

SUPPORTING STATEMENT

1. IDENTIFICATION OF THE INFORMATION COLLECTION

(a) TITLE OF THE INFORMATION COLLECTION

Information Collection Request (ICR) 1039.13, Monthly Progress Reports (Renewal), OMB Control No. 2030-0005, covers an Agency requirement for contractors to submit technical and financial progress reports under cost reimbursement, indefinite quantity, time and material, and labor hour types of contracts. The information collection is entitled: Monthly Progress Reports, Submission of Invoices, and Related Information. This ICR expires on April 30, 2012.

(b) SHORT CHARACTERIZATION

Appropriate Government surveillance of contractor performance is required to give reasonable assurance that efficient methods and effective cost controls are being used for various cost reimbursable and fixed rate contracts.

On a monthly basis, the Agency requires contractors to provide the project officer with a report detailing (a) what was accomplished on the contract during that period, (b) what remains to be done, and (c) expenditures for the same period of time. This allows the project officer to monitor the efficiency and cost effectiveness of the work being performed. These progress reports become part of the contract file.

2. NEED FOR AND USE OF THE COLLECTION

(a) NEED/AUTHORITY FOR THE COLLECTION

FAR 16.301-3(a)(2) and 16.601(b)(1) require that cost-reimbursement, time and material and labor hour contracts are monitored in terms of financial and technical efficiency. Environmental Protection Agency Acquisition Regulation (EPAAR) 1511.011-72 prescribes the clause for progress reports which is used for these types of contracts. EPAAR clause 1552.211-72, Monthly Progress Report, provides the specific requirements of the report.

(b) USE/USERS OF THE DATA

Progress reports will be used by the project officer to monitor the contractor's progress under a specific contract. If problems with the contractor's performance arise, the contracting officer may also review the progress reports to determine what action may need to be taken.

3. NONDUPLICATION, CONSULTATION AND OTHER COLLECTION CRITERIA

(a) NONDUPLICATION

Monthly progress reports are unique to each individual contract. Information concerning the financial and technical progress of a contractor under a specific contract is not available from any other source.

(b) CONSULTATIONS

For this ICR action, the following firms and individuals were contacted to discuss the use of and the amount of time it takes to complete the information request.

<u>Name</u>	<u>Affiliation</u>	<u>Phone</u>
Mr. Ed Sussenguth	Tetra Tech EMI	510-302-6333
Ms. Tracy Allison	CSC, Inc.	703-870-3647
Ms. Lea Ann Smith	Alion Science and Tech	703-752-7655
Mr. David Dobb	Techlaw Inc.	360-871-8750

Individuals consulted indicated the information requested is readily available. The individuals consulted indicated that they understood the need for the information collection and did not find the collection excessively burdensome. Estimated time to complete the information collection was considered in "Respondent Burden Estimate."

(c) EFFECTS OF LESS FREQUENT COLLECTION

Most EPA contracts involve complex services requiring numerous contractor employees and extensive funding. It is imperative that the Agency be aware of the actions the contractor is taking and the amount of funding expended on a monthly basis. Less frequent collection would jeopardize the Agency's ability to determine the reasonableness of costs and to take timely action in the event of technical or cost problems under its contracts.

(d) GENERAL GUIDELINES

This information collection follows OMB's general guidelines with the exception of requiring the same information from small entities as other respondents and requiring the information to be submitted more often than quarterly. Monthly progress reports are mandatory for those holding Agency contracts with reporting requirements.

Progress reports are required on a monthly basis. Contracts requiring progress reports generally run from three to five years. Most contractors invoice once a month under these contracts. By submitting the progress report with the invoice the contractor gives the project officer, who is responsible for monitoring the contract, and opportunity to review the financial information contained in the progress report, and compares it to the invoice. Monthly review of

this information allows the Agency to promptly note when performance or cost problems arise and take immediate action.

This information is required because of the complex nature of the contracts used. Every contractor, even small entities, must provide the information in order for the Agency to adequately monitor the contracts.

(e) Information collected under this request, particularly cost and pricing data, is treated as Confidential Business Information (CBI). This information is protected from public release in accordance with the Agency's confidentially regulation, 40 C.F.R. Part 2.201 et seq.

