



At a Glance

Why We Did This Audit

The U.S. Environmental Protection Agency (EPA) spends millions of dollars annually for goods and services procured using purchase orders within the simplified acquisitions procedures. According to the Federal Acquisition Regulation, the purpose of simplified acquisition procedures is to reduce administrative costs, promote efficiency and economy in contracting, improve opportunities for small businesses, and avoid unnecessary burdens for agencies and contractors.

The purpose of this audit was to determine if EPA purchase orders were awarded in accordance with applicable laws, regulations and guidance.

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

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

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EPA's Purchase Order Process Needs to Improve and Achieve Better Value

What We Found

EPA purchase order procedures were not implemented in accordance with the Federal Acquisition Regulation (FAR) or the EPA Acquisition Regulation (EPAAR).

We estimate that the agency could save approximately \$592,000 annually by using purchase cards instead of purchase orders.

In fiscal year 2015, up to 1,714 purchases could have been made with purchase cards, as opposed to purchase orders, to achieve cost savings through the maximum use of purchase cards as required by the FAR. In addition, the EPA's acquisition system did not always provide descriptions for supplies and services purchased as required by the Office of Management and Budget Circular A-123, the FAR, and General Services Administration criteria.

These conditions occurred due to inadequate policies, procedures and training. As a result, competition, fairness and other economic opportunities may have been precluded. Also, the EPA is not realizing potential savings based on its current purchase card practices due to forfeited refunds, point-of-sale discounts, and reduced administrative costs.

Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Administration and Resources Management require the EPA to update its policy, procedures and checklists to cover applicable FAR and EPAAR requirements; require acquisition and program personnel to be trained; and promote greater use of purchase cards.

The EPA agreed with Recommendations 1, 2 and 3, and provided corrective actions and planned completion dates. The EPA provided alternative corrective actions and planned completion dates for Recommendations 4, 5 and 6, and alternative corrective actions for Recommendation 7. These alternative corrective actions address the intent of the recommendations. Corrective actions have already been completed for Recommendations 8, 9 and 10. Recommendations 1 through 6 are considered open pending completion of corrective actions. Recommendation 7 is considered unresolved. Recommendations 8, 9 and 10 are considered closed.