



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL



Hotline Report: U.S. Chemical Safety Board

CSB Needs to Improve Its Acquisition Approvals and Other Processes to Ensure Best Value for Taxpayers

Report No. 15-P-0245

July 31, 2015



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Abbreviations

CO	Contracting Officer
CPARS	Contractor Performance Assessment Reporting System
CSB	U.S. Chemical Safety and Hazard Investigation Board
FAR	Federal Acquisition Regulation
OIG	Office of Inspector General
OMB	Office of Management and Budget
PPIRS	Past Performance Information Retrieval System

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At a Glance

Why We Did This Review

The Office of Inspector General (OIG) of the U.S. Environmental Protection Agency received a hotline complaint about a U.S. Chemical Safety and Hazard Investigation Board (CSB) contract awarded for about \$1 million. In response to the complaint, the OIG initiated an audit to determine whether CSB effectively manages its contracts. The Inspector General for the U.S. Environmental Protection Agency is also the Inspector General for CSB.

This report addresses the following CSB goal:

- *Preserve the public trust by maintaining and improving organizational excellence.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

The full report is at:
www.epa.gov/oig/reports/2015/20150731-15-P-0245.pdf

CSB Needs to Improve Its Acquisition Approvals and Other Processes to Ensure Best Value for Taxpayers

What We Found

CSB did not have in its contract files the proper approvals to allocate funds for 13 contracts and interagency agreements totaling over \$1.9 million.

CSB's acquisition process is at risk and may have ineffective operations without a strategy to implement controls. Further, CSB has limited evidence it contracted at the best value.

In October 2014, CSB issued instructions for managing acquisitions that were inconsistent with then-existing board orders that governed acquisitions. In January 2015, the Board rescinded those board orders. CSB does not have a method that controls or explains the updating of policies and procedures or the distinction between board orders and management directives.

CSB has not followed its internal controls and has not implemented the OIG's February 2011 audit recommendation to develop and implement a management control plan. By not adhering to its internal controls, CSB places its acquisitions process at risk. In addition, without a method to implement controls, CSB is at risk for ineffective and inefficient operations.

Further, CSB did not perform market research actions for two contracts totaling over \$380,000, and did not monitor or establish plans to monitor the quality of contract work performed through the use of quality assurance surveillance plans. Lastly, CSB did not know the extent to which contractor past performance information was used.

Recommendations and Planned Agency Corrective Actions

We recommend that the CSB Board communicate to staff the requirement to follow acquisition policies and procedures. Further, we recommend that the Board update CSB's management control plan to set forth a method for updating policies and procedures and explain the distinction between board orders and management instructions. In addition, we recommend that the Board establish internal controls to document market research actions, monitoring quality for contracts when awarded, and internal controls to ensure contractor performance evaluations are properly documented.

CSB stated it plans to fully address our recommendations and provided corrective actions with milestone dates.



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

THE INSPECTOR GENERAL

July 31, 2015

The Honorable Rick Engler
The Honorable Manuel Ehrlich Jr.
Board Members
U.S. Chemical Safety and Hazard Investigation Board
2175 K Street, NW, Suite 400
Washington, D.C. 20037-1809

Dear Board Members:

This is our report on the audit of the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) acquisition process conducted by the Office of Inspector General (OIG) 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 report represents the opinion of the OIG and does not necessarily represent the final CSB position. CSB managers will make the final determinations on matters in this report.

Because you concurred with our recommendations and provided planned corrective actions that meet the intent of the recommendations, along with completion dates, you are not required to provide a written response to this report. However, if you submit a response, it will be posted on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at <http://www.epa.gov/oig>.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", written in a cursive style.

Arthur A. Elkins Jr.

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Chapter 1

Introduction

Purpose

The U.S. Environmental Protection Agency's Office of Inspector General (OIG)—which is also the OIG for the U.S. Chemical Safety and Hazard Investigation Board (CSB)—received a hotline complaint about a CSB contract awarded for about \$1 million. In response to the complaint, we initiated an audit to determine whether CSB effectively manages its contracts.

