



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We performed this review to determine if the U.S. Environmental Protection Agency's (EPA's) award of noncompetitive contracts was appropriate. Specifically, we determined if these contracts were awarded according to federal regulations and EPA policy.

Background

One of the goals of federal contracting is to promote competition when buying goods and services. In limited circumstances, however, federal agencies are authorized to award contracts without providing for full and open competition. The Federal Acquisition Regulation (FAR) has established specific procedures for agencies to follow under these circumstances. The Office of Acquisition Management, within the Office of Administration and Resources Management, is responsible for EPA's contracting activities.

For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2008/20080630-08-P-0186.pdf

EPA Can Improve the Awarding of Noncompetitive Contracts

What We Found

While EPA's most recent competition report made several recommendations to strengthen EPA's competition practices, additional measures would help to further improve compliance with the FAR and EPA policy. For example, we identified Justifications for Other than Full and Open Competition (JOFOCs) that were not approved at the appropriate level, including two of seven that were not approved by the Competition Advocate. Eight of 15 JOFOCs we reviewed were not prepared in accordance with federal requirements. FAR Part 6 establishes the approval requirements for JOFOCs and identifies their required elements. These issues occurred because either EPA did not have effective internal controls, or because existing controls were not followed. Without the required approvals for the JOFOCs and without the required elements, EPA increases the risk that inappropriate sole source procurements will be awarded.

We also identified two noncompetitive procurements in which market research could have been improved. FAR Part 10 requires federal agencies to conduct market research appropriate to the circumstances. Improved market research may lead to competitive acquisitions, allowing potential offerors the opportunity to compete for contracts. By increasing competition, the government saves taxpayer money, improves contractor performance, and curbs fraud.

What We Recommend

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

- Document in each contract file the circumstances why the JOFOC was not approved at the appropriate level and the corrective actions taken.
- Revise the Approval Matrix in the Acquisition Handbook to require that contracting staff one level above the Contracting Officer review and approve all JOFOCs to ensure they include required elements.
- Ensure that internal controls designed to identify JOFOCs for sole source procurements over \$550,000 requiring the Competition Advocate's approval are developed and properly implemented.

The report contains other recommendations to strengthen EPA's controls. EPA agreed with our recommendations and provided adequate corrective action plans.