



At a Glance

Why We Did This Project

We conducted an audit of the U.S. Environmental Protection Agency's (EPA's) contract billing controls for EPA Contract No. EP-W-11-019, Task Order 12, which was awarded in 2011. This audit was initiated in response to an anonymous hotline complaint regarding possible irregularities with contract invoicing and payments.

The purpose of this audit was to determine whether the EPA's contract administration of EPA Contract No. EP-W-11-019, Task Order 12, had effective controls over billing and funding to prevent fraud, waste and abuse. Although the contract ended in 2017, the contract is open until the indirect rates are finalized and related cost differences are paid.

This report addresses the following:

- *Operating efficiently and effectively.*

Address inquiries to our public affairs office at (202) 566-2391 or [OIG WEBCOMMENTS@epa.oig](mailto:OIG_WEBCOMMENTS@epa.oig).

List of [OIG reports](#).

EPA Overpaid Invoices Due to Insufficient Contract Management Controls

What We Found

Contract management controls were insufficient for expired EPA Contract No. EP-W-11-019. We identified the following issues:

All 11 invoices tested did not comply with contract requirements.

- Required contractor performance reports were not finalized.
- There were no official contract or task order modifications for some of the Contracting Officer and Contracting Officer's Representative changes.
- Contracting Officer's Representative appointment memorandums were missing.
- Contracting Officers did not perform required periodic invoice reviews.

The issues occurred due to various reasons, such as staffing issues, high turnover within the EPA's Office of Acquisition Solutions (i.e., multiple contracting officers during the contract), contract management file disorganization, and inadequate oversight. As a result, there was a lack of available contractor performance information, reduced accountability for the EPA's contract management responsibilities, an increased risk of unauthorized acts, and a reduced assurance that costs were billed in accordance with contract requirements.

Also, the invoices for Task Order 12 did not comply with specific contract requirements to manage the task order effectively. Despite requirements for invoices to be thoroughly reviewed prior to payment, the invoices reviewed under Task Order 12 were not adequately reviewed and documentation of any reviews prior to approval, such as completed invoice review checklists, did not exist. As a result, the EPA did not have reasonable assurance that costs or a fee billed under Task Order 12 were allowable, allocable and reasonable. Our limited review of invoices under Task Order 12 found that a subcontract fixed fee totaling \$5,158.29 was overbilled.

Recommendations and Planned Agency Corrective Actions

This report makes seven recommendations to the Assistant Administrator for Mission Support. Most of our recommendations require actions to improve contract management, internal controls and oversight. We make no recommendations related to some of the findings in this report because the contract has expired.

The EPA concurred with all seven recommendations. The EPA's proposed corrective actions and planned completion dates meet the intent of the recommendations. The EPA completed corrective actions for two recommendations; the other five are resolved with corrective actions pending.