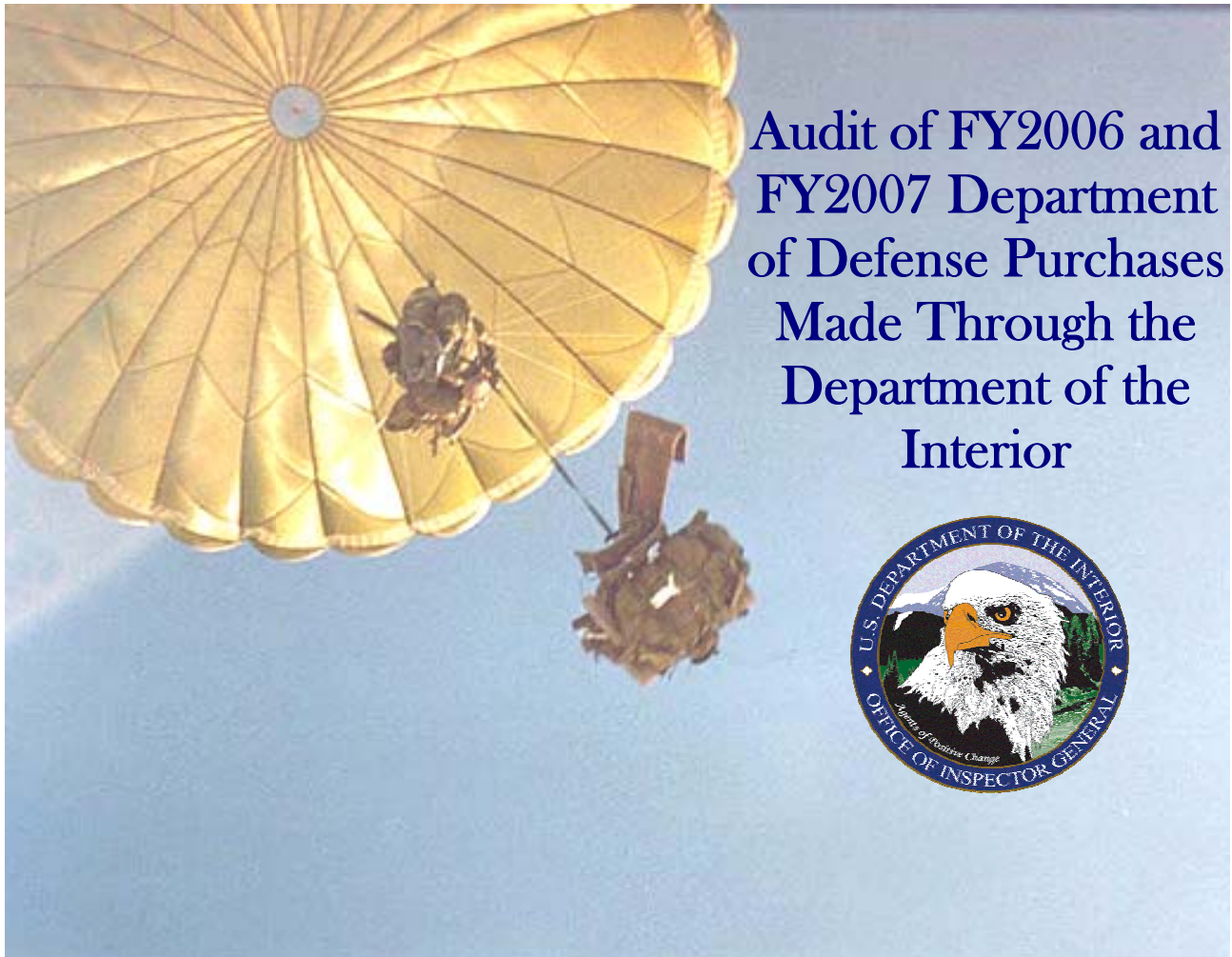




# U.S. DEPARTMENT OF THE INTERIOR OFFICE OF INSPECTOR GENERAL

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## Audit of FY2006 and FY2007 Department of Defense Purchases Made Through the Department of the Interior





# United States Department of the Interior

OFFICE OF INSPECTOR GENERAL  
Washington, DC 20240

FEB 21 2008

## Memorandum

To: Dirk Kempthorne  
Secretary

From: Earl E. Devaney  
Inspector General

Subject: Audit of FY2006 and FY2007 Department of Defense Purchases Made Through the Department of the Interior (Report No. Y-IN-MOA-0001-2007)

