

CHAPTER 10 - SUPERFUND CONTRACTS

Table of Contents

PARAGRAPH TITLES -----	PARAGRAPH NUMBERS -----
OVERVIEW	1.
TYPES OF CONTRACTS	2.
FINANCIAL ROLES AND RESPONSIBILITIES	3.
Ordering Officer/On-Scene Coordinator (OSC)	3.a.
Regional Project Officer (RPO)	3.b.
Regional Administrator (RA)	3.c.
Headquarters Project Officer (HQ PO)	3.d.
Procurement & Contracts Management Division (P&CMD)	3.e.
Servicing Finance Office/ Research Triangle Park (SFO/RTP)	3.f.
Regional Financial Management Office (FMO)	3.g.
Headquarters Program Offices	3.h.
Superfund Accounting Branch/Financial Management Division (SAB/FMD)	3.i.
GENERAL CONTRACT FINANCIAL MANAGEMENT PROCESSES	4.
ANNUAL ALLOCATION REPORTING	5.
CHARGING COSTS TO CONTRACTS FUNDED WITH MULTIPLE ACCOUNTS/APPROPRIATIONS	6.
REFERENCES	7.
EXHIBIT TITLES -----	EXHIBIT NUMBERS -----
Superfund Contracts Financial Management Roles and Responsibilities	2550D-10-1
EPA Forms Commonly Used for Superfund Procurements	2550D-10-2
Project Officer Invoice Approval Form	2550D-10-3
Annual Summary of Non-Site Superfund Costs	2550D-10-4

```
-----
RESOURCES MANAGEMENT DIRECTIVES                2550D
FINANCIAL MANAGEMENT OF THE SUPERFUND PROGRAM    07/25/88
SUPERFUND CONTRACTS
-----
```

CHAPTER 10 - SUPERFUND CONTRACTS

1. OVERVIEW. The Superfund program uses procurement contracts to obtain a variety of services from private contractors. Much of the site work and program support services for Superfund actions is performed under these extramural contracts. Because of the unique programmatic requirements and special accounting needs of Superfund, some of the contracting procedures and instruments differ from those typically used by EPA. This chapter describes the procedures and instruments used in contracting for services in the Superfund program, with emphasis on financial requirements. Standard Agency contract processes are described in the Contracts Management Manual.

2. TYPES OF CONTRACTS. For purposes of this document, Superfund contracts have been divided into four primary categories: those designed to provide contractor services for (1) remedial site work, (2) removal site work, (3) general support to removal, remedial or enforcement sites, and (4) general program support. Financial management processes for each of these categories of contracts are presented in Paragraph 4 of this chapter.

a. SITE-SPECIFIC REMEDIAL CONTRACTS. Site-specific remedial contracts refer to those which are obligated site-specifically. Remedial contractors provide site-specific support for remedial investigations/feasibility studies, remedial designs and remedial actions at individual NPL sites, as well as general management support to EPA HQ and regions. Both large, national contracts as well as smaller, pilot, region-specific contracts are in place. Remedial contracts are obligated and tracked on a site-specific basis in the Agency's Financial Management System (FMS).

b. SITE-SPECIFIC REMOVAL CONTRACTS. Site-specific removal contracts refer to those which are obligated site-specifically. For removal actions, the removal program uses an established contracting network, for example, Emergency Response Cleanup Services (ERCS), mini-ERCS, regional ERCS or state or special contracts, to expedite response. In

these cases, site-specific removal contracts are obligated by the regional Ordering Officer (generally the OSC) or at Headquarters. Obligational authority is determined by the type and amount of the contract, as shown on Exhibit 2550D-10-2 at the end of this chapter.

Site-specific removal contracts, which may be awarded on a zone-, region- or site-specific basis are obligated and tracked site-specifically in FMS.

c. GENERAL SITE SUPPORT CONTRACTS. This category includes contracts which are not obligated on a site-specific basis. These contracts, which are administered by Headquarters, create a pool of contract labor capable of providing broad technical and planning support to any removal, remedial or enforcement site on an "as needed basis". The types of support include:

- o Specialized technical support at sites such as site investigations, preliminary assessments, hazard assessments
- o General technical and management support
- o Enforcement support, e.g., responsible party searches, title searches, Potentially Responsible Party oversight
- o Negotiation and litigation support
- o Analytical laboratory support.