Background

Authorized by the Clean Air Act Amendments of 1990 (42 U.S.C. Section 7412(r)(6)), CSB began operating in 1998 as an independent federal government organization. CSB's headquarters is in Washington, D.C., with an investigation office in Denver, Colorado. CSB's mission is to enhance the health and safety of the public, workers and environment by determining the root causes of accidental chemical releases, and use those findings to promote preventive actions by the private and public sectors. The agency does not issue fines or citations; rather, it makes recommendations to plants, industry organizations, labor groups, and regulatory agencies such as the Occupational Safety and Health Administration and U.S. Environmental Protection Agency.

The President appoints, and the Senate confirms, CSB's Board members. The Board Chairperson serves as the Chief Executive Officer and is responsible for agency administration, while the full Board is responsible for major budgeting decisions, strategic planning and direction, general agency oversight, and approval of investigation reports and studies. Although the CSB Board is supposed to be composed of five members, including the Chairperson, during our audit the CSB Board has changed in the number of members. As of July 2015, the Board consisted of two members and no Chairperson.

CSB contracting officers (COs) process contracts and purchase orders. COs formulate performance work statements and cost estimates, and send them to the CSB Managing Director for approval. Under the current process, the Managing Director approves interagency agreements valued at less than \$50,000 and the Chairperson approves agreements greater than \$50,000.

Once the performance work statement and cost estimate have been approved, acquisition information is entered into a procurement automated requisition system so that CSB can track and manage the lifecycle of the award.

After the CSB Finance Director approves the requisition, the CO develops the acquisition plan and performs the market research part of the plan. CSB stated that as part of its market research process, COs review small business vendors; the “directory.gov” website; and the Federal Procurement Data System, which is a central registry for the federal government that goes back 5 years.

Upon completion of the acquisition plan, all the sources for the award (small business, women owned, disabled veteran, etc.) are defined and posted in a General Services Administration online quote tool. After CSB receives quotes from vendors, the CO verifies that those vendors are not on the suspension or debarment lists. COs also check the e-library to make sure the vendor has not improperly classified itself (small business, women owned, disabled veteran, etc.) to gain a federal contract.

Scope and Methodology

We conducted this audit from February 2014 to May 2015 in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

At the start of our audit, CSB provided an Excel spreadsheet showing 278 acquisitions that included interagency agreements, contracts and purchase orders for the period of October 1, 2008, to September 30, 2013. We judgmentally selected a sample of seven contracts of the 278 acquisitions listed on the spreadsheet based on dollar amount.

We visited CSB’s headquarters in Washington, D.C., the week of March 31 through April 4, 2014. During our site visit, CSB provided access to 150 acquisition files as of March 31, 2014. We audited acquisition files greater than \$50,000 for required board order approvals.

We also held interviews and discussions with CSB staff that included COs and their representatives. We performed a walk-through of the contracting process.

We read CSB’s acquisition-related Board Orders 024, 027 and 028; the Federal Acquisition Regulation (FAR); and the Office of Management and Budget (OMB) guidance that address internal controls over CSB’s acquisition processes and federal contracting requirements.

Audit Delays

We had notified CSB of the start of this project in June 2013, but CSB proposed that the review start at the end of the fiscal year due to staff working on several high-priority projects. The Inspector General granted an extension to September 2013 and notified CSB that the project would resume in December 2013. In November 2013, prior to the start of the project, CSB proposed that the audit start the first week of February 2014 due to work on other audits and conflicts with vacations and competing priorities. The Inspector General granted a second extension, and we resumed this project in February 2014.

