



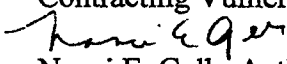
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT 31 2014

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: Response to Office of Inspector General Audit Report No. 14-P-0347, "EPA Needs to Improve Contract Management Assessment Program Implementation to Mitigate Contracting Vulnerabilities", dated September 2, 2014

FROM: 
Nanci E. Gelb, Acting Assistant Administrator

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

Thank you for the opportunity to respond to the issues and recommendations raised in the Office of Inspector General Audit Report No. 14-P-0347, "EPA Needs to Improve Contract Management Assessment Program Implementation to Mitigate Contracting Vulnerabilities", dated September 2, 2014. The Office of Administration and Resources Management has provided the attached discussion related to unresolved recommendation 2 and the Alternate Management Action for your consideration.

If you have any questions regarding this response, please contact John Bashista, Director, Office of Acquisition Management at 202-564-4310, or Lisa Maass, Office of Acquisition Management Audit Follow-up Coordinator, at 202-564-2498.

Attachment

cc: John Bashista
Lisa Maass
Thomas Dussault
Brandon McDowell
Janet Kasper
Michael Petscavage
Donna Vizian
John Showman
Lynnann Hitchens

Attachment

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Recommendation 2: Ensure the organizational changes currently being considered for the contracting function at the EPA provide OAM with greater authority and oversight over regional contracting organizations are implemented, to allow for more effective CMAP implementation.

EPA Response: In the U.S. Environmental Protection Agency’s July 1, 2014 response to draft audit, the Office of Administration and Resources Management disagreed with this recommendation indicating that the existing authority of the Director of Office of Acquisition Management and Senior Procurement Executive to issue and rescind contracting officer warrants has the same effect as the recommendation. However, as a result of discussions with the Office of Inspector General, OAM offers an alternate corrective action for this recommendation.

Alternate Management Action: Anticipated changes to business, review, and oversight processes under OAM’s Centers of Expertise reorganization will result in greater control and authority over the EPA acquisition system.

As OAM reorganizes around lines of business, CO warrant delegations will be tied where appropriate to procurements of the commodities or services for which the CO is responsible. Warrant authority will also be linked and/or limited where appropriate to ensure maximum usage of existing strategic contract vehicles. In order to monitor compliance with these business process changes, OAM intends to establish a series of independent but interconnected document and process reviews of acquisition activities using risk versus dollar based criterion, and will use these reviews to ensure CO’s are effectively and efficiently conducting procurements in assigned lines of business.

To that end, Section 4.1 of the OAM Acquisition Handbook sets forth policy on specific reviews, concurrences, and approvals required in connection with the acquisition process. Section 4.1 was originally published in February 2013, updated in June 2104, and may be found at <http://oamintra.epa.gov/node/252>. OAM also intends to establish a business clearance review process. These reviews will supplement Handbook Section 4.1 and include external review authorities such as the Office of General Counsel. Review format will include real-time oversight and compliance monitoring of individual procurements with applicable regulations and policies. This business clearance review function will be implemented in accordance with the attached position description under OAM’s upcoming Centers of Expertise re-organization, and OAM will continue to use the Balanced Scorecard Peer Review process to monitor both the implementation and effectiveness of the above reviews on procurement processes at EPA, as well as compliance with the exercise of warrant delegations.

Recently OAM began integrating purchase card reviews into BSC Peer Review processes in order to ensure all warrant authority, including delegations at the micro-purchase level, are subject to meaningful, independent higher-level reviews and monitoring. Also, OAM has modified the

introductory paragraph in Part 6 (Contract Management Assessment Program) of the BSC Performance Measurement and Management Program Guide (attached), to clarify and address actions for non-compliance with the Contract Management Assessment Program as discussed in the subject audit recommendation.

Completion date for the above activities: **September 15, 2015**