



# OFFICE OF INSPECTOR GENERAL U.S. ENVIRONMENTAL PROTECTION AGENCY

CUSTOMER SERVICE ★ INTEGRITY ★ ACCOUNTABILITY

*Operating efficiently and effectively*

## EPA Should Improve Compliance with Blanket Purchase Agreement Requirements

Report No. 21-P-0192

August 9, 2021



**Report Contributors** Catherine Allen  
Melinda Burks  
Khadija Walker

<b>Abbreviations</b>	BPA	Blanket Purchase Agreement
	EAS	EPA Acquisition System
	EPA	U.S. Environmental Protection Agency
	EPAAG	EPA Acquisition Guide
	FAR	Federal Acquisition Regulation
	GSA	U.S. General Services Administration
	OIG	Office of Inspector General

**Cover Image** The EPA uses blanket purchase agreements to address repetitive needs for supplies or services but did not fully comply with federal regulations or EPA requirements. (EPA OIG image)

**Are you aware of fraud, waste, or abuse in an EPA program?**

**EPA Inspector General Hotline**  
1200 Pennsylvania Avenue, NW (2431T)  
Washington, D.C. 20460  
(888) 546-8740  
(202) 566-2599 (fax)  
[OIG\\_Hotline@epa.gov](mailto:OIG_Hotline@epa.gov)

Learn more about our [OIG Hotline](#).

**EPA Office of Inspector General**  
1200 Pennsylvania Avenue, NW (2410T)  
Washington, D.C. 20460  
(202) 566-2391  
[www.epa.gov/oig](http://www.epa.gov/oig)

Subscribe to our [Email Updates](#)  
Follow us on Twitter [@EPAoig](#)  
Send us your [Project Suggestions](#)



# Office of Inspector General U.S. Environmental Protection Agency **At a Glance**

21-P-0192  
August 9, 2021

## Why We Did This Audit

We conducted an audit of the U.S. Environmental Protection Agency's use of blanket purchase agreements to determine whether:

- The EPA's blanket purchase agreements comply with applicable laws, regulations, contract provisions, and other requirements.
- The EPA maximizes its use of current blanket purchase agreements to achieve savings and whether other blanket purchase agreement opportunities exist.

Government agencies use blanket purchase agreements to pay for supplies and services that they purchase from approved sources on a repetitive basis. The EPA uses two types:

- U.S. General Services Administration Schedule blanket purchase agreements.
- EPA-specific blanket purchase agreements.

The Agency's blanket purchase agreement expenses in 2019 totaled \$36 million.

### **This audit supports an EPA mission-related effort:**

- *Operating efficiently and effectively.*

### **This audit addresses a top EPA management challenge:**

- *Complying with key internal control requirements (policies and procedures).*

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

[List of OIG reports.](#)

## ***EPA Should Improve Compliance with Blanket Purchase Agreement Requirements***

### **What We Found**

Of the six blanket purchase agreement, or BPA, orders that we reviewed, which accounted for \$16.9 million in annual obligations, none fully complied with all applicable Federal Acquisition Regulation requirements, EPA Acquisition Guide requirements, and Office of Management and Budget BPA recommendations. Specifically, the EPA did not:

- Maintain electronic records to provide a complete history of acquisitions under the BPAs.
- Perform adequate acquisition planning, such as documenting Advanced Procurement Plans and determining contract types.
- Document approvals for decisions to use noncommon contract solutions.
- Perform required annual reviews.
- Maximize competition; ensure price reasonableness; or negotiate lower prices, when appropriate.

We could not determine compliance for some requirements because of a lack of access to hard-copy Agency documentation, as EPA employees were working remotely because of the coronavirus pandemic. However, EPA policy requires that all records be maintained electronically.

The deficiencies listed above occurred because Office of Mission Support management did not verify contracting officers' compliance with federal requirements and recommendations. Noncompliance with Federal Acquisition Regulation requirements, EPA Acquisition Guide requirements, and Office of Management and Budget recommendations hinders effective and sound EPA contract management of BPAs and may decrease potential cost savings. For example, the Agency did not negotiate lower prices with vendors for individual orders issued, as recommended by the Office of Management and Budget. Just a 1 percent discount on all 2019 BPA orders would have resulted in cost savings of \$364,000.

### **Recommendations and Planned Agency Corrective Actions**

We recommend that the assistant administrator for Mission Support verify that contracting officers perform and document annual reviews; request vendor price discounts on all BPA orders; and determine whether a single-award BPA is appropriate for new agreements. All recommendations are resolved with corrective actions pending.

**The EPA could achieve cost savings and potentially put Agency funds to better use by improving compliance with BPA requirements.**



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

August 9, 2021

**MEMORANDUM**

**SUBJECT:** EPA Should Improve Compliance with Blanket Purchase Agreement Requirements  
Report No. 21-P-0192

**FROM:** Sean W. O'Donnell *Sean W O'Donnell*

**TO:** Lynnann Hitchens, Acting Principal Deputy Assistant Administrator  
Office of Mission Support

This is our report on the subject audit conducted by the U.S. Environmental Protection Agency's Office of Inspector General. The project number for this audit was [OA&E-FY20-0096](#). This report contains findings that describe the problems the OIG has identified and the corrective action the OIG recommends. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

The Office of Mission Support is responsible for implementing the recommendations resulting from this audit. The Office of Acquisition Solutions, within the Office of Mission Support, manages the planning, awarding, and administering of contracts and procurement policy for the Agency.

