OIG, and believe that the information presented by the IG, as it relates to recommendation #1, is inaccurate.

The OIG, in their response to the report *EPA's Contract Oversight and Controls Over Personal Computers Need Improvement* dated September 26, 2011, conceded to OEI's assertion that the contract structure considers components other than just the number of computers ordered for calculating the standard seat minimum and the monthly standard seat cost. Specifically, the "OIG agrees that the contract structure considers components other than just the number of computers ordered for figuring the standard seat minimum and for calculating the monthly standard seat cost". Further, the OIG agreed that the current pricing on this contract is for a minimum of 12,000 users.

OEI believes that the OIG has failed to obtain sufficient, appropriate evidence to provide a reasonable basis for their finding. This assertion is supported by the following:

1. The OIG did not directly contact the Office of Acquisition Management (OAM) to discuss the CTS contract structure. While they did have discussions with the CTS Contracting Officer's Representative (COR), the COR is limited in what actions they are authorized to take. Specifically, a COR is prohibited from making any changes that will affect the cost of the contract or work assignment.

2. The evidence provided by the OIG in Table 1 inaccurately portrays the Agency's ability to scale up/down based on customer orders. The pricing on this contract reflects the total price to provide the service to a minimum of 12,000 seats. As agreed to by the OIG, the 12,000 seat minimum was used as a means by which the contractor could properly size the number of laptop/desktops and printers needed, and also to determine the number of contract support personnel needed for adequate end-user support across 18 servicing locations. The information presented does not consider contractual arrangements such as, "Once ordered, the service for each seat will remain in place and billable for 48 consecutive months." The Agency, by the terms of the contract, ordered 12,000 seats and is obligated to pay for those seats. Therefore, the assertion that the Agency could save \$1.9M is incorrect.

In advance of this audit, OEI initiated activities to replace the current CTS contract. OEI will continue to pursue this activity and expects to have contract transition completed by October 2012.