Prior Audit Coverage

On October 29, 2014, we issued our *Early Warning Report: Not Following Internal Controls Put Acquisitions at Risk*¹ (Report No. 15-P-0007), to convey significant, time-critical issues to CSB management before the audit team completed this full report. We believed that CSB did not follow its then applicable internal controls requiring Board approval for acquisitions over \$50,000, and did not document its market research and contract surveillance actions. CSB provided written comments for our consideration, and we posted those comments (along with the early warning report itself) to our website.²

On February 15, 2011, we issued the report *Chemical Safety and Hazard Investigation Board Did Not Take Effective Corrective Actions on Prior Audit Recommendations*³ (Report No. 11-P-0115). In Recommendation 1, the report identified the need to develop and implement a management control plan that documents and addresses the five internal control standards in accordance with OMB Circular A-123 and the U.S. Government Accountability Office's *Standards for Internal Controls in the Federal Government*. Specifically, in sub-recommendation b, the report recommended procedures for conducting periodic internal control reviews and properly documenting those reviews, including verifying and ensuring that audit recommendations are resolved promptly. CSB indicated its intention to develop a management control plan as an initiative in its fiscal year 2011 action plan. CSB expects completion by the end of the fiscal year.

In Recommendation 6, sub-recommendations c and e, the report identified prior recommendations made by three OIGs and the U.S. Government Accountability Office from fiscal years 2000 through 2008 that had not been implemented. Specifically, we recommended that CSB update:

¹ <http://www.epa.gov/oig/reports/2014/20141029-15-P-0007.pdf>.

² http://www.epa.gov/oig/reports/2014/20141029-15-P-0007_CS_B_Response_to_OIG_Discussion_Document.pdf and http://www.epa.gov/oig/reports/2014/20141029-15-P-0007_Moss_Opinion.pdf.

³ <http://www.epa.gov/oig/reports/2011/20110215-11-P-0115.pdf>.

- c. Board Order 027, “Roles, Responsibilities, and Standards of Conduct in Procurement Activities,” to reflect current procurement practices and processes to ensure consistency in the procurement.
- e. Board Order 028, “Executive and Administrative Functions of the Board,” to document the role and responsibility of the Managing Director position.

CSB rescinded the board orders in January 2015. However, CSB stated that it is currently revisiting Board Orders 024, 027 and 028, and is committed to updating and re-issuing these orders.

Chapter 2

CSB Acquisitions Did Not Have Proper Approvals and CSB Needs a Strategy for Internal Controls

CSB did not have in its contract files the proper approvals to allocate funds for 13 contracts totaling over \$1.9 million. In October 2014, CSB issued instructions for managing acquisitions that were inconsistent with then-existing board orders that governed acquisitions. In January 2015, the Board rescinded those Board Orders. CSB does not have a method that controls or explains the updating of policies and procedures or the distinction between board orders and management directives. The management directive requires the Chairperson and/or Board to approve funds for contracts and requests that exceed \$50,000. OMB Circular A-123, Revised, states that to implement effective internal controls, management should have an organized strategy with well-defined documentation processes. CSB has not followed its internal controls nor implemented our February 2011 audit recommendation to develop and implement a management control plan. Consequently, CSB places its acquisition process, including the efficiency and effectiveness of operations, at risk.

OMB Guidance Addresses the Need for Internal Control

OMB Circular A-123, Revised, *Management's Responsibility for Internal Control*, focuses on management's responsibility for internal control in federal agencies. It defines internal control as organization, policies and procedures that help programs and financial managers achieve results and safeguard the integrity of their programs. To implement effective internal control, OMB Circular A-123, Revised, states:

[M]anagement should have a clear, organized strategy with well-defined documentation processes that contain an audit trail, verifiable results, and specify document retention periods so that someone not connected with the procedures can understand the assessment process.

It also stresses the need for management to clearly “define areas of authority and responsibility; appropriately delegate the authority and responsibility throughout the agency....”

CSB Rescinded Board Orders That Governed the Acquisition Process

Our initial audit found that CSB had three board orders to govern procurement activities (Board Orders 024, 027 and 028) that it did not follow. In October 2014, CSB issued a management directive, *CSB Management Directive #1, CSB Acquisition Policy and Procedures*, that set forth policies and procedures applicable to contracting activities. The directive outlines roles and

responsibilities for review and approval of funding for requests that result in an order or contract. At a public meeting in January 2015, CSB issued Board Order 2015-01, *Streamlining of Chemical Safety Board System of Board Order*, which supported the Chairperson's issuance of the management directive. CSB did not explain the distinction between the use of board orders and management directives within the agency.