Examples of this type of contract include, but are not limited to, the: Field Investigation Team (FIT), Technical Assistance Team (TAT), Contract Laboratory Program (CLP), and the Environmental Services Assistance Team (ESAT). Although these contracts are not obligated site-specifically, general site support contractors are required to maintain their costs on a site-specific basis and to include a site-specific attachment with each invoice (see paragraph 4d).

d. GENERAL PROGRAM SUPPORT CONTRACTS. This group of contracts provides general program management support to Headquarters and Regional Program Offices. These contracts are not for site-specific work and are not obligated site-specifically. They are administered by Headquarters.

3. FINANCIAL ROLES AND RESPONSIBILITIES. This section outlines key roles and responsibilities for managing Superfund contracts. Exhibit 2550D-10-1 at the end of this chapter provides greater detail in this area.

a. ORDERING OFFICER/ON-SCENE COORDINATOR (OSC).
The Ordering Officer is often the On-Scene Coordinator (OSC). The OSC is responsible for preparing procurement requests or delivery orders under existing contracts, in order to procure contractor

services. For site-specific removal contracts, the Ordering Officer may commit and obligate funds per a written "Delegation of Procurement Authority" without going through normal procurement procedures, by utilizing EPA Superfund Emergency Contracting Procedures, available from P&CMD. The OSC or Deputy Project Officer monitors contractor activities and reviews and certifies the site portion of site-specific removal contractor invoices.

b. REGIONAL PROJECT OFFICER (RPO). For site-specific remedial contracts, the RPO initiates the commitment of funds, monitors contractor activities, and may review contractor invoices.

c. REGIONAL ADMINISTRATOR (RA). The RA has authority to approve removal and certain remedial activities and to obligate removal activities up to a ceiling of \$2,000,000.

d. HEADQUARTERS PROJECT OFFICER (HQ PO). The HQ PO initiates commitments for certain contracts, manages contract activities, and reviews the monthly financial and annual allocation reports. HQ POs are responsible for the certification of all contractor invoices for HQ-initiated contracts, with the exception of the site portion of site-specific removal invoices.

e. PROCUREMENT & CONTRACTS MANAGEMENT DIVISION (P&CMD). P&CMD carries out contract award and management responsibilities. Contracting Officers award contracts, determine and notify the Servicing Finance Office/RTP which contracts require site-specific invoice attachments and/or annual allocation reports, and are responsible for contract closeout processing. P&CMD is currently undertaking efforts to decentralize the contracting function by placing Contract Specialists in each region. Contracting Officers may be placed in the regions in the future.

f. SERVICING FINANCE OFFICE/ RESEARCH TRIANGLE PARK (SFO/RTP). The SFO/RTP is responsible for entering contract award data, obligations and payments into the Financial Management System (FMS) for all Superfund, as well as other Agency, contracts. This office provides to the Superfund Accounting Branch all site-specific payment documents required for cost recovery actions. It also processes site-specific invoice attachments and annual allocation reports.

g. REGIONAL FINANCIAL MANAGEMENT OFFICE (FMO). The Regional FMO's contract-related functions consist of processing regional commitments and entering them into the Document Control

Register and FMS.

h. HEADQUARTERS PROGRAM OFFICES. The Superfund HQ Program Offices are responsible for the funds control function for HQ Program Office commitments and obligations and for overseeing the Project Officers' financial management of contracts. (Note: Allowance Holders in other EPA offices with Superfund allowances also perform funds control for their respective allowances.)

i. SUPERFUND ACCOUNTING BRANCH/FINANCIAL MANAGEMENT DIVISION (SAB/FMD). In the contracts area, the SAB is responsible for managing the ongoing site-specific and annual allocation reporting processes and informing Superfund Project Officers of site-specific requirements for new Superfund contracts.

4. GENERAL CONTRACT FINANCIAL MANAGEMENT PROCESSES

a. OVERVIEW. Superfund contracts are awarded through standard procurement procedures (see RMDS 2550C Chapter 2 and the EPA Contracts Management Manual or refer directly to the directives prepared for each contract). Exhibit 2550D-10-2 at the end of this chapter contains information on the procurement forms used for most Superfund contracts. The unique aspect of Superfund contract processing and financial tracking stems primarily from the need to associate contractor costs incurred with specific Superfund sites in order to assist in the cost recovery process. Cost recovery negotiations with responsible parties or court actions require careful documentation of Federal costs incurred at each site/spill. The following paragraphs describe key financial management processes for each of the primary categories of Superfund contracts described in Paragraph 2.

b. SITE-SPECIFIC REMEDIAL CONTRACTS.