In accordance with EPA Manual 2750, your office provided acceptable planned corrective actions and estimated milestone dates in response to the OIG recommendations. All recommendations are resolved, and no further response to this report is required. If you submit a response, however, it will be posted on the OIG's website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

# Table of Contents

---

## Chapters

<b>1</b>	<b>Introduction.....</b>	<b>1</b>
	Purpose.....	1
	Background.....	1
	Responsible Offices .....	2
	Scope and Methodology.....	2
	Prior Reports.....	3
<b>2</b>	<b>EPA Did Not Comply with Key BPA Requirements and Recommendations .....</b>	<b>5</b>
	EPA Required to Maintain Electronic Documentation, Determine Price Reasonableness, and Conduct Annual Reviews for BPAs.....	5
	BPAs Did Not Comply with FAR and EPAAG Requirements .....	6
	Management Did Not Emphasize Controls to Verify BPAs Complied with Federal Requirements and Recommendations .....	7
	Noncompliance with Requirements and Recommendations Can Lead to Waste .....	9
	Recommendations.....	9
	Agency Response and OIG Assessment.....	9
	<b>Status of Recommendations.....</b>	<b>11</b>

## Appendixes

<b>A</b>	<b>BPA Compliance Testing Criteria.....</b>	<b>12</b>
<b>B</b>	<b>Agency Response to Draft Report.....</b>	<b>15</b>
<b>C</b>	<b>Distribution .....</b>	<b>17</b>

# Chapter 1

## Introduction

### Purpose

The U.S. Environmental Protection Agency's Office of Inspector General [initiated](#) this audit of the Agency's use of blanket purchase agreements to determine whether the:

- EPA's BPAs comply with applicable laws, regulations, contract provisions, and other requirements.
- EPA maximizes use of current BPAs to achieve savings and whether other BPA opportunities exist.

#### Top Management Challenge Addressed

This audit addresses the following top management challenge for the Agency, as identified in OIG Report No. [20-N-0231](#), *EPA's FYs 2020–2021 Top Management Challenges*, issued July 21, 2020:

- Complying with key internal control requirements (policies and procedures).

### Background

The Federal Acquisition Regulation, or FAR, requires that agencies use simplified acquisition procedures—in other words, streamlined methods to purchase supplies and services—to the maximum extent practicable for those supplies or services not exceeding the threshold of \$250,000. A BPA is one such method government agencies can use to pay for eligible supplies and services that they purchase from qualified sources on a repetitive basis.

BPAs are not contracts and do not obligate an agency to make a purchase. After an agency issues an order for supplies or services under a BPA and after a BPA vendor agrees to the order, the order becomes a binding contract between the parties. Both parties are then bound to all the terms and conditions in the BPA for that order. Multiple orders can be issued under one BPA. While prices for supplies and services are established as part of the overall BPA, the Office of Management and Budget recommends that, as appropriate, agencies negotiate lower prices with the vendor for individual orders issued under the BPA, especially large-dollar orders.

The EPA uses two types of BPAs:

- **U.S. General Services Administration Schedule BPAs**, which incorporate the terms and conditions of an underlying GSA contract. GSA Schedule BPAs must comply with the requirements of FAR Subpart 8.4, *Federal Supply Schedules*. Agencies may establish GSA Schedule BPAs with one vendor, which is known as a single-award agreement, or more than one vendor, which is known as a multiple-award agreement. GSA Schedule BPAs help agencies simplify recurring purchases of needed supplies and services and allow them to leverage their buying power to take advantage of quantity discounts, save administrative time, and reduce paperwork.

- **EPA-Established BPAs**, which permit the EPA to establish its own BPAs against the open market if the EPA cannot meet its needs through the federal supply schedules (in other words, through a GSA Schedule BPA). EPA-established BPAs are authorized through FAR Part 13, *Simplified Acquisition Procedures*, and the *EPA Acquisition Guide*, or EPAAG. For this type of BPA, the FAR requires that:
  - Individual purchases must be under the simplified acquisition threshold.
  - Agency officials must ensure that the BPA is adequately competed.
  - Contracting officers perform annual reviews of active BPAs and, if necessary, update the BPAs.

## Responsible Offices

The Office of Mission Support is responsible for implementing the recommendations resulting from this audit. The Office of Acquisition Solutions, within the Office of Mission Support, manages the planning, awarding, and administering of contracts and procurement policy for the Agency.

## Scope and Methodology

We conducted this performance audit from February 2020 through June 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed the internal controls necessary to satisfy our audit objectives.<sup>1</sup> In particular, we assessed the internal control components—as outlined in the U.S. Government Accountability Office’s Green Book—significant to our audit objectives. Any internal control deficiencies we found are discussed in this report. Because our audit was limited to the internal control components deemed significant to our audit objectives, it may not have disclosed all internal control deficiencies that may have existed at the time of the audit.