Regarding the board orders:

- Board Order 024 was CSB's policy and procedures for the acquisition of supplies and services. It was about 15 years old (effective December 27, 1999) and reflected the processes in place when the then Bureau of Public Debt⁴ managed CSB's contracts under an interagency agreement. Also, Board Order 024 stated that an internal review of the order should be done every 2 years, but CSB had not yet performed an internal review.
- Board Order 027 (effective June 4, 2002) set forth the respective roles and responsibilities of key participants in CSB procurement activities and established standards for the conduct of the Chairperson, Board members, Chief Operating Officer, and staff in carrying out their appropriate roles. Section 6a stated that the Board's role in the procurement activities of CSB consists of approving the allocation of funds for those contracts, interagency transfers or other expenditures exceeding \$50,000.
- Board Order 028 (effective August 5, 2002, and amended in 2006) established the manner in which the Board shall exercise its executive and administrative functions through the position of the Chairperson. Section 6b (1) stated the authority to control the use and expenditure of funds, including the power to authorize and execute contracts and interagency transfers in an amount not to exceed \$50,000. Section 8f stated that items that must be approved by the Board include contracts, interagency transfers or other expenditures exceeding \$50,000.

CSB rescinded the three orders through a Board vote that implemented Board Order 2015-01 at a public meeting. Board Order 2015-01 states that "[t]he Chairperson is authorized to approve and implement Management Directives needed to support the administrative requirements of the CSB, as a Federal agency, in accordance with applicable statutes, regulations or Executive Orders."

CSB management told the OIG that Management Directive #1 replaces Board Orders 024 and 027 regarding CSB procurement functions and replaces those parts of Board Order 028 that purported to limit the Chair's authority over contracting and ordering. The directive did not state it is a replacement to any board orders. Also, there is no mention of CSB's strategy for updating policies

⁴ The Bureau of Public Debt was changed to the Bureau of the Fiscal Service in 2012.

and procedures or the distinction between the use of board orders and management directives.

CSB's New Directive Realigned the Acquisition Process, But Several Acquisitions Were Not Properly Approved

The CSB Management Directive #1 changed the approval roles for requests and contracts that exceeded \$50,000 from those previously identified in the three rescinded board orders. Regardless of whether the board order or management directive controlled the acquisition process, CSB did not have required documentation in the contract files to support the proper approvals.

Management Directive #1 notes the following roles and responsibilities for the approval of funding and requests that result in an order or contract:

Managing Director: Review and approval for obligation of funds, all requests that result in an order or contract up to \$50,000.

Chairperson: Review and approval for obligation of funds, all administrative requests that result in an order or contract exceeding \$50,000.

Board: Review and approve mission-related requests that result in an order or contract exceeding the Simplified Acquisition Threshold [\$150,000].

CSB did not have in its contracts files the proper approvals to allocate funds for 13 contracts and interagency agreements totaling over \$1.9 million. We requested that CSB provide a list of all awarded contracts for the period of October 1, 2008, to September 30, 2013. CSB provided an Excel spreadsheet showing 278 acquisitions that included interagency agreements, contracts and purchase orders. Our audit of this spreadsheet disclosed seven contracts and interagency agreements over \$50,000, totaling over \$1 million, that did not have the proper approvals. We identified a contract for Internet services, totaling over \$300,000 that exceeded the \$150,000 simplified acquisition threshold, which was approved by the Managing Director. There was no documentation in the file denoting the Chairperson or Board approval as required by CSB's prior or current policies and procedures. During our site visit to CSB, we obtained access to 150 acquisition files and identified six additional contracts and interagency agreements totaling over \$800,000 for which CSB did not have the proper approvals. There was a contract estimated at over \$250,000 and an interagency agreement that totaled over \$300,000 that were approved by the Managing Director and not the Chairperson or Board as required.

We previously reported our concerns regarding CSB not following its internal controls in our aforementioned *Early Warning Report: Not Following Internal Controls Put Acquisitions at Risk*.

