



# At a Glance

## Why We Did This Audit

The U.S. Environmental Protection Agency's Office of Inspector General conducted this audit in response to a hotline complaint regarding contract and bidding irregularities with three major information technology contracts. The purpose of this audit was to determine whether (1) equipment purchased under EPA contract EP-W-07-024 was properly purchased under the contract and transferred to current contracts in accordance with Federal Acquisition Regulation requirements and (2) EPA contracts EP-W-18-007 and EP-W-18-008 were properly awarded in accordance with Federal Acquisition Regulation competition requirements.

The Office of the Chief Financial Officer plans, sets standards, and develops and deploys financial and resources management systems. The Office of Mission Support plans, awards, and administers contracts.

### This audit addresses the following:

- *Operating efficiently and effectively.*
- *Compliance with the law.*

### This audit addresses a top EPA [management challenge](#):

- *Complying with key internal control requirements (policies and procedures).*

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List of [OIG reports](#).

## *EPA Improperly Awarded and Managed Information Technology Contracts*

### What We Found

In violation of Federal Acquisition Regulation requirements and contract clauses, the EPA purchased 23 pieces of hardware and software equipment under an expiring information technology contract awarded to CGI Federal. This purchase was outside the scope of the contract and was ultimately never used for that contract. The EPA then improperly solicited bids for one of two subsequent contracts and transferred the equipment to use on the new contract. By approving the purchase, the EPA improperly spent \$641,680 in federal funds.

**The Agency needs to improve its oversight of long-standing contractors, like CGI Federal, to improve operations and be a better steward of taxpayer dollars.**

We also found that the EPA issued task orders under all three contracts without approval from the chief information officer, which is required under the Federal Information Technology Acquisition Reform Act. This resulted in the EPA spending \$52.5 million in taxpayer funds without proper approvals.

The Agency also mismanaged these contracts with respect to monitoring property and licenses. For example, the EPA underreported and incorrectly identified purchased equipment in the Agency's property reporting system and did not record \$1.18 million in software licenses in the Agency's asset management system.

### Recommendations and Planned Agency Corrective Actions

We make ten recommendations in this report, including that the chief financial officer recover the \$641,680 of unallowable equipment purchased under the expired contract and document split-funding approvals. We also recommend that the assistant administrator for Mission Support determine whether to terminate the improperly awarded subsequent contract and rebid a new contract, institute controls to prevent improper spending, and verify all information technology contracts are approved by the chief information officer. Further, we recommend that the assistant administrator for Mission Support tighten control regarding compliance with the Federal Information Technology Acquisition Reform Act.

The EPA agreed with all ten recommendations and provided acceptable corrective action plans or completed corrective actions. The Agency completed eight of our recommendations, and two recommendations are resolved with corrective actions pending. We also revised our report where appropriate based on technical comments provided by the Agency.