(1) COMMITMENT OF FUNDS. The RPO (site-specific activities) or the HQ PO (program management activities) will prepare the procurement request (PR), obtain all necessary Headquarters or Regional Program Office approvals and signatures, and forward the approved document to the Regional FMO or HQ Program Office for certification of funds availability and the addition of accounting information (account number and Document Control Number). The Regional FMO or HQ Program Office enters the commitment into FMS.

(2) OBLIGATION OF FUNDS. Site-specific remedial contracts are obligated by P&CMD in Headquarters. Contract modifications must be processed in accordance with guidance issued by P&CMD. P&CMD

distributes the processed obligating document, and the SFO/RTP enters the obligation into FMS.

(3) INVOICE PROCESSING. Remedial site-specific contractors submit their monthly invoices to the SFO/RTP, which transmits these to the HQ PO. HQ POs are responsible for certifying the invoice on the Project Officer Invoice Approval, form number 2550-19 (Exhibit 2550D-10-3). Approved invoices are returned to the SFO/RTP for processing and payment.

c. SITE-SPECIFIC REMOVAL CONTRACTS.

(1) Commitment of Funds. OSCs or other Ordering Officers prepare the PR for the site portion of the contract and obtain all necessary Regional Office approvals and signatures. The HQ PO prepares the PR for the program management portion. The Regional FMO or HQ Program Office certifies the availability of funds and assigns accounting information. The FMO or HQ Program Office enters the commitment into FMS.

(2) OBLIGATION OF FUNDS. Although a PR is generally prepared in advance of the obligating document for removals, these documents may be processed simultaneously or out of sequence, due to the urgent nature of removal actions. OSCs have the contractual authority to obligate up to \$250,000 via a Delivery Order under an existing contract; however, regions have limited this authority to \$50,000. For contract amounts over this authority, the OSC forwards the obligating document to the RA for approval and to P&CMD for obligation and processing. The SFO/RTP enters the obligation into FMS.

(3) INVOICE PROCESSING. The OSC or Deputy Project Officer reviews the site portion of contractor invoices and signs a statement indicating that the services for which the contractor is invoicing have been provided. The OSC forwards the certified copy of the invoice to SFO/RTP for processing and payment. The HQ PO reviews and certifies the program management portion of site-specific removal contractor invoices and forwards them to the SFO/RTP for processing and payment.

d. GENERAL SITE SUPPORT CONTRACTS.

(1) COMMITMENT AND OBLIGATION OF FUNDS. Headquarters POs prepare the PRs to commit funds; the program office certifies funds availability, assigns the accounting data and enters commitments into FMS. Obligations are made by P&CMD; the obligating

documents are transmitted to the SFO/RTP for entry into FMS.

(2) INVOICE PROCESSING. General site support contractors must submit with each invoice a site-specific attachment, which details the costs incurred at each site with an EPA site/spill identifier (S/S ID). The site-specific attachment must include the invoiced costs for each of the following categories:

- o Each site with an EPA S/S ID
- o All other sites, i.e., those without an EPA S/S ID, on one line item per region
- o Program management
- o Base and award fees
- o Non-site activities, identified separately, such as training of state personnel or coordination of regional activities
- o Non-Superfund costs, as applicable, on one line item per appropriation.

The contractors submit original invoices to RTP and advance copies to the HQ PO simultaneously. Upon receipt of the invoice with the site-specific attachment, the PO will review the invoice in accordance with the procedures set forth in the Project Officers' Handbook, Section M-6.209-4. The PO will also review the site-specific attachment for reasonableness of the site-specific charges. In some cases, the Regional Deputy Project Officers or Regional Project Officers will conduct a concurrent review of the invoice. The Project Officer will then submit the unsigned invoice to the appropriate funds control staff for the Allowance Holder.

The funds control staff (or PO in the absence of such a staff) will assign accounting data to the site-specific attachment, indicating the date, account numbers and DCNs to which the funds were originally obligated and to which the site-specific charges should be made. The funds control staff will return the invoice and site-specific attachment to the Project Officer, who signs the PO Invoice Approval form and returns the entire package to the SFO/RTP. The funds control staff also sends a transmittal to the Financial Reports and Analysis Branch indicating the new site-specific account numbers to be established in FMS.