Conclusion

CSB updated its acquisition policies and procedures with Management Directive #1, but did not rescind the three pertinent board orders governing procurement activities until January 2015. CSB was not following its internal controls for acquisition approvals, and we found 13 contracts and interagency agreements totaling over \$1.9 million that did not have in the contract files the proper approvals in accordance with the prior or current policies and procedures. Further, CSB did not have a strategy for updating policies and procedures or defining the distinction between directives and board orders.

As recommended in our aforementioned report, *Chemical Safety and Hazard Investigation Board Did Not Take Effective Corrective Actions on Prior Audit Recommendations*, CSB should develop and implement a management control plan that documents and addresses the five internal control standards in accordance with OMB Circular A-123 and the U.S. Government Accountability Office's *Standards for Internal Controls in the Federal Government*. We believe that a management control plan is needed to schedule future updates to policies and procedures as well as document an overall agency strategy for its board orders and management directives. If implemented, this recommendation would help lower CSB's risk for ineffective and inefficient operations.

CSB stated that at a public meeting held on May 6, 2015, it rescinded much of Board Order 2015-01, with the exception of Board Orders 024, 027 and 028, in an effort to normalize agency operations. CSB stated it is currently revisiting Board Orders 024, 027 and 028, and is committed to updating and re-issuing these orders. In addition, CSB stated it has completed a draft Management Accountability Control Plan and the plan is currently under review. CSB noted that a target date of the end of the fiscal year is set to ensure the proper Board review and acceptance. CSB stated that it remains committed to formally approving the plan.

Recommendations

We recommend that the U.S. Chemical Safety and Hazard Investigation Board:

1. Communicate to staff the requirement to follow acquisition policies and procedures to ensure that contracts and requests have the proper approvals.
2. Update CSB's management control plan to set forth a method for updating policies and procedures and define the distinction between board orders and management directives.

CSB Comments and OIG Evaluation

We received comments from CSB that stated it plans to fully address each recommendation. Appendix A contains CSB's full response to our draft report.

We agree with CSB's response to our recommendations. CSB provided planned corrective actions and estimated completion dates that meet the intent of the recommendations. We consider all recommendations resolved and require no final response to this report. Recommendations will remain open until CSB completes the corrective actions.

Chapter 3

CSB Did Not Document Market Research, Contract Surveillance or Past Performance

CSB did not perform market research actions for two contracts totaling over \$380,000. Further, CSB did not monitor or establish plans to monitor the quality of contract work performed through the use of quality assurance surveillance plans for all seven contracts reviewed totaling over \$1.4 million. Also, CSB did not create formal quality assurance surveillance plans. In addition, CSB did not know the extent that past performance information was documented in the Contractor Performance Assessment Reporting System (CPARS). The FAR emphasizes the importance of market research, contract surveillance and documenting past performance. CSB stated it conducted sufficient market research and contract surveillance but acknowledged it could do a better job of documenting its efforts in contract files. Also, CSB stated that COs only recently acquired access to CPARS. Without documentation, CSB has limited evidence that it has awarded contracts that are the best value for the government.

FAR Addresses Documentation

The FAR notes that market research, contract surveillance and past performance are important parts of the acquisition process.

FAR Part 10, *Market Research*, Section 10.001, states that agencies must conduct market research appropriate for the circumstances before developing requirements and soliciting offers.

FAR Subpart 46.103, *Contracting Office Responsibilities*, calls on contracting offices to establish specifications for inspection, testing and other contract quality requirements essential to ensure the integrity of the supplies or services.

FAR Subpart 46.104, *Contract Administration Office Responsibilities*, states COs should, “[m]aintain, as part of the performance records of the contract, suitable records reflecting—(1) The nature of Government contract quality assurance actions, including, when appropriate, the number of observations made and the number and type of defects....”

FAR Subpart 42.15, *Contractor Performance Information*, 42.1501(b), *General*, states that agencies shall monitor their compliance with past performance evaluation requirements and use the CPARS and Past Performance Information Retrieval System (PPIRS) metric tools to measure the quality and timely reporting of past performance information.