(f) Public Notice Required Prior to ICR Submission to OMB: Public notice required prior to ICR Submission to OMB: The Federal Register document required pursuant to 5 CFR 1320.8(d), soliciting comments in this collection of information, was published on 27 October 2011. EPA received no comments.

4. THE RESPONDENTS AND THE INFORMATION REQUESTED

(a) RESPONDENTS/NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) CODES

The majority of respondents are anticipated to fall into one of the following NAICS codes: 511210 for prepackaged computer software, 541511 for computer processing services, 541710 for computer-related services, and 541620 for environmental consulting services.

(b) INFORMATION REQUESTED

Under this ICR, respondents will be required to provide the following information:

- Progress made during the reporting period including percent of project completed, description of the action of work accomplished, and a schedule of deliverables for the reporting period;
- Specific discussions of difficulties encountered and remedial action taken during the reporting period and anticipated activity during the subsequent reporting period;
- A list of outstanding actions awaiting the contracting officer's authorization;
- Cumulative costs at the contract level for: the amount claimed for the current reporting period, the amount obligated, originally invoiced, paid, suspended, disallowed and remaining approved for the cumulative period and contract life;
- Labor hours consisting of a list of employees, their labor categories, and the number of hours worked;

- Labor hours expended and direct labor hours and costs detailed for the current reporting period.
- Labor hours negotiated, expended and remaining, and labor hours and costs detailed for the cumulative contract period and cumulative contract life.
- The estimated labor hours and costs to be expended during the next reporting period.
- The current dollar ceilings, net amount invoiced and remaining amounts in several categories.
- Unbilled allowable costs for the current reporting period and cumulative for the contract.
- Actual average direct labor costs compared with the negotiated average for the current contract period.
- Similar financial status information to that already outlined, but at the work assignment level or task/delivery order level.

5. THE INFORMATION COLLECTED - AGENCY ACTIVITIES, COLLECTION METHODOLOGY AND INFORMATION MANAGEMENT

(a) AGENCY ACTIVITIES

Once the information is received by the Agency, it is reviewed by the project officer against existing financial data, contractor deliverables and agency records for verification. If no discrepancies are noted, the report is placed in the contract file.

(b) COLLECTION METHODOLOGY AND MANAGEMENT

Many respondents prepare their reports by computer. Software programs are available which easily track financial data. Submissions are accepted in any format so long as the required data is provided. Various software programs are used by the Agency to monitor contractor activity under contracts requiring progress reports.

(c) SMALL BUSINESS FLEXIBILITY

Only the minimum information necessary to ensure the contractor is performing in a technically effective and cost efficient manner is required. Because the information requested is vital to the effective monitoring of Agency contracts, separate or simplified procedures cannot be developed for small businesses.

(d) COLLECTION SCHEDULE

Most contractors invoice once a month under service contracts. Progress reports are required on a monthly basis so that charges on the invoice can be reconciled with financial and technical information provided in the report.

6. ESTIMATING THE BURDEN AND THE COST OF THE COLLECTION

(a) ESTIMATING RESPONDENT BURDEN

(i) Labor Costs

Respondent burden is based on historical data and figures provided during the consultations referred to in paragraph 5(b). Collection activity hours have decreased slightly since last clearance received, due mainly to improved tracking software, and increased familiarity with EPA reporting requirements.

<u>Collection Activity</u>	<u>Hours Per Month</u>	<u>Rate</u>	<u>Cost</u>
1. Gather information	9.60	\$99.06	\$ 950.98
2. Compile and Process information	15.40	\$81.96	\$1262.18
TOTALS	25.00		\$2,213.16

In most instances, it is the contractor's project or program manager who manages the effort under the contract and ultimately prepares the progress report. The information gathering is performed by the assistant project manager or other finance staff members. Compilation and information processing is performed by a data entry clerk or other finance staff members. The labor rates are based on information provided by the respondents.