The SFO/RTP will pay the invoice from the account to which the funds were originally obligated, then redistribute the obligations and charges to the specified site-specific accounts. More detailed procedures regarding site-specific invoicing may be found in the "Project Officer and Allowance Holder Procedures for the Review of Superfund Site-Specific Invoices" dated December 1986 and "Superfund Site-Specific Invoice Processing Procedures for RTP/FMO" dated November 27, 1985.

e. GENERAL PROGRAM SUPPORT CONTRACTS.

(1) COMMITMENT AND OBLIGATION OF FUNDS.

Headquarters program offices indicate the need for contract support, and work with P&CMD to prepare the PR. P&CMD awards and obligates all contracts. The program offices initiate Delivery Orders or Work Assignments for specific work to be performed under the contract.

Commitments are entered into the FMS by the program office; obligations are entered by the SFO/RTP.

(2) INVOICE PROCESSING. Headquarters Project

Officers review and certify monthly contractor invoices and complete the Project Officer Invoice Approval form. The SFO/RTP processes invoices for payment and enters the payments into FMS.

5. ANNUAL ALLOCATION REPORTING

a. OVERVIEW. Annually, on a fiscal year basis, site-specific remedial, site-specific removal and general site support contractors are required to generate reports which allocate their annual non-site costs to sites. This allocation enables the Agency's Financial Management System to accurately reflect the cost of performing site clean-up work, for purposes of cost recovery and external reporting.

b. REPORTING REQUIREMENTS. The contractors submit their allocations on two standard report formats, the Annual Summary of Non-Site Superfund Costs (Exhibit 2550D-10-4) and the Annual Allocation of Allocable Superfund Costs (Exhibit 2550D-10-5). The costs to be included are the sum of the 12 invoices paid for work performed during the fiscal year, i.e., October-September. Two copies (original plus one) of the report are due to the Superfund Accounting Branch (SAB) 90 days following the receipt of payment for the September invoice. When the contract performance period ends at a time other than the end of the fiscal year, the report for the last year of the contract is due 90 days following final payment. The specific contractor requirements are included in the documents, "Annual Allocation Requirements for Site-Specific Superfund Contractors" and "Site-Specific Invoicing Requirements for Superfund Contractors Whose Funds Are Not Obligated Site-Specifically," both dated February 1986.

c. DETERMINING ALLOCABILITY OF NON-SITE ACTIVITIES. Before beginning the allocation process, the contractor must submit a listing of all non-site activities to the SAB, which will, along with the Project Officer, determine which of the non-site activity costs should be allocated to sites. In general, activities which support site clean-up should be considered as allocable; their costs will be reported as "allocable non-site activities." Costs for activities which do not support site clean-up, or for activities which benefit sites

in addition to those worked on by the contractor, will be reported as "non-allocable non-site activities."

d. SAB REVIEW OF ANNUAL ALLOCATION REPORTS. The SAB review of the annual allocation reports consists of the following steps:

(1) Reconcile paid amounts. The contractor must submit an invoice listing before or along with the annual report, indicating the amount and number of each invoice paid during the fiscal year. The SAB must reconcile this amount with the paid amount in FMS before the annual report can be reviewed.

(2) Review the non-site activities. The SAB must ensure that the non-site activities have been designated as "allocable" or "non-allocable" as agreed upon previously with the contractor.

(3) Determine that the total non-site superfund costs Paid on the Annual Summary represent the non-site Superfund costs paid to the contractor during the preceding fiscal year as recorded in FMS.

(4) Ensure that the Total Allocable Costs on both parts of the report are the same. The Total Allocable Superfund Costs on the Annual Summary must be the same as the Total Allocable Superfund Costs at the bottom of the Annual Allocation.

(5) Determine that the allocation methodology has been thoroughly and correctly documented.

Once the SAB has completed its review, the report is transmitted to the program office.

e. PROGRAM OFFICE REVIEW AND ASSIGNMENT OF ACCOUNTING DATA. The funds control staff of the appropriate Allowance Holder is responsible for assigning accounting data to the annual report.

The funds control staff should use the same procedures outlined in the monthly invoice review procedures referred to in paragraph 4d to assign the following accounting data to this report:

- o Date (of initial obligation)
- o Document Control Number
- o Account Number To (site account number to be charged)
- o Account Number From (account to which funds were obligated)
- o Object Class

The PO will receive the Annual Allocation portion of the report from the funds control staff, along with the form,

"Acknowledgement of Review and Approval of Superfund Contractor's Annual Allocation Report."