FAR 42.1502(a), *Policy*, and FAR 42.1503(f) and (g), *Procedures*, explain that past performance evaluations should be prepared at least annually and at the time a contract or order is completed. Agencies prepare and submit all past performance evaluations electronically in CPARS. These evaluations are automatically transmitted to PPIRS. The information in PPIRS is used by agencies for source-selection purposes. Agencies shall use past performance information in PPIRS that is within 3 years of the completion of performance of the evaluated contract or order.

CSB Needs to Document Its Actions in Its Acquisition Files

For the seven sampled contracts, CSB did not perform market research actions for two of those contracts, totaling over \$380,000. CSB did not perform quality assurance surveillance actions for all seven sampled contracts that totaled over \$1.4 million. CSB stated it performed market research actions, but the research information was not identified as such nor documented within the contracting office files. CSB did not create formal quality assurance surveillance plans; rather, it stated CSB relied on informal surveillance of contractor actions. Although CSB began awarding procurements during fiscal year 2012, it did not know whether contractor performance was recorded in CPARS.

CSB Aware of Need to Record Actions in Acquisition Files

CSB's COs acknowledged that CSB could do a better job recording market research actions in the acquisition files. One CO stated that he looks at many documents but does not record the activity in the contract files. The other CO stated that most of the market research CSB performed was conducted orally.

CSB stated that, historically, COs relied on their representatives to help with quality assurance actions. CSB stated that recording quality assurance actions has been an informal process in which the CO checked on the contractor's fulfillment of the contract requirements. CSB agreed that a formal process is needed to document the surveillance actions.

CSB COs stated they are familiar with data entered into CPARS so that it can be viewed in PPIRS. A CO stated it has been difficult to connect with CPARS and the CO does not know the extent that contracting officer representatives were using CPARS/PPIRS when conducting their market research.

We believe that CSB should record actions performed during the acquisition process in its acquisition files and record contractor performance in CPARS to ensure CSB has evidence of following federal procedures. Further, documenting contractor performance provides information that other agencies can review prior to acquiring services from that contractor.

Conclusion

CSB does not have market research and quality assurance evidence in its contract files and CPARS to document that it has awarded contracts that are the best value for the government. By not establishing and performing quality assurance surveillance plans and actions, CSB acquisition files show limited evidence that CSB received sufficient value for the goods and services for which it paid over \$1.4 million.

As result of our early warning report. CSB stated it registered all contracts over \$150,000 in the CPARS database, developed forms for documenting market research and quality assurance, and stressed quality assurance surveillance in its contracting officer representative training held in June 2014.

Recommendations

We recommend that the U.S. Chemical Safety and Hazard Investigation Board:

3. Establish internal controls to document market research actions—including emails, Internet searches and telephone conversations—in the acquisition files.
4. Establish quality assurance surveillance plans for contracts when awarded, and include documentation of reviews or analyses in the acquisition files.
5. Establish internal controls to ensure performance evaluations of contractors are documented in the contract files and recorded in CPARS.

CSB Comments and OIG Evaluation

We received comments from CSB that stated it plans to address fully each recommendation. Appendix A contains CSB's full response to our draft report.

We agree with CSB's response to our recommendations. CSB provided planned corrective actions and estimated completion dates that meet the intent of the recommendations. We consider all recommendations resolved and require no final response to this report. Recommendations will remain open until CSB completes the corrective actions.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	8	Communicate to staff the requirement to follow acquisition policies and procedures to ensure that contracts and requests have the proper approvals.	O	U.S. Chemical Safety and Hazard Investigation Board	9/30/15		
2	8	Update CSB's management control plan to set forth a method for updating policies and procedures and define the distinction between board orders and management directives.	O	U.S. Chemical Safety and Hazard Investigation Board	9/30/15		
3	12	Establish internal controls to document market research actions—including emails, Internet searches and telephone conversations—in the acquisition files.	O	U.S. Chemical Safety and Hazard Investigation Board	8/1/15		
4	12	Establish quality assurance surveillance plans for contracts when awarded, and include documentation of reviews or analyses in the acquisition files.	O	U.S. Chemical Safety and Hazard Investigation Board	8/1/15		
5	12	Establish internal controls to ensure performance evaluations of contractors are documented in the contract files and recorded in CPARS.	O	U.S. Chemical Safety and Hazard Investigation Board	8/1/15		

¹ 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.