The prior ICR calculated that EPA had 203 active contracts requiring monthly progress reports in 2008. This figure was calculated by the contract writing system that EPA used at the time, which allowed for contract searches by clause. Since then EPA has changed to a new contract writing system that does not allow for similar contract searches, so this office was unable to calculate a new number of active contracts for this ICR. Given this change of circumstance, we are using the same 203 active contracts figure for this ICR because this office does not believe that this number is no longer a good approximation of active contracts requiring MPRs, even when considering any potential increases in contracts resulting from ARRA funding (*e.g.*, in FY10 this office awarded a total of approximately 20,000 contract actions, only 226 of which were subject to ARRA reporting requirements). Because of this, and after further consultation with the coworker who provided the subject ARRA statistic, this office does not believe that burden estimates need to be changed to account for any ARRA funding issues.

These estimated 203 contracts each require a monthly progress report (203 contracts x 12 months each = 2,436 responses). Respondents on average take 25 hours per month to complete each response. Therefore, total burden for one year is 60,900 hours (25 hours per response x 2,436 responses). The annual cost to respondents based on the figures shown above is \$5,391,258 (\$2,213.16 per response x 2,436 responses). Contractors are reimbursed for these costs under the applicable contract.

(ii) Capital/ Start-up Costs

Because it will not be necessary for respondents to acquire any capital goods to provide the requested information, EPA has not estimated any capital/start-up costs.

(iii) Operating and Maintenance Costs

Operating and maintenance costs consist of postage and photocopying, are estimated at \$12.00 per response x 2,436 responses = \$29,232.

(b) ESTIMATED AGENCY BURDEN AND COST

Agency burden estimates were developed by procurement personnel who work with the types of contracts addressed in this clearance. On the average, the same amount of time is required to review the data for each type of contract. Progress reports are reviewed by the Agency project officer and contracting officer responsible for the contract. Agency burden is calculated as follows:

<u>Collection Activity</u>	<u>Hours Per Month</u>	<u>Rate</u>	<u>Cost</u>
Audit/review data submissions	2	\$73.06	\$146.12

Burden hours for the contracting officer and the project officer are combined for a total of two (2) hours. Calculations are based on both these individuals being GS-13s. Estimate includes GS-13 salary at \$45.66 per hour, multiplied by a factor of 1.6 to reflect benefits, which yields a loaded rate of \$73.06. Therefore, total annual agency burden is summarized as follows: Total burden hours = 2,436 responses x 2 hours per response = 4,872 hours. Total burden costs: \$146.12 per response x 2,436 responses = \$355,948.32.

(c) REASONS FOR CHANGE IN BURDEN

In the last OMB clearance, respondent burden was estimated at 65,772 hours. The current estimate is 60,900 hours for an overall decrease of 4,872 hours. Collection activity hours have decreased since the last clearance, due mainly to improved tracking software, and increasing familiarity with EPA reporting requirements. A comparison of the last OMB approval and the present request is presented below:

Prior Approval

203 contracts
 2,436 responses
 27 hours per response

Present Request

203 contracts
 2,436 responses
 25 hours per response

7. BURDEN STATEMENT

The annual public reporting and recordkeeping burden for this collection of information is estimated to average 25 hours per response. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR part 9 and 48 CFR chapter 15.

To comment on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including the use of automated collection techniques, EPA has established a public docket for this ICR under Docket ID Number EPA-HQ-OARM-2011-0748, which is available for public viewing at the Office of Environmental Information (OEI) Docket in the EPA Docket Center (EPA/DC), EPA West, Room 3334, 1301 Constitution Avenue, NW, Washington, D.C. The EPA Docket Center Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Reading Room is (202) 566-1744, and the telephone number for the OEI Docket is (202) 566-1752. An electronic version of the public docket is available through EPA Dockets (EDOCKET) at <http://www.epa.gov/edocket>. Use EDOCKET to submit or view public comments, access the index listing of the contents of the public docket, and to access those documents in the public docket that are available electronically. Once in the system, select "search," then key in the docket ID number identified above. Also, you can send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW, Washington, DC 20503, Attention: Desk Office for EPA. Please include the EPA Docket ID No. EPA-HQ-OARM-2011-0748 and OMB Control Number 2030-0005 in any correspondence.