



# At a Glance

## Why We Did This Review

Since 2009, the President and the Office of Management and Budget (OMB) have issued various memorandums and directives requesting agencies to identify ways to avoid costs and achieve efficiencies and savings. In August 2009, the U.S. Environmental Protection Agency's (EPA's) Office of Administration and Resources Management (OARM) issued an electronic memorandum titled "Management Reform Agenda" to request input from program offices and regions to identify efficiency projects. EPA program offices and regions identified 72 projects.

We conducted an audit to determine whether: (1) EPA's efforts to identify and realize savings have been effective, and (2) EPA savings reported to OARM were accurate and complete.

### 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/2013/20121022-13-P-0028.pdf](http://www.epa.gov/oig/reports/2013/20121022-13-P-0028.pdf)

## ***Improvements Needed in Estimating and Leveraging Cost Savings Across EPA***

### What We Found

Regions 4 and 7, which were the focus of our review, did not apply reliable methods for estimating savings and cost avoidances. Management is responsible for assuring efficient and effective operations and reliable financial reporting including development of savings or cost avoidance initiatives. No EPA policy and procedures existed for Regions 4 and 7 to follow when estimating savings or cost avoidances. EPA will not be able to accurately report the results of its efficiency initiatives and influence internal and external management decisions.

While OARM took the initiative to lead the identification of potential savings and cost avoidances for all Agency programs and regions, it did not effectively follow up on implementation to ensure EPA achieved the desired results (i.e., efficiencies, savings, and cost avoidances) or to determine whether the Agency could realize greater savings by expanding results. Office of Management and Budget Circular A-123 states that program managers should ensure results are achieved. Sufficient follow-up did not occur because OARM and the Office of the Chief Financial Officer viewed the projects as merely ideas for possible cost savings. Nevertheless, without following up on the progress in achieving desired and expected savings and efficiencies, EPA may have missed opportunities to leverage and expand its cost-cutting efforts, apply best practices for gaining greater efficiencies, and realize significant savings and cost avoidances Agency-wide.

### Recommendations and Planned Agency Corrective Actions

We recommend that the Chief Financial Officer develop a policy and procedures for identifying and estimating cost savings, efficiencies, and avoidances. We recommend that the Assistant Administrator for OARM develop a policy on estimating savings and cost avoidances relating to contracts. We recommend that Regions 4 and 7 recalculate identified cost avoidances based on prescribed guidance and report the data as appropriate. We recommend that the Chief Financial Officer determine whether significant projects from the 72 initiatives resulted in significant efficiencies and publicly report the results as appropriate for possible Agency-wide implementation.

The Office of the Chief Financial Officer, OARM, and Regions 4 and 7 did not concur with the recommendations. Our recommendations remain unresolved.

### Noteworthy Achievements

OARM took the initiative to involve EPA program offices and regions in identifying potential efficiencies and savings initiatives on 72 projects with potential estimated savings and cost avoidances of over \$33 million—later reduced to \$21 million.