CSB Response to Draft Report

U.S. Chemical Safety and Hazard Investigation Board

Rick Engler
Board Member Delegated Interim Executive
and Administrative Authority

Manny Ehrlich, Jr.
Board Member

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June 25, 2015

Mr. Kevin Christensen
Assistant Inspector General for Audits
Office of Inspector General
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W., (2410T)
Washington, DC 20460

Dear Mr. Christensen:

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG) draft report entitled *CSB Needs to Improve Its Acquisition Approvals and Other Processes to Ensure Best Value for Taxpayers*. The CSB takes these findings and recommendations seriously and is committed to ensuring the best value from its acquisition program for the American taxpayers. As such, we plan to fully address each of the recommendations with the ultimate goal of improving our acquisition program governance and processes.

As noted in the OIG's report, the CSB has gone through a series of changes in the governance of the contracting process and the agency as a whole. The most recent change occurred during a public meeting on May 6th, in which the CSB Board rescinded much of Board Order 2015-01 with the exception of Board Orders 24, 27, and 28 in an effort to normalize agency operations. We are currently revisiting Board Orders 24, 27 and 28, and are committed to updating and re-issuing these orders as you will note in the attached plan of action and milestones.

With regard to the draft report's recommendation concerning the update of the CSB's management control plan, the CSB completed a draft Management Accountability Control Plan which is currently under review. While we had previously promised to have this completed by June 30th, we are in the midst of a transition period with the recent resignation of our Chairperson, Rafael Moure-Eraso. Moreover, just last week, the Board voted to delegate administrative and executive authority to me as we await the appointment of a new Chairperson (who is currently going through the Senate confirmation process). Consequently with all the other pressing issues facing the agency in the coming weeks, we are not certain that the Management Accountability Control Plan can be voted on by the June 30th due date. We have set a target date of the end of the fiscal year to ensure the proper Board review and acceptance; however, we remain committed to formally approving this plan and ask for your patience during this time.

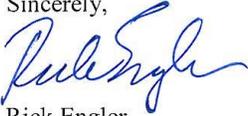
Finally, the OIG's report discusses issues regarding the documentation of acquisition market research, quality assurance plans, and the registration of contracts in an online

**U.S. Chemical Safety and
Hazard Investigation Board**

contractor performance database (CPARS). As you will note in the attached plan of action and milestones, we plan to fully address each recommendation and thank you and your staff for this valuable audit of our program.

If you or your staff have any questions about this response, please feel free to contact Anna Brown, Audit Liaison, at 202-261-7639.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Engler".

Rick Engler

Board Member Delegated Interim Executive and Administrative Authority

**U.S. Chemical Safety and
Hazard Investigation Board**

CSB Plan of Action and Milestones

Recommendation #	Objective	CSB Planned Actions	Target Date
2015-ADM-01	Communicate to staff the requirement to follow acquisition policies and procedures to ensure that contracts and requests have the proper approvals.	Revise Management Directive 1 on Acquisition Policy and Procedure and issue as a Board Order. Review Board Order with Contracting Officers, Managing Director and Financial Operations staff.	9/30/2015
2015-ADM-02	Update CSB's management control plan to address a framework for updating policies and procedures and define the distinction between board orders and management directives.	Review and approval of the CSB Management Accountability Control Plan.	9/30/2015
2015-ADM-03	Establish internal controls to document market research actions—including emails, Internet searches, and telephone conversations—in the acquisition files.	Design and implement a revised acquisition planning form to include more detail regarding market research phase.	8/1/2015
2015-ADM-04	Establish quality assurance surveillance plans for contracts when awarded, and include documentation of reviews or analyses in the acquisition files.	Design and implement a new quality assurance surveillance planning form to be completed and included in the contract file.	8/1/2015
2015-ADM-05	Establish internal controls to ensure performance evaluations of contractors are documented in the contract files and recorded in CPARS.	Design and implement a CPARS form to be included in the contract file. Edit procedures to include annual audit of contract files to ensure CPARS data has been completed for all applicable contracts.	8/1/2015

Distribution

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