The Government Accountability Office (GAO) has identified interagency contracting as a high-risk area for a number of years. Because the National Defense Authorization Act (NDAA) required the Department of Defense Office of Inspector General (DODIG) to work with DOI to review such contracting, we assessed the FY2005 purchases made by DOI's two acquisition centers, the Herndon Branch and the Southwest Branch (SWB) of the Acquisition Services Directorate. Based on our findings, the NDAA required a second audit be conducted, and we include our findings in this report. Please note that the Herndon Branch was known as GovWorks at the time of our audits, and we use the former name throughout both reports.

Overall, we found that SWB has made significant improvements since our first audit. However, GovWorks did not comply in full with legal requirements, the Federal Acquisition Regulations (FAR), or DOD supplemental policies. In fact, GovWorks continues to violate rules designed to protect U.S. Government interests. Its improper use of funds puts DOI at risk for acquisition center loss of business and loss of public confidence and trust.

At the request of DODIG, we also performed an interim review of 25 Military Interdepartmental Purchase Requests (MIPRS) that reflected millions of dollars in potentially expired funds identified in our Report No. X-IN-MOA-0018-2005. We summarize the results of that interim review in an addendum to this report.

The legislation, as amended, creating the Office of Inspector General requires that we report to Congress semiannually on all audit reports issued, actions taken to implement our audit recommendations, and recommendations that have not been implemented. We would appreciate being kept apprised of the action the Department takes on our recommendations. If you have any questions regarding this report, please do not hesitate to call me.

## EXECUTIVE SUMMARY

This report presents the results of the second in a series of required audits of DOD purchases made by DOI. During this second audit, the Office of Inspector General (OIG) revisited the issues identified in our earlier audit of SWB and GovWorks.

DOD and DOI performed both audits jointly.

### **DOI Interagency Contracting**

Two DOI fee-for-service organizations, GovWorks and SWB, provide interagency contracting services to DOD and other federal agencies.

The DOI National Business Center (NBC) operates both. GovWorks is a franchise fund, and SWB functions as part of a working capital fund.

DOD is the largest customer for both organizations. In FY2006, DOI procurement obligations on behalf of DOD totaled approximately \$1.46 billion or 65 percent of total DOI interagency activity.

### **First Audit**

During our first audit<sup>1</sup>, we found that DOI did not always follow appropriation and procurement laws, regulations, or rules. Specifically, we noted deficiencies in:

- Funds Management
- Contract Administration
- Stewardship
- Management Oversight

### **Second Audit**

The objective of this audit was to determine whether the purchases SWB and GovWorks made on behalf of DOD conformed to applicable laws and regulations. We examined specificity of DOD procurement requests, compliance with defense procurement requirements on the part of DOI, and use and tracking of DOD funds. See Appendix 1, Objective, Scope, and Methodology.

During this second joint audit, we examined 40 new contracting actions, 20 at SWB and 20 at GovWorks. We noted improvements in some areas, but continued to find instances in which funds were spent far beyond their periods of availability. Overall, we found 17 instances of improper use of funds, as well as other types of deficiencies, such as contract administration issues and management oversight weaknesses.

We break down the problems we found by organization and discuss them in detail in the “Results of Audit” section. Based on our findings, we provide three recommendations designed to resolve violations of law, ensure that DOI returns all expired and advanced funds to the appropriate agency, or to improve SWB and/or GovWorks operations and performance.

DOD will issue its report on this audit separately.

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<sup>1</sup>DOI OIG Audit Report No. X-IN-MOA-0018-2005, titled “FY05 Department of the Interior Purchases Made on Behalf of the Department of Defense, conducted from August 2005 to October 2006.

## RESULTS OF AUDIT

When acquiring products and services for DOD, DOI sometimes failed to follow appropriation and procurement laws, regulations, and rules. Although the OIG found that SWB performance has improved since our first audit, DOI continues to leave DOD vulnerable to fraud, waste, and mismanagement. Further, DOI is in danger of losing acquisition center business and the public trust.

We examined 20 GovWorks and 20 SWB contracting actions. We found 17 instances in which GovWorks and SWB used funds past their periods of availability (Bona Fide Need Rule) or for other than their intended purpose (Purpose Statute). Other types of deficiencies, such as poor contract administration, were identified in 9 of the 40 contract actions.

