

## **8. Acquisition Management**

Procurement, contracts, and grants historically have been areas subject to fraud and waste Government-wide; managing them continues to pose a challenge. The Department procurement and financial assistance awards in FY 2010 exceeded \$5 billion, which represented over one-third of the Department's total budget. These awards included \$4.7 billion in contracts with over 70,000 transactions, and more than \$1.7 billion in Federal assistance to over 2,300 recipients.

The Recovery Act provided nearly \$3 billion to the Department. The funds, received by six bureaus, are being awarded under contracts and financial assistance agreements and are being spent on habitat restoration, facilities and roads improvements and construction, scientific equipment, water infrastructure in western states, and improving conditions in Indian country.

To ensure compliance with the stringent requirements of the Recovery Act, the Department issued over ten new policies for acquisition and financial assistance, including new review requirements for actions that were not competitive or fixed price. Bureaus increased their review programs, and the Office of Acquisition and Property Management (PAM) conducted reviews of actions that were non-competitive or not fixed-price. These reviews uncovered opportunities for improved policy and guidance in a number of areas. One key area of focus for financial assistance was on workforce training and professionalism. PAM staff worked closely with OMB and the Office of Personnel Management on the development of a new career series for financial assistance managers and awarding officials.

The Department's acquisition workforce obligated the vast majority of stimulus funds in accordance with the schedule established in the Recovery Act. This significant effort of obligating almost \$3 billion in about 19 months, in addition to executing actions to obligate appropriated funds, placed a severe burden on the acquisition workforce. Most contract awards involved competition and were made as fixed-price awards to minimize risk to the Government.

The Department now faces new Recovery Act challenges and must focus on the execution of the contracts, grants and cooperative agreement to ensure that the awarded funds are used for their intended purposes with minimal waste, fraud, or mismanagement. The acquisition workforce must ensure proper identification of Recovery Act awards and, in coordination with the OMB, diligently update outdated project lists to ensure transparency. The workforce must continue to monitor whether applicable recipients of funds are reporting on [FederalReporting.gov](http://FederalReporting.gov), and bureaus must take aggressive action regarding those who fail to report. Such actions may include termination of contracts or withholding of payments, as well as suspension and debarment proceedings.

Training for contracting officers and grant managers is critical to develop the skills necessary to effectively manage pre-solicitation planning, competition, proper selection of the contracting method, and administration. The Department continues to make progress toward establishing a strong suspension and debarment program to protect against fraud, waste, abuse, and the misuse of Federal funds. In response to our recommendations, the Department committed necessary resources to fund, establish, and staff an effective suspension and debarment program. The Department's Debarment Program Manager and OIG's Compliance Specialist have provided

suspension and debarment training to over 300 contract and financial assistance award personnel and other Department officials. In FY 2010, the Suspending and Debarring Official has taken 25 debarment referrals resulting in 23 debarment actions to date.

Another challenge confronting the Department is the identification and application of funds required for justified contract change orders, especially on large construction projects, and efforts to ensure compliance with the Davis-Bacon Act wage requirements. The Department needs to ensure that Small Business Administration set-aside contracts are not awarded to, or performed by, unqualified contractors.