We conducted our work within the Office of Acquisition Solutions. To answer our objectives, we reviewed relevant criteria and the EPA’s internal policies and procedures for the use of BPAs. We interviewed Office of Acquisition Solutions staff to gain an understanding of the Agency’s use of BPAs and relevant internal controls. We also interviewed the nine contracting officers and contract specialists responsible for the six BPAs that we reviewed in our audit.

We judgmentally selected six BPAs under the EPA’s 138 active BPAs in calendar year 2019 to review as part of our audit. We reviewed one order under each of the six BPAs. We identified vendors with numerous orders, and we selected orders that included a range of dollar amounts and covered various contracting offices. Of the six BPAs we reviewed, three were GSA Schedule BPAs, and three were

---

<sup>1</sup> An entity designs, implements, and operates internal controls to achieve its objectives related to operations, reporting, and compliance. The U.S. Government Accountability Office sets internal control standards for federal entities in GAO-14-704G, *Standards for Internal Control in the Federal Government* (also known as the “Green Book”), issued September 10, 2014.

EPA-established BPAs. The three GSA Schedule BPA orders we reviewed were above the simplified acquisition threshold, while the three EPA-established BPA orders were under that threshold.

The six BPAs represent 31 percent (\$476.0 million) of the overall value (\$1.55 billion) of the EPA’s active BPAs in calendar year 2019. Obligations under the six BPA orders we reviewed totaled approximately \$16.9 million in calendar year 2019, which amounts to almost 20 percent of the overall \$86.0 million in active BPA obligations that year. Ultimately, the Agency’s BPA expenses, or obligations paid, in 2019 totaled more than \$36.0 million.

Table 1 lists the BPA orders that we reviewed. To answer our two objectives, we reviewed these BPA orders and the associated BPAs against 14 criteria from the FAR and EPAAG that we determined to be most relevant to our objectives. Appendix A details these 14 “tests” and the corresponding criteria.

**Table 1: BPA orders reviewed**

BPA order number	BPA type	Description	Obligation amount	
1	68HERH20F0130	EPA	Technical assistance	\$117,188.00
2	68HERD19F0064	EPA	Transcriptomics Phase 2 services	206,532.24
3	EP-B17C-00033	GSA	Real property asset management services	4,038,601.42
4	EP-B17C-00032	GSA	Real property asset management services	5,443,581.60
5	68HERH19F0252	GSA	Microsoft products and services	6,813,069.90
6	68HE0S18F0041	EPA	Procurement of multiple air monitoring and gamma radiation detection units and other components	242,732.80
			<b>Total</b>	<b>\$16,861,705.96</b>

Source: OIG analysis of EPA data. (EPA OIG table)

Our judgmental selection of BPAs did not allow us to project our results to all of the EPA’s BPAs or to EPA oversight of those BPAs. We determined, however, that the selection of these six BPAs was appropriate for our design and objectives, would generate valid and reliable evidence to support our work, and would provide useful insight into the Agency’s use of BPAs.

Due to the coronavirus pandemic—that is, the SARS-CoV-2 virus and resultant COVID-19 disease—we only received requested records that were available electronically, as hard-copy records located in employees’ offices were not accessible to staff working remotely. However, EPA policy requires that BPA records be maintained electronically. The impact of this scope limitation, as well as the EPA’s lack of adherence to its policy, has been incorporated into our findings. However, the scope limitation did not hinder us from obtaining sufficient appropriate evidence to answer our audit objectives.

## Prior Reports

Although the EPA OIG has not issued any previous reports addressing BPAs, other government agencies have. Of most relevance to our audit are one report issued by the U.S. Department of Commerce OIG and one report issued by the Government Accountability Office:

- Audit No. OIG-18-014-A, *National Oceanic and Atmospheric Administration (NOAA) Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Administration Requirements*, issued February 26, 2018. The Department of Commerce OIG found that the National Oceanic and Atmospheric Administration is missing



potential BPA cost savings by issuing single-award agreements without sufficient competition, not consistently requesting price discounts, and not conducting annual reviews. By properly conducting and documenting annual reviews for 23 BPAs, the National Oceanic and Atmospheric Administration could potentially put up to \$73 million in expected funds to better use. The agency concurred with the OIG's five recommendations and implemented new procedures.

- Report No. GAO-09-792, *Agencies Are Not Maximizing Opportunities for Competition or Savings under Blanket Purchase Agreements despite Significant Increase in Usage*, issued September 2009. The Government Accountability Office reported that agencies were not maximizing opportunities for competition or savings under BPAs despite a significant increase in the use of BPAs. Specifically, agencies were not taking full advantage of opportunities for competition under multiple-award BPAs and did not often seek or receive discounts when establishing BPAs or when placing orders under a BPA. The Office of Federal Procurement Policy and the GSA implemented new policies and guidelines to comply with the report's four recommendations.

