



At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency (EPA), Office of Inspector General (OIG), 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 EPA Inspector General is also the Inspector General for CSB. While our audit work continues, this early warning report addresses issues of concern that we believe need immediate attention.

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/2014/20141029-15-P-0007.pdf

Early Warning Report: Not Following Internal Controls Put Acquisitions at Risk

What We Found

CSB did not implement internal controls designed to ensure that acquisitions (interagency agreements, contracts and purchase orders) over \$50,000 receive Board approval. In addition, CSB did not maintain records in its acquisition files. Our findings indicated the following:

Over \$1.9 million in CSB acquisitions are at risk because the Board did not approve the acquisitions.

- CSB had 14 acquisitions over \$50,000 that did not obtain the required Board approval. In addition, we identified one contract that had modifications totaling over \$100,000 that were not Board approved.
- CSB did not record its market research actions for two contracts that totaled over \$380,000.
- CSB did not record its quality assurance surveillance plan actions for seven sampled contracts that totaled over \$1.4 million.

By not following internal controls defined in Board orders, the CSB put funds at risk. In addition, by not recording its compliance with federal acquisition regulations, CSB acquisition files show limited evidence that the agency has awarded contracts that are the best value for the government and that the agency has received goods and services for which it paid.

Agency Positions

There were dissenting views within CSB. A management official stated, "...B[oard] O[rder] 028 has been removed from the CSB's website, and the agency is currently reviewing the order to determine which provisions remain legally operative. Provisions of the Order requiring Board ["approval"] for the awarding of contracts, functions, other activities required by law, or other valid executive agency requirements, are not in force." A Board member stated "...Board Order 28 can be modified but any modification would be subject to Board approval. Also, "...[u]nilateral invalidation of Board Order 28 not only touches contracting issues but also impacts the core issue of agency governance."

CSB stated it registered all contracts over \$150,000 in the Contractor Performance Assessment Reporting System database and developed forms for documenting market research and quality assurance. In addition, it stressed quality assurance surveillance in its contracting officer representative training held in June 2014.