



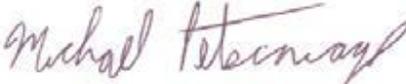
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

June 2, 2016

MEMORANDUM

SUBJECT: Project Notification:
EPA's Monitoring of Performance-Based Contracts
Project No. OA-FY16-0209

FROM: Michael J. Petscavage, Director 
Contract and Assistance Agreement Audits

TO: Donna Vizian, Acting Assistant Administrator
Office of Administration and Resources Management

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) plans to begin the preliminary research phase on the EPA's monitoring of its performance-based contracts. This project is included in our fiscal year 2016 annual plan. We selected this project because prior audit assignments on select contracts indicated that the EPA did not evaluate performance in accordance with the quality assurance plan. Also, a prior audit indicated that the EPA did not have adequate performance measures, indicators or metrics, yet the contractor received incentive fees.

The objectives of our audit are to determine whether:

1. Quality assurance surveillance plans in performance-based contracts contain adequate performance measures, indicators and surveillance methods.
2. The EPA is evaluating and assessing contractor performance as prescribed in the quality assurance surveillance plans.
3. The EPA is accurately calculating and justifying incentive fees to contractors under performance-based contracts.

The OIG plans to conduct work at the Office of Acquisition Management, within the Office of Administration and Resources Management. Once a sample population is identified, we will contact the appropriate offices and regions for needed documents, and will schedule interviews as necessary. Generally accepted government auditing standards will be used in conducting our project. The anticipated benefit of this project is improved operational efficiency.

We will contact your audit liaison to arrange a mutually agreeable time to discuss our objectives and planned work. We will answer any questions you have about our audit process, reporting procedures, methods used to gather and analyze data, and products you should expect. To expedite our audit, we request that the following information be made available prior to or at our meeting:

- A list of contracts that are performance-based awarded from October 1, 2013, to the present. The listing should provide the date of the procurement, cost, contract number, program office and description of the contract.
- Copies of internal policy regarding performance-based contracts.
- Points of contact who can assist the audit team during preliminary research.

We respectfully note that the Office of Inspector General is authorized by the Inspector General Act of 1978 to have timely access to personnel and all materials necessary to complete its objectives. We will request your resolution if an agency employee or contractor refuses to provide requested records to the OIG, or otherwise fails to cooperate with the OIG. We may report unresolved access matters to the Administrator and include the incident in the Semiannual Report to Congress.

The project will be supervised by me, and the Project Manager will be Teren Crawford. Should you or your staff have any questions, please contact me at (202) 566-0897 or petscavage.michael@epa.gov, or Teren Crawford at (202) 566-2724 or crawford.teren@epa.gov.

cc: Denise Polk, Acting Director, Office of Acquisition Management, Office of Administration and Resources Management
 Lisa Maass, Procurement Analyst, Office of Acquisition Management, Office of Administration and Resources Management
 Nic Grzegozewski, Agency Follow-Up Coordinator
 Brandon McDowell, Audit Follow-Up Coordinator, Office of Administration and Resources Management
 Regional Administrators, Regions 1–10
 Regional Audit Liaisons, Regions 1–10
 Arthur A. Elkins Jr., Inspector General
 Charles Sheehan, Deputy Inspector General
 Aracely Nunez-Mattocks, Chief of Staff, OIG
 Alan Larsen, Counsel to the Inspector General
 Kevin Christensen, Assistant Inspector General for Audit
 Patrick Sullivan, Assistant Inspector General for Investigations
 Carolyn Copper, Assistant Inspector General for Program Evaluation
 Richard Eyermann, Deputy Assistant Inspector General for Audit
 Jennifer Kaplan, Deputy Assistant Inspector General for Congressional and Public Affairs
 Jeffrey Lagda, Congressional and Media Liaison, OIG