## Chapter 2

# EPA Did Not Comply with Key BPA Requirements and Recommendations

None of the six BPAs that we reviewed fully complied with all applicable FAR and EPAAG requirements or Office of Management and Budget recommendations. For these six BPAs, EPA staff did not perform annual reviews, maximize competition, or ensure price reasonableness. These deficiencies occurred because Office of Mission Support management did not verify contracting officers' compliance with FAR and EPAAG requirements, as well as with Office of Management and Budget recommendations. Noncompliance with federal requirements and recommendations hinders effective and sound EPA contract management of BPAs and may decrease potential cost savings.

### EPA Required to Maintain Electronic Documentation, Determine Price Reasonableness, and Conduct Annual Reviews for BPAs

The FAR codifies uniform acquisition policies and procedures for all executive agencies. The vision for the FAR is to deliver the best-value product or service to the customer on a timely basis while maintaining the public's trust and fulfilling public policy objectives. For GSA Schedule BPAs, the FAR requires contracting officers to:

- Give preference to establishing multiple-award rather than single award BPAs, to the maximum extent practicable, to encourage and facilitate competition when placing orders.<sup>2</sup>
- Conduct annual reviews of all active BPAs to determine whether the contract for each BPA is still in effect, the BPA represents the best value, and quantities or amounts of supplies or services are sufficient to seek additional discounts.<sup>3</sup>

The EPAAG contains internal policies and procedures for acquisition that are specific to the EPA. For BPAs, EPAAG subsection 4.5.1 requires that all records be maintained electronically, EPAAG subsection 13.3.3.5.4 requires that the contracting officer determine the reasonableness of the price for each item prior to placing an order, and EPAAG subsection 8.0.100 requires contracting officers to follow mandatory sourcing protocols. Appendix A provides more detail on the FAR and EPAAG criteria relevant to our audit findings.

In addition to the FAR and EPAAG requirements related to price reasonableness, the Office of Management and Budget recommends that agencies maximize the value of BPAs by taking advantage of competition, negotiating discounts, and reviewing BPAs at least annually. The Office of Management and Budget issued these recommendations on December 22, 2009, in response to Government Accountability Office Report No. GAO-09-792.

---

<sup>2</sup> FAR § 8.405-3(a)(3)(i).

<sup>3</sup> FAR § 8.405-3(e). FAR § 13.303-6(b)(1) also requires contracting officers to annually review each agency-established BPA.

## BPAs Did Not Comply with FAR and EPAAG Requirements

None of the six BPAs that we reviewed fully complied with FAR and EPAAG requirements. Specifically, we identified 14 instances where the BPAs did not comply with requirements, such as acquisition planning and competition. We also were unable to determine compliance in another 15 instances. Table 2 summarizes the results of our assessment.

**Table 2: OIG assessment of EPA BPA compliance with FAR and EPAAG requirements**

OIG test	Criteria		BPA compliance <sup>a,b</sup>						Total instances of noncompliance identified
	Reference	Subject	1	2	3	4	5	6	
1	EPAAG 4.5.1	Use of EPA Acquisition System	X	X	X	X	X	X	6
2	FAR § 16.1	Selecting Contract Types	*	✓	X	X	X	✓	3
	EPAAG 7.1.1.5.5	Acquisition Planning (Advanced Procurement Plan)							
3	EPAAG 8.0.100	Common Contract Solutions	*	X	✓	✓	✓	*	1
4	EPAAG 7.1.3-A	Guide for Preparing Independent Government Estimates	✓	✓	✓	✓	✓	*	0
5	FAR § 4.6	Contract Reporting	✓	✓	✓	✓	✓	✓	0
6	FAR § 8.4	Federal Supply Schedules, Statement of Work, Determination & Finding	n/a	n/a	✓	✓	✓	n/a	0
7	FAR § 8.405-3(e)	Review of BPAs	n/a	n/a	*	*	X	n/a	1
8	FAR § 8.405-4; EPAAG 8.4.1.4(6)	Price Reductions	n/a	n/a	✓	✓	n/a	n/a	0
9	FAR § 13.303-2(d)	BPAs	*	✓	n/a	n/a	n/a	*	0
10	FAR § 13.303-5(d)	Competition/Price Reasonableness	X	X	n/a	n/a	n/a	*	2
	EPAAG 13.3.3.5.4								
11	FAR § 13.303-3	Preparation of BPAs	*	✓	n/a	n/a	n/a	*	0
	EPAAG 13.3.3.5.3	Authorized BPA Ordering Officers and Orders							
12	FAR § 13.303-6	Required Annual Review	✓	X	n/a	n/a	n/a	*	1
13	EPAAG 13.3.3.5.1	Conditions for Use	*	✓	n/a	n/a	n/a	*	0
14	FAR § 13.003(c)(1)	Simplified Acquisition Procedures	*	n/a	n/a	n/a	n/a	n/a	0
	FAR § 13.302-1	Purchase Orders, General							
	FAR § 12.207	Commercial Services, Contract Type							
<b>Total instances of noncompliance</b>			<b>2</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>14</b>

Source: OIG “tests,” conducted through October 2020, of selected BPAs. See Appendix A for details regarding the 14 tests. (EPA OIG table)

<sup>a</sup> BPA numbers correspond to the BPA orders listed in Table 1.

<sup>b</sup> n/a: FAR or EPAAG requirement was not applicable to the BPA.

\* Unable to determine compliance; records were not available primarily due to restricted access to EPA offices.