### GovWorks

Of the 20 contracting actions we examined at GovWorks, 11 were product purchases and 9 were service purchases (several actions reflect multiple types of deficiencies). We found:

- funds used that had expired (12);
- the wrong type of funds used (3);
- contracting actions completed without required legal reviews (6); and
- contract file deficiencies (5), such as inadequate contracting file documentation for price reasonableness, independent U.S. Government cost estimates, and technical reviews.

Other issues noted during our audit included:

- pre-award billings for entire contracts;
- lack of good stewardship of federal resources; and
- inadequate management oversight.

### Improper Use of Funds

In our first audit, we identified GovWorks' use of expired funds as a basis for potential violation of the Antideficiency Act. The Comptroller General of the United States has reviewed this use of expired funds and found no potential ADA violations (CompGen Decision B-308944) applicable to GovWorks.

In our second audit, however, we found that both GovWorks and SWB improperly used funds in violation of the Bona Fide Needs Rule and/or the Purpose Statute.

The **Bona Fide Need Rule** authorizes use of funds only for expenses that are properly incurred during the period the funds are available.

The **Purpose Statute** allows agencies to use funds only for their intended purpose.



**Improper Use of Funds:** In 12 of the 20 contracting actions reviewed, we found that GovWorks committed funding violations. Examples include accepting expired funds (1); taking Military Interdepartmental Purchase Requests (MIPRs) that lacked enough detail to establish a bona fide need (11); failing to comply with DOD policies and regulations (12); and using the wrong type of funds to procure certain services (3). Several of these actions represent more than one type of deficiency (see the chart on the following page).

In terms of bona fide need, federal funds cannot usually be used for needs that arise outside the fiscal period of their authorization. In other words, agencies may not use FY2006 monies in FY2007 for FY2007 needs. Further, the Comptroller General has ruled that funds conveyed by insufficiently detailed MIPRs cannot be committed. Therefore, MIPRs should contain enough detail so that the contracting organization can obligate funds.

Finally, DOD issued policy guidance on October 16, 2006, that requires award of all contracts and receipt of all commercial products prior to the expiration of the funds used to procure those products or services.<sup>2</sup> Therefore, if a commercial product is ordered with FY2006 money, it must be received on or before September 30, 2006.

Specific examples of improper use of funds include:



**DOI Contract 66592:** GovWorks accepted funds from the Information Technology (IT) Systems Project Office in November 2006 that had expired on September 30, 2006. On December 21, 2006, GovWorks awarded a contract using over \$1 million of these expired funds.



**DOI Contract 66775:** GovWorks accepted a MIPR from the Naval Facilities Expeditionary Logistics Center on September 22, 2006. The MIPR did not contain enough detail to create a valid obligation. The funds expired on September 30, 2006. On October 24, 2006, nearly 1 month after the funds expired, the Navy provided the details needed to award the contract. DOI should have deobligated and returned the funds to DOD. Instead, DOI awarded a contract on November 27, 2006, using over \$3.5 million in expired funds.

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<sup>2</sup>U.S. Department of Defense, Office of the Comptroller, "Non-Economy Act Orders" policy memorandum dated October 16, 2006.



**DOI Contract 67063:** A GovWorks contracting officer awarded this contract totaling more than \$1 million to purchase IT hardware, software, and consumables for the U.S. Marine Corps on January 17, 2007. The FY2006 Marine Corps Operations and Maintenance (O&M) funds used expired on September 30, 2006. The equipment consisted of commercial items, and we found nothing to warrant a 3.5 month delay.



**DOI Contract 67177:** GovWorks awarded this contract totaling \$54,981 for the purchase of a warranty maintenance contract for handheld mobile computers. It used funds designated as “Other Procurement” that have a 3-year availability. This purchase should have been made using O&M funds that have a 1-year availability.

GovWorks has policies in place that should prevent these types of problems from occurring. The policies are intended to govern the review and acceptance of client funding documents, including ensuring funds are used within their periods of availability, determining specificity, and guaranteeing proper funds are used.

Based on our review of the contract files, we determined that these policies were inconsistently followed. We summarize the deficiencies in the table below (see Appendix 3 for additional information pertaining to each contract). Multiple violations on the same MIPR are counted only once.