The Project Officer should review the Annual Allocation and sign and date this form to indicate his/her approval to transfer funds within the contract as specified by the funds control staff. The Acknowledgement and the Annual Allocation portion of the report should then be transmitted to the SAB, who will send the reports to the SFO/RTP for redistribution of charges.

6. CHARGING COSTS TO CONTRACTS FUNDED WITH MULTIPLE ACCOUNTS/APPROPRIATIONS. EPA receives monies for contracts from several appropriations. The Agency may fund a contract from one or more of these appropriations, depending on the nature of the goods or services provided. The obligation of funds for a contract is made against specific account numbers under the source appropriation(s).

The SFO/RTP is legally responsible for ensuring that payments on each contract are made from the proper source of funds (appropriation) and charged to the proper account. To carry out this responsibility, the SFO/RTP must receive sufficient information on the Project Officer Invoice Approval forms to correctly charge contract costs.

The SFO/RTP cannot pay contractor billings unless the account numbers and amounts to be charged to each account are clearly stated on the Project Officer Invoice Approval form. A Project Officer's failure to comply with the procedures set forth below will delay processing of payments and may result in an Agency violation of Prompt Payment Act requirements. These procedures are necessary to ensure full Agency compliance with GAO standards and legal requirements for certifying contract invoices for payment.

- a. FUNDING OF WORK ASSIGNMENTS. To the extent possible, work assignments or delivery orders issued under a contract should be funded from only one appropriation, Allowance Holder and account number. Funding the work assignments in this manner will expedite the completion of the Project Officer Invoice Approval form, and no review of allocation method as discussed below will be required.

- b. APPROVAL OF ALLOCATION METHOD FOR MULTIPLE APPROPRIATION FUNDED CONTRACTS. The Director, Financial Management Division, must approve Project Officers' rationale for allocating costs among appropriations when:

- (1) Any specific work assignment or delivery order will be funded from more than one appropriation, or

(2) Any proposed contract will be funded from more than one appropriation and will have neither delivery orders nor work assignments.

This rationale must be submitted to the Director, FMD, and approved before these work assignments/delivery orders will be issued or before such proposed contracts will be awarded.

- c. INVOICE PAYMENT. Whenever a contract has multiple account funding, the Project Officer must provide on every Project Officer Invoice Approval form for payment the account number and amounts against which invoiced costs are to be charged.

7. REFERENCES

- a. Emergency Response Cleanup Services Contracts (ERCS) Users Manual (1987)
- b. FIT Users Manual (1986)
- c. Technical Assistance Team (TAT) Users Manual (September 1987)
- d. REM/FIT Users Manual (October 1982)
- e. EPA Contracts Management Manual (1984)
- f. "Annual Allocation Requirements for Site-Specific Superfund Contractors" (February 1986)
- g. "Site-Specific Invoicing Requirements for Superfund Contractors Whose Funds Are Not Obligated Site-Specifically" (February 1986)
- h. "Project Officers' and Allowance Holders' Procedures for Review of Contractors' Annual Allocation Reports" (December 1986)
- i. "Project Officer and Allowance Holder Procedures for Review of Superfund Site-specific Invoices" (December 1986).
- j. "Superfund Site-Specific Invoice Processing Procedures for RTP/FMO" (November 27, 1985).
- k. Removal Cost Management Manual (Draft) (July 10, 1987).

--*--*--*--*--*--*--*--*--*--*--*--*--

The following Exhibits are not available on FMD-SAGE:

Exhibit 2550D-10-1 SUPERFUND CONTRACTS FINANCIAL MANAGEMENT
ROLES AND RESPONSIBILITIES

Exhibit 2550D-10-2a EPA FORMS COMMONLY USED FOR SUPERFUND and
2550D-10-2b PROCUREMENTS

Exhibit 2550D-10-3 EPA FORM 2550-19, PROJECT OFFICER INVOICE
APPROVAL

Exhibit 2550D-10-4 ANNUAL SUMMARY OF NON-SITE SUPERFUND COSTS

Exhibit 2550D-10-5 ANNUAL ALLOCATION OF ALLOCABLE SUPERFUND COSTS

--*-*-*-*-*--END 2550D-10-*-*-*-*-*--