Specifically, we found issues with:

- **Use of Electronic EPA Acquisition System, or EAS (OIG Test 1).** EAS is used to initiate, award, modify, and track acquisition actions. None of the six BPAs that we reviewed had all the required documentation in EAS. Examples of missing documentation included Advanced Procurement Plans, independent government estimates, preaward documents, and required annual reviews. In addition, there were 15 instances in which we could not determine

compliance, as marked by asterisks in Table 2, because documentation was not in EAS or otherwise available electronically from the contracting officers. Office of Acquisition Solutions staff indicated that the documents were in the “official” hard-copy BPA files in the EPA offices, which they could not access because they were working remotely due to the coronavirus pandemic. However, effective March 20, 2020, the Agency designated EAS as the official storage system for contractor records and required that all contract records be stored in the EAS.

- **Acquisition Planning** (OIG Test 2). Three of the six BPAs that we reviewed did not include documentation of an Advanced Procurement Plan, which would show that the Agency conducted an analysis to ensure that it meets its acquisition needs in the most effective, economical, and timely manner, resulting in the best value for the government. One of these three BPAs also lacked sufficient evidence of documented approval for the decision to use a BPA, therefore showing no evidence of adequate acquisition planning implementation and contract management oversight. In addition, one of these three BPAs was a single-award, not a multiple-award, agreement.
- **Common Contract Solutions** (OIG Test 3). One of the six BPAs that we reviewed did not include sufficient evidence of documented approval for the decision to proceed with an alternative pricing strategy solution. Although an Advanced Procurement Plan was provided, we did not find documentation of the required approval to use a stand-alone procurement.
- **Required Annual Review of BPAs** (OIG Tests 7 and 12). Two of the six BPAs that we reviewed did not comply with the annual review requirements. OIG Test 7 refers to the FAR requirement for annual reviews to ensure that the BPA is in effect and still represents the best value, while OIG Test 12 refers to the FAR requirement for annual reviews to determine whether procedures are being followed and whether updates to the BPA are necessary. In both cases, the required annual reviews were not performed or documented. Because of the missing reviews, we could not determine that the EPA assessed the BPAs, as required, to ensure that the BPAs continued to represent the best value for the Agency, that procedures are being followed, and that the BPAs are updated as necessary.
- **Competition/Price Reasonableness** (OIG Test 10). Two of the six BPAs that we reviewed did not comply with price reasonableness requirements. Under these two BPAs, there was inadequate competition for orders. For example, although one of these BPAs was a multiple-award BPA, the EPA did not require the orders to be competed between the BPA holders. In the other BPA, which was a five-year single-award BPA, the EPA did not complete a fair-and-reasonable cost determination for any follow-on orders. We also did not find any evidence in the files that the contracting officer negotiated price reductions with vendors prior to establishing a new order, as recommended by the Office of Management and Budget.

## **Management Did Not Emphasize Controls to Verify BPAs Complied with Federal Requirements and Recommendations**

We identified several causes for why contracting officers did not adhere to FAR and EPAAG requirements and Office of Management and Budget recommendations. Specifically, management in the Office of Acquisition Solutions did not verify contracting officers’ compliance with requirements to store records in EAS, document key steps in acquisition planning, conduct required annual reviews to document BPA activity and justify pricing, or ensure competition and price reasonableness.

Contracting officers cited additional challenges that contributed to noncompliance with FAR and EPAAG requirements. At the time of our audit, some of the contracting officers and contract specialists responsible for the six BPAs that we reviewed said that staffing and workload issues, such as multiple contracting officers being assigned to one BPA over its period of performance, impacted their ability to adhere to requirements. While management states that one continuous contracting officer is preferred, the six BPAs that we reviewed averaged two and one-half contracting officers over the BPA life span, which averaged five years. We discussed this issue with Office of Acquisition Solutions management, who confirmed that there had been numerous retirements and transfers of contracting officers in the few years prior to our audit.

### ***Certain Office of Acquisition Solutions Management Corrective Actions Already Taken***

The Office of Acquisition Solutions management has taken steps to better ensure contracting officer compliance with FAR and EPAAG requirements. During the course of this audit, office management mandated that all contract documentation must be electronically stored in EAS and designated EAS as the official storage system for the office's contract files, effective March 2020. Additionally, the office made some improvements to its acquisition planning process, including revising the EPAAG and providing training sessions for staff about completing and retaining documentation of Advanced Procurement Plans.

Regarding staffing and workload, the Office of Acquisition Solutions hired about 20 staff during the general time frame of our audit to mitigate workload issues. Also, office management recently implemented a requirement for contracting officers to complete a transition document when a contract or BPA is transferred between contracting officers.

Because of these corrective actions taken by the Agency, we do not make any recommendations related to these findings.

### ***EPA Did Not Conduct Annual Reviews***

As noted above, two of the six BPAs that we reviewed did not comply with annual review requirements, which help EPA staff determine whether the BPAs still represent the best value for the Agency, procedures are being followed, and the BPAs are updated as necessary. Office of Acquisition Solutions contracting officers stated that they overlooked completing the annual reviews, and office management did not verify that the annual reviews were completed.

