



At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) Office of Inspector General received a hotline complaint that alleged possible contractor fraud on an Office of Environmental Information (OEI) contract, or mismanagement by the contractor and/or OEI. The contractor billed the EPA \$11,490,228 for call center and related services through September 2014. Our objective was to determine whether the contractor is incorrectly billing the EPA, resulting in overbillings to the government.

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

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/2014/20141223-15-P-0042.pdf.

Call Center: Contract Management Needs Improvement to Reduce the Risk of Overbilling

What We Found

The EPA does not have assurance that the pricing of the task order related to a contract was reasonable. In one contract modification, the number of calls and emails to a helpdesk (contact volume) was used to justify increasing the total fixed price amount. In a subsequent modification, ticket volume, which represents reported issues that may be the result of one or more calls and emails, was used to justify changes that led to a decrease in price. Inconsistent application of vague contract methodology increases the risk that the EPA may be overcharged for call center services.

The EPA was overbilled by \$910,776 for helpdesk services.

The contractor was not able to provide the details we requested regarding contact volume and there is no evidence that the EPA requested or received the information prior to increasing the task order price. This increases the EPA's risk of being overcharged for call center services. If the EPA periodically requested and verified detail data for "contact volume" used to justify increases in billing, it would be more apt to timely detect potential fraud, waste, abuse and mismanagement.

Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Administration and Resources Management:

- Require, in negotiation with the contractor, modification of the task order to provide an explicit definition of call volume and explicitly define the basis on future modifications.
- Eliminate the conflict between clause 1 and clause 24 in the task order and require the contracting officer to recover \$910,776 of unsupported charges.
- Require the contracting officer to negotiate with the contractor to modify the task order to require, as a monthly deliverable from the contractor, detailed data supporting the call volume used for billing.

We also recommend that the Assistant Administrators for the Office of Administration and Resources Management and OEI ensure periodic review of detailed call volume information and information on the number of tickets received in order to verify the accuracy of the summary information included in the monthly progress report. The EPA agreed with our recommendations and provided a corrective action plan with dates for each recommendation.

Noteworthy Achievements

OEI improved communication with program offices about increases in call center costs. To address unexpected year-end increases in costs, OEI now provides customers with a Monthly Utilization Report to inform them of actual usage. Also, beginning in fiscal year 2014, OEI now allocates call center costs and bills customers monthly based on actual usage, rather than estimated usage.