### GovWorks Violations by Type

Contract Number	MIPR Number	MIPR Lacked Detail	Funds Accepted After Period of Availability	Purpose Statute Violations	Violated DOD Policy dated October 16, 2006
66459	N6260406MP001GV	✓			✓
66592	MIPR6MWCD3YG61		✓		✓
66602	N6258306MPNF175	✓			✓
66624	N6258306MPNF175	✓			✓
	N6258306MPNF176	✓			✓
66672	F2DCCW5306G001			✓	
	F2DCCW6284G001			✓	
66708	V4054062280312	✓			✓
66735	RAWMEP06M00082	✓			✓
	RAWMEP06M00083	✓			✓
66761	N6258306MPNF176	✓			✓
66775	N6258306MPNF175	✓			✓
66810	MIPR6LDLIBA076	✓			✓
67063	M0008006RQDD036	✓			✓
67177	F4FFBU5265G001			✓	

When we raised these issues with GovWorks personnel, they stated that they relied on DOD to send only valid requests. However, DOD components 1) continue to send funds to GovWorks at or near the end of their periods of availability and 2) sometimes provide only vague descriptions of the products or services they request. These vague descriptions are not sufficient to demonstrate a bona fide need in the fiscal period for which the funds were appropriated. GovWorks should always rigorously examine DOD requests to ensure that funds have not expired, as well as comply with the Bona Fide Need Rule and the Purpose Statute.

**Legal Reviews:** We found that GovWorks is still not ensuring that adequate legal reviews are being performed and documented. DOI policy requires that all proposed solicitations for noncommercial items in excess of \$500,000 and for commercial items in excess of \$2 million receive a legal review by the Office of the Solicitor (SOL). A legal review of each negotiated contract acquisition in excess of \$500,000 is also required prior to award.

Of the 20 contract actions we reviewed at GovWorks, 7 required a legal review. In six cases, we found that SOL had not performed legal reviews prior to contract award. We noted this issue during our first audit and still believe it would be in DOI's best interest to ensure that SOL perform adequate legal reviews on all contract actions that require them.

**Contract Administration:** We found that GovWorks is still not adequately documenting price reasonableness determinations, independent U.S. Government cost estimates, or technical evaluations. FAR § 15.406 requires contracting officers to adequately document and support contracting decisions and awards.

Of the 20 contracting actions we reviewed, we found 5 files that contained inadequate documentation. We note some improvement in this area, since we found this same deficiency in 11 of 29 contracting actions reviewed during our first audit. We include in Appendices 2 and 3 summary descriptions of the contracting actions that we reviewed as part of this audit and identify the problems for each.

**Pre-award Billings:** Between March 1 and April 13, 2007, GovWorks — prior to contract award — billed against 230 MIPRs totaling \$127.4 million in DOD funds. On March 1, 2007, DOD issued a policy stating that DOD funds were not to be disbursed in advance of contract performance and any such funds retained by nonDOD federal agencies must be returned. GovWorks personnel were aware of this new requirement and stated that they needed to reprogram computer systems to comply. As of April 2007, GovWorks was working with the DOD Office of the Comptroller to resolve this issue via a phased approach.

**Stewardship:** GovWorks continues to issue many contracting actions from the GSA Federal Supply Schedules or existing DOD contracts. Not only does GovWorks have a responsibility to ensure its contracting actions comply with federal laws and regulations and with DOD policies, it has a fiduciary responsibility to its clients. We maintain that DOI should advise DOD requesting agencies whenever they can fill purchase requests

directly using GSA schedules or existing DOD contracts. When DOI performs these simplified contracting actions, it costs DOD unnecessary fees that could be put to better use.

**Management Oversight:** GovWorks managers developed and implemented a comprehensive corrective action plan in response to our prior audit recommendations and had made progress in implementing many of the plan's actions. However, we still found problems related to issues that the plan had been designed to correct.

For example, one of the items in the plan specified re-issuance of GovWorks's legal review policy and issuance of a reminder to employees of the importance of obtaining a legal review on high-dollar contracting actions. We found instances, however, in which contracting officers submitted requests for legal reviews but did not obtain them before awarding the contracts. The contracting officers were reluctant to delay contract awards until SOL could perform legal reviews because of that Office's backlog. Such decisions violate GovWorks's own policy and put DOI at risk of awarding legally unsound contracts.