### ***EPA Did Not Emphasize Cost Savings***

Office of Acquisition Solutions managers stated that they viewed BPAs as tools to assist the contracting officers in reducing administrative and oversight responsibilities. Therefore, they did not stress that contracting officers ensure price reasonableness by seeking further price discounts beyond the BPA-agreed price, for example. In addition, and contrary to the recommendations from the Office of Management and Budget, EPA managers explained that they do not seek to maximize competition by using multiple-award instead of single-award BPAs. They also do not compete the orders under the multiple-award BPAs. Failure to request vendor price discounts or sufficiently compete single- and multiple-award BPAs could cause the EPA to miss potential cost savings.

## **Noncompliance with Requirements and Recommendations Can Lead to Waste**

Noncompliance with FAR and EPAAG requirements and Office of Management Budget recommendations hinders effective and sound EPA contract management of BPAs. The Agency's failure to conduct annual reviews prevents it from demonstrating that BPAs represent the best value. Also, a lack of annual reviews makes it difficult to ensure that contracting officers maintain awareness of changes in market conditions, sources of supply, and other pertinent factors that may warrant making new arrangements with different suppliers or modifying arrangements with existing suppliers.

Furthermore, because the Agency does not determine the reasonableness of BPA prices, the EPA cannot ensure that it is achieving acquisition objectives. This reduces the ability of the EPA to meet its acquisition needs in the most effective, economical, and timely manner and to achieve the best value for the government. For example, seeking just a 1 percent discount on all 2019 BPA expenditures of \$36,397,582 would have resulted in cost savings of approximately \$364,000.

## **Recommendations**

We recommend that the assistant administrator for Mission Support:

1. Implement procedures to verify that contracting officers perform and document annual reviews of active blanket purchase agreements.
2. Implement procedures to verify that contracting officers request vendor price discounts on blanket purchase agreement orders, as appropriate, before issuing an order or in conjunction with the annual review of active blanket purchase agreements.
3. Implement procedures to verify that contracting officers determine whether a single-award blanket purchase agreement is appropriate when establishing a new blanket purchase agreement. Document these determinations in the official blanket purchase agreement files.

## **Agency Response and OIG Assessment**

The Agency agreed with all three recommendations and provided acceptable corrective actions that will be completed by November 15, 2021. The recommendations are resolved with corrective actions pending. The Agency's full response is in Appendix B.

In response to the three recommendations, the Office of Mission Support's Office of Acquisition Solutions will issue a "flash notice" to reiterate the required oversight requirements. In addition:

- For Recommendation 1, the Agency will verify that contracting officers perform and document annual reviews of active BPAs.
- For Recommendation 2, the Agency will verify that contracting officers' documentation specifically addresses mandatory requirements to seek or request price reduction or discounts in accordance with FAR 13.303-2 and FAR 8.405-4. The Agency's response did not originally address the Government Accountability Office and Office of Management and Budget recommendations to seek further price discounts for each BPA order. During our exit

conference on July 15, 2021, however, the Agency said that it will specify in the “flash notice” that contracting officers must comply with these recommendations.

- For Recommendation 3, the Agency will verify that contracting officers properly determine the appropriateness of a single-award BPA.

# Status of Recommendations

## RECOMMENDATIONS

Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Planned Completion Date	Potential Monetary Benefits (in \$000s)
1	9	Implement procedures to verify that contracting officers perform and document annual reviews of active blanket purchase agreements.	R	Assistant Administrator for Mission Support	11/15/21	
2	9	Implement procedures to verify that contracting officers request vendor price discounts on blanket purchase agreement orders, as appropriate, before issuing an order or in conjunction with the annual review of active blanket purchase agreements.	R	Assistant Administrator for Mission Support	11/15/21	\$364
3	9	Implement procedures to verify that contracting officers determine whether a single-award blanket purchase agreement is appropriate when establishing a new blanket purchase agreement. Document these determinations in the official blanket purchase agreement files.	R	Assistant Administrator for Mission Support	11/15/21	

<sup>1</sup> C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.



## ***BPA Compliance Testing Criteria***

Table A-1: OIG tests conducted

OIG test	Criteria		Did the OIG identify instances of noncompliance? *
	Reference	Subject	
1	EPAAG 4.5.1	Use of EPA Acquisition System	YES
2	FAR § 16.1	Selecting Contract Types	YES
	EPAAG 7.1.1.5.5	Acquisition Planning (Advanced Procurement Plan)	
3	EPAAG 8.0.100	Common Contract Solutions	YES
4	EPAAG 7.1.3-A	Guide for Preparing Independent Government Estimates	No
5	FAR § 4.6	Contract Reporting	No
6	FAR § 8.4	Federal Supply Schedules, Statement of Work, Determination & Finding	No
7	FAR § 8.405-3(e)	Review of BPAs	YES
8	FAR § 8.405-4; EPAAG 8.4.1.4(6)	Price Reductions	No
9	FAR § 13.303-2(d)	BPAs	No
10	FAR § 13.303-5(d)	Competition/Price Reasonableness	YES
	EPAAG 13.3.3.5.4		
11	FAR § 13.303-3	Preparation of BPAs	No
	EPAAG 13.3.3.5.3	Authorized BPA Ordering Officers and Orders	
12	FAR § 13.303-6	Required Annual Review	YES
13	EPAAG 13.3.3.5.1	Conditions for Use	No
14	FAR § 13.003(c)(1)	Simplified Acquisition Procedures	No
	FAR § 13.302-1	Purchase Orders, General	
	FAR § 12.207	Commercial Services, Contract Type	

Source: OIG “tests,” conducted through October 2020, of selected BPAs. (EPA OIG table)

\* See Table A-2 for more information on the criteria for which we identified instances of noncompliance.

**Table A-2: Criteria details for findings of noncompliance**

OIG test	Criteria details
1	<p><b>EPAAG 4.5.1</b></p> <p>EPAAG 4.5.1.5 Policy.</p> <p>(a) (i) Effective September 29, 2015, EPA acquisition personnel shall use EAS, and EAS shall be the only contract writing program for all contract actions, including contracts, contracting officer and contract specialist purchase card transactions, purchase orders, delivery orders and task orders, BPA call orders, work assignments (for existing contracts that have work assignments), and Technical Direction Documents. EAS award documents shall be signed electronically, and a manual signature is not required.</p> <p>(ii) All pre- and post-award contract documentation required in accordance with FAR 4.803 shall be maintained in electronic form and shall reside in EAS, except for any documents required by regulation to be maintained in paper copy. It is the Agency's long-term strategy for the Enterprise Content Management System to become the official contract file, and to that end EAS and Enterprise Content Management System will interface at a later date. While the paper file continues to be the official contract file, electronic copies of documentation must also be stored in EAS after March 12, 2014. This will enable EAS to be more rapidly integrated with the Enterprise Content Management System in the future, at which time the paper file will no longer be required.</p> <p><b>Office of Management and Budget Memorandum M-19-21</b></p> <p>Office of Management and Budget Memorandum M-19-21, <i>Transition to Electronic Records</i>, dated June 28, 2019. By the end of 2022, federal agencies will manage all permanent records in an electronic format and with appropriate metadata.</p>
2	<p><b>FAR 16.1</b></p> <p>FAR 16.103 (d)(1) Each contract file shall include documentation to show why the particular contract type was selected. This shall be documented in the acquisition plan, or in the contract file if a written acquisition plan is not required by agency procedures.</p> <p><b>EPAAG 7.1.1.5.5</b></p> <p>I. Phases of the Acquisition Planning Process. An Advanced Procurement Plan is required for all procurements above the Simplified Acquisition Threshold and all cost reimbursement and high-risk acquisitions regardless of dollar value (high-risk is defined as anything other than Firm Fixed Price, see also EPAAG 16.1.1).</p>
3	<p><b>EPAAG 8.0.100</b></p> <p>EPAAG 8.0.100.5 (a) (1)(i) Common contract solutions must have the highest priority for use once the EPA employee verifies that the mandatory sources in FAR 8.002 and 8.003 cannot satisfy the requirement.</p> <p>EPAAG 8.0.100.6 Waiver Request Procedures. The decision to go with a noncommon contract solution has to be justified and approved, and when it is over \$100,000, the EPA Senior Procurement Executive is the approval level.</p>
7	<p><b>FAR 8.405-3(e)</b></p> <p>(1) The ordering activity contracting officer shall review the BPA and determine in writing, at least once a year (e.g., at option exercise), whether-</p> <ul style="list-style-type: none"> <li>(i) The schedule contract, upon which the BPA was established, is still in effect;</li> <li>(ii) The BPA still represents the best value (see 8.404(d)); and</li> <li>(iii) Estimated quantities/amounts have been exceeded and additional price reductions can be obtained.</li> </ul> <p>(2) The determination shall be included in the BPA file documentation.</p>
10	<p><b>FAR 13.303-5(d)</b></p> <p>If, for a particular purchase greater than the micro-purchase threshold, there is an insufficient number of BPAs to ensure maximum practicable competition, the contracting officer shall-</p> <ul style="list-style-type: none"> <li>(1) Solicit quotations from other sources (see 13.105) and make the purchase as appropriate; and</li> <li>(2) Establish additional BPAs to facilitate future purchases if- <ul style="list-style-type: none"> <li>(i) Recurring requirements for the same or similar supplies or services seem likely;</li> <li>(ii) Qualified sources are willing to accept BPAs; and</li> <li>(iii) It is otherwise practical to do so.</li> </ul> </li> </ul> <p><b>EPAAG 13.3.3.5.4</b></p>

OIG test	Criteria details
	Reasonableness of the price for each item is determined by the ordering official prior to placing the order. The ordering official shall verify that mandatory sources are not available for a particular item prior to placing a BPA order.
12	<p><b>FAR 13.303-6</b></p> <p>FAR 13.303-6 (a) The contracting officer placing orders under a BPA, or the designated representative of the contracting officer, shall review a sufficient random sample of the BPA files at least annually to ensure that authorized procedures are being followed.</p> <p>FAR 13.303-6 (b) The contracting officer that entered into the BPA shall-</p> <ul style="list-style-type: none"> <li>(1) Ensure that each BPA is reviewed at least annually and, if necessary, updated at that time; and</li> <li>(2) Maintain awareness of changes in market conditions, sources of supply, and other pertinent factors that may warrant making new arrangements with different suppliers or modifying existing arrangements.</li> </ul>

Source: FAR and EPAAG criteria. (EPA OIG table)

## Agency Response to Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

July 8, 2021

OFFICE OF MISSION SUPPORT

**MEMORANDUM**

**SUBJECT:** Response to Office of Inspector General Draft Report Project No. OA&E-FY20-0096, “EPA Should Improve Compliance with Blanket Purchase Agreement Requirements,” dated June 11, 2021

**FROM:** Donna J. Vizian, Acting Assistant Administrator **DONNA VIZIAN**

Digitally signed by  
DONNA VIZIAN  
Date: 2021.07.09  
09:44:27 -04'00'

**TO:** Khadija Walker, Director  
Business Operations Audit Directorate  
Office of Inspector General

Thank you for the opportunity to respond to the subject audit report. The following summarizes the agency’s overall position, along with its position on each of the report recommendations. We have provided high-level intended corrective actions for each recommendation with completion dates.

**AGENCY’S OVERALL POSITION**

The Office of Mission Support, Office of Acquisition Solutions (OMS/OAS) concurs with all of recommendations outlined in the Office of Inspector General’s draft report and has developed corrective actions to address each one. They are listed below.

**OMS RESPONSE TO REPORT RECOMMENDATION**

No.	Recommendation	High-Level Intended Corrective Actions	Estimated Completion
1	Implement procedures to verify that contracting officers perform and document annual reviews of active blanket purchase agreements.	OMS/OAS will reinforce mechanisms already available via OAS Contract Management & Assessment Program (CMAP) and the EPA’s Acquisition Guide (EPAAG) 1.6.1-A reviews and approvals to verify that COs perform and document annual reviews of active blanket purchase agreements (BPAs).	November 15, 2021

No.	Recommendation	High-Level Intended Corrective Actions	Estimated Completion
		OMS/OAS will issue a BPA flash notice to reiterate the need and importance of oversight requirements in accordance with the applicable FAR, EPAAG, and/or CMAP sections.	
2	Implement procedures to verify that contracting officers request vendor price discounts on blanket purchase agreement orders, as appropriate, before issuing an order or in conjunction with the annual review of active blanket purchase agreements.	<p>OMS/OAS will reinforce mechanisms already available via OAS CMAP and EPAAG 1.6.1-A reviews and approvals to verify that COs' documentation specifically address mandatory requirements to seek or request price reduction or discounts in accordance with FAR 13.303-2, <i>Establishment of BPAs</i> and FAR 8.405-4, <i>Price reductions</i>.</p> <p>OMS/OAS will issue a BPA flash notice to reiterate the need and importance of oversight requirements in accordance with the applicable FAR, EPAAG, and/or CMAP sections.</p>	November 15, 2021
3	Implement procedures to verify that contracting officers determine whether a single-award blanket purchase agreement is appropriate when establishing a new blanket purchase agreement. Document these determinations in the blanket purchase agreement files.	<p>OMS/OAS will reinforce mechanisms already available via OAS CMAP and EPAAG 1.6.1-A reviews and approvals to verify that COs properly determine the appropriateness of a single-award blanket purchase agreement.</p> <p>OMS/OAS will issue a BPA flash notice to reiterate the need and importance of oversight requirements in accordance with the applicable FAR, EPAAG, and/or CMAP sections.</p>	November 15, 2021

If you have any questions regarding this response, please contact Mitch Hauser, Audit Follow-up Coordinator, of the Office of Resources and Business Operations, (202) 564-7636 or hauser.mitchell@epa.gov.

Cc: Catherine Allen  
Melinda Burks  
Lynnann Hitchens  
Kimberly Patrick  
Pamela Legare  
Celia Vaughn  
Dan Coogan  
Jan Jablonski  
Marilyn Armstrong  
Mitchell Hauser  
Andrew LeBlanc  
Jose Kercado

## ***Distribution***

The Administrator  
Deputy Administrator  
Chief of Staff, Office of the Administrator  
Deputy Chief of Staff, Office of the Administrator  
Agency Follow-Up Official (the CFO)  
Assistant Administrator for Mission Support  
Agency Follow-Up Coordinator  
General Counsel  
Associate Administrator for Congressional and Intergovernmental Relations  
Associate Administrator for Public Affairs  
Principal Deputy Assistant Administrator for Mission Support  
Associate Deputy Assistant Administrator for Mission Support  
Deputy Assistant Administrator for Administration and Resources Management, Office of Mission Support  
Director, Office of Continuous Improvement, Office of the Chief Financial Officer  
Director, Office of Acquisition Solutions, Office of Mission Support  
Director, Office of Resources and Business Operations, Office of Mission Support  
Deputy Director, Office of Acquisition Solutions, Office of Mission Support  
Audit Follow-Up Coordinator, Office of the Administrator  
Audit Follow-Up Coordinator, Office of Mission Support  
Audit Liaison, Office of Acquisition Solutions, Office of Mission Support