



At a Glance

Why We Did This Review

We performed this review to determine whether the U.S. Environmental Protection Agency (EPA) effectively manages contractor-held property (CHP). Specifically, we wanted to determine whether EPA (1) effectively oversees CHP, (2) accurately reports CHP, and (3) adequately addressed prior recommendations on CHP.

Background

EPA's Office of Administration and Resources Management (OARM) is responsible for developing and establishing an effective and efficient property and contract management program. In November 2009, EPA transferred the oversight of CHP within OARM, from the Office of Acquisition Management to the Office of Administration, Facilities Management Services Division.

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

The full report is at:
www.epa.gov/oig/reports/2012/20120403-12-P-0388.pdf

EPA Should Improve Controls for Managing Contractor-Held Property

What We Found

EPA does not have effective oversight of CHP, did not accurately report CHP in its fiscal year (FY) 2010 financial statements, and did not fully implement corrective actions from an Office of Inspector General 2006 audit report. EPA does not have effective oversight of CHP in terms of property administration, policies and procedures over the CHP management program, and modifications to contracts with CHP. Further, EPA incorrectly recorded CHP and reported property in the wrong funding appropriation. As a result, EPA overstated CHP by \$34.6 million in the FY 2010 financial statements. EPA did not fully implement corrective actions to address recommendations from our FY 2006 report, *EPA Needs to Strengthen Oversight of Government Furnished Property*. EPA provided corrective actions, but only implemented one of two recommendations. Without accurate CHP records and proper property administration at contractor sites, the Agency has no safeguards over property and could inaccurately report CHP in the financial statements. In FY 2011, EPA addressed the accuracy of CHP and adjusted its FY 2011 financial statements for the overstatements.

What We Recommend

We recommend that the Assistant Administrator for Administration and Resources Management quantify the universe of CHP and assign more resources to the property administration function, designate CHP as a significant deficiency, develop and implement policies and procedures for the property staff, train property staff and contracting officers on current and any new responsibilities over contracts with government property, and revise or update the corrective action plan in the Agency's Management Audit Tracking System for the 2006 audit report and reference any corrective actions.

We recommend that the Chief Financial Officer develop and implement internal controls that require the financial staff to review the funding appropriations for contracts with government property.

EPA agreed with our recommendations and proposed acceptable corrective action plans to address them.