Another example that calls into question the effectiveness of implemented plan elements relates to training of GovWorks employees on DOD's "Non-Economy Act Orders" policy memorandum dated October 16, 2006. GovWorks indicated that its employees were trained on this new policy, which prohibits funds from being used after they expire. However, we interviewed a contracting officer in May 2007 who still believed the award of a contract in December 2006 with funds that expired on September 30, 2006, was appropriate based on the fact that GovWorks accepted the funds within their period of availability. This not only violates DOD policy but is also an improper use of prior year funds.

Based on these examples, we concluded that, if corrective actions were taken, they have not been entirely effective. It is clear, however, that DOI still needs to strengthen and improve oversight of GovWorks in the conduct of its business on behalf of DOD.

**Improvements:** GovWorks has made some improvements since our first audit. Specifically, GovWorks is:

- accepting few MIPRs that contain vague descriptions;
- using multiple MIPRs less often to fund single contracting actions; and
- making progress in researching expired funds and returning them to DOD.

As detailed in our first audit report, GovWorks had \$393 million in potentially expired DOD funds on its books as of October 2005. As of April 2007, GovWorks had \$8.3 million in unobligated FY2006 DOD funds on its books. Research was ongoing into resolving the status of these funds.



## **SOUTHWEST BRANCH**

The 20 SWB contracting actions that we reviewed consisted of 5 product purchases and 15 service purchases. While SWB personnel have made progress in addressing the deficiencies from our first audit, we found two Bona Fide Need Rule violations, as well as instances of poor communication between SWB staff and NBC managers.

**Bona Fide Need:** We found that SWB procured products without evidence of sufficient bona fide need. In two cases, SWB purchased commercial products near the end of the fiscal year, and DOD took delivery of the products the following fiscal year.

Generally, appropriated funds should be used only for the needs extant in the fiscal year in which they are authorized. The equipment consisted of commercial items, and we found no evidence in either case that 1) a long lead-time was required to purchase these items, 2) the items were needed to replenish inventory, or 3) an unforeseen delay occurred during the purchase of these items. This use of FY2006 funds to procure products for the needs of FY2007 appears to violate the Bona Fide Need Rule. We include details in Appendix 3.

**Communication:** We found a lack of communication between NBC and SWB. For example, when we assessed the progress NBC had made toward implementing the corrective action plan it developed to address our prior recommendations, we found that NBC managers had not effectively communicated certain actions in the plan to SWB personnel.

Specifically, we found that SWB personnel were unaware of the status of 14 suspended contracting officer warrants or of any plans to reinstate those warrants. In response to our prior audit findings, NBC suspended the warrants for all 18 SWB contracting officers in March 2006. As of May 2007, only four of the warrants had been reinstated. SWB officials stated that they repeatedly asked NBC managers about these warrants but did not receive a definite response. This lack of communication makes planning difficult and results in an increased level of uncertainty. We believe that NBC managers should keep SWB staff informed about the status of and proposed plans for these warrants.

In another example, NBC agreed to assess its organizational structure and implement changes. We found that NBC has planned to add a branch chief position to the SWB organizational structure. That position appeared on the organizational chart in July 2006, but had not been filled as of February 2007. According to SWB personnel, the announcement for this position had opened and closed many times, but the position remained vacant. Further, they did not know the status of then current efforts to fill the position. We believe that a permanent onsite management presence is important for the continued improvement of operations at SWB and that management should keep personnel informed of ongoing efforts to fill this position.

Although SWB has improved in many areas, the communication weaknesses we found indicate that at least some of the procedures outlined in NBC's corrective action plan

have not, in fact, been implemented. For a corrective action plan to be effective, it must be communicated to the people responsible for implementing it. The status of corrective actions should be communicated regularly to all levels of the organization.

**Improvements:** Despite this state of communications between NBC and SWB, we found improvements in many processes and procedures and commend SWB for the improvements made. SWB has now:

- improved contract file documentation, including price reasonableness determinations, independent U.S. Government cost estimates, and technical evaluations;
- included a clause in contracts that addresses potential organizational conflicts of interest; and
- declined to renew the contract option on an Internet-based electronic storefront that had been operated without the required reviews and approvals.

Based on this audit and the results of our first audit, we conclude that DOI continues to leave DOD vulnerable to fraud, waste, and mismanagement. Further, DOI continues to improperly use DOD funds and risks loss of acquisition center business and the public trust.

## **RECOMMENDATIONS**

We recommend that the Secretary direct NBC to:

1. Develop, write, and implement procedures designed to improve the lines of communication from NBC headquarters to SWB.
2. Ensure GovWorks and the SWB:
  - a. research and resolve all violations of the Bona Fide Need Rule identified in this report; and
  - b. establish bona fide need before accepting purchase requests.
3. Ensure GovWorks:
  - a. evaluates all expired funds in DOI possession and establishes a timeline for returning them to the appropriate agency;
  - b. trains employees regarding GovWorks's legal review policy and the provisions contained in the DOD "Non-Economy Act Orders" policy memorandum dated October 16, 2006;

- c. develops and establishes a timeline for discontinuing the practice of advance billing and for returning all advanced funds to DOD;
- d. completes legal reviews on all applicable contracting actions prior to contract award; and
- e. complies with the Purpose Statute.

## **DEPARTMENT COMMENTS AND OIG RESPONSE**

In its January 2, 2008, response to our draft report (Appendix 5), the NBC concurred with all our recommendations and directed the Acquisition Services Directorate (AQD), formally GovWorks, to take the lead in implementing the recommendations. NBC stated, “we believe that your recommendations can help us further improve our internal controls related to the acquisition environment in conjunction with the related changes that AQD has already implemented.” Based on this response, we consider all recommendations to be resolved but not implemented.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The objective of this audit was to determine whether DOD purchases made by DOI conformed to applicable laws and regulations. Specifically, we reviewed individual contracts to determine whether DOD clearly defined requirements and used proper funding and whether DOI, while providing contracting services to DOD, followed the FAR and the Defense Federal Acquisition Regulation Supplement. We conducted our audit from December 2006 to August 2007.

The scope of the audit covered FY2006 and FY2007 procurement actions. We reviewed 40 contract actions valued at \$21.6 million; judgmentally selected acquisitions at both SWB and GovWorks; and focused on new contracting actions that occurred from August 1, 2006, to February 1, 2007.

We conducted our audit in accordance with the “Government Auditing Standards” issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures as we considered necessary under the circumstances. To accomplish the audit objective, we reviewed 1) applicable laws, regulations, and policies; 2) documents, including contract actions, contract files, financial reports; and 3) other data applicable to DOI interagency contracting offices. Specifically, we assessed:

- Bona Fide Need Rule compliance,
- contractor performance monitoring,
- competition adequacy,
- price reasonableness determination adequacy,
- funds type appropriateness,
- market research requirement compliance, and
- legal review sufficiency.

We interviewed DOI officials; GovWorks, SWB, and NBC staff; and DOD personnel. We coordinated our audit with the DODIG, as required by Section 811 of the NDAA. As part of our audit, we also evaluated the system of internal controls to the extent that we considered necessary to accomplish our audit objective.

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**GovWORKS ACQUISITIONS REVIEWED**

<b>REFERENCE NUMBER (CONTRACT/ORDER/TASK)</b>	<b>FUNDING TYPE</b>	<b>ISSUES NOTED</b>
Contract 60547	FY2006 Defense O&M Funds	Purchased records management support in November 2006 using funds that expired on September 30, 2006. The period of fund availability was extended because of contract protest, and use of expired funds was considered acceptable. The file lacked a legal review and an adequate independent U.S. Government cost estimate (IGCE).
Contract 66145	No Year Defense Commissary Agency Funds	Purchased removal and disposal of tile flooring in November 2006 using no-year funds. The file lacked an adequate price reasonableness determination.
Contract 66229	No Year Defense Commissary Agency Funds	Purchased walk-in freezer and chiller storage in November 2006 using no-year funds. The file lacked an adequate price reasonableness determination.
Contract 66459	FY2006 Navy O&M Funds	Purchased supplies for a child development center in November 2006 using funds that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, contract award did not comply with DOD policy.
Contract 66592	FY2006 Defense Health Program	GovWorks accepted a MIPR in November 2006 that conveyed funds that had already expired and used it to purchase IT services in December 2006. Therefore, no bona fide need for the IT services could have been established. Further, the contract award did not comply with DOD policy.
Contract 66602	FY2006 Navy O&M Funds	Purchased body armor in November 2006 using funds that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, the contract award did not comply with DOD policy.



<b>REFERENCE NUMBER (CONTRACT/ORDER/TASK)</b>	<b>FUNDING TYPE</b>	<b>ISSUES NOTED</b>
Contract 66624	FY2006 Navy O&M Funds	Purchased helmets in November 2006 using funds from two MIPRs that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, the contract award did not comply with DOD policy.
Contract 66672	No Year Defense Working Capital Funds	Purchased engineering support services in November 2006 using no-year funds. The type of funds used appears inappropriate, and such misuse violates the Purpose Statute. The file also lacked a legal review.
Contract 66708	FY2006 Navy O&M Funds	Purchased anti-terrorism protection gear in November 2006 using funds that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, the contract award did not comply with DOD policy.
Contract 66735	FY2006 Army O&M Funds; FY2006 Army National Guard O&M Funds	Purchased mobile showers in December 2006 using funds from two MIPRs that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, the contract award did not comply with DOD policy. The file lacked competition documentation, an adequate price reasonableness determination, an adequate technical review, and a legal review.
Contract 66761	FY2006 Navy O&M Funds	Purchased body armor in November 2006 using funds that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, the contract award did not comply with DOD policy. The file also lacked a legal review.
Contract 66775	FY2006 Navy O&M Funds	Purchased body armor in November 2006 using funds that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, the contract award did not comply with DOD policy. The file lacked a legal review.

<b>REFERENCE NUMBER (CONTRACT/ORDER/TASK)</b>	<b>FUNDING TYPE</b>	<b>ISSUES NOTED</b>
Contract 66810	FY2006 Army O&M Funds	Purchased construction services in December 2006 using funds that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, the contract award did not comply with DOD policy.
Contract 67063	FY2006 Marine Corps O&M Funds	Purchased IT hardware, software, and consumables in January 2007 using funds that expired on September 30, 2006. The bona fide need was not established, which resulted in use of expired funds. In addition, the contract award did not comply with DOD policy. The file also lacked a legal review.
Contract 67177	FY2005 Air Force Other Procurement Funds	Purchased a warranty continuation contract in January 2007 using funds that will expire on September 30, 2007. The type of funds used appears to be inappropriate, and such misuse violates the Purpose Statute. The file also lacked an adequate IGCE.
<b>REFERENCE NUMBER (CONTRACT/ORDER/TASK)</b>	<b>FUNDING TYPE</b>	<b>NO ISSUES NOTED</b>
Contract 66169	FY2006 Air Force Other Procurement Funds	Purchased support to improve visibility and repair processes in December 2006 using funds that will expire on September 30, 2008.
Contract 66566	FY2006 Air Force Other Procurement Funds	Purchased printers and cartridges in November 2006 using funds that will expire on September 30, 2008.
Contract 66703	No Year Defense Working Capital Funds	Purchased IT support in November 2006 using no-year funds.
Contract 66712	FY2007 Army Research, Development, Test and Evaluation Funds	Purchased flight termination receivers in November 2006 using funds that will expire on September 30, 2008.
Contract 66866	FY2007 Defense RDT&E Funds	Purchased IT services in December 2006 using funds that will expire on September 30, 2008.

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**SWB ACQUISITIONS REVIEWED**

<b>REFERENCE NUMBER (CONTRACT/ORDER/TASK)</b>	<b>ISSUES NOTED</b>
NBCHF060099	Purchased computer hardware and maintenance support on September 30, 2006. The bona fide need for FY2006 was not established.
NBCHF060107	Purchased computers and memory modules on September 27, 2006. The bona fide need for FY2006 was not established.
<b>REFERENCE NUMBER (CONTRACT/ORDER/TASK)</b>	<b>NO ISSUES NOTED</b>
NBCHC060057	Purchased research and development of video identity verification support services.
NBCHC060066	Purchased IT and support services.
NBCHC060151	Purchased research and development of video translation software under a Broad Agency Announcement (BAA).
NBCHC060153	Purchased research and development of facial recognition software under a BAA.
NBCHC060154	Purchased research and development of three-dimensional contract extraction models under a BAA.
NBCHC060157	Purchased research and development of a video data program under a BAA.
NBCHC060160	Purchased research and development of a video analysis and content extraction program under a BAA.
NBCHC060162	Purchased research and development of a pathogen detection program.
NBCHC060168	Purchased database licenses.
NBCHC060169	Purchased research and development of a video data program under a BAA.
NBCHC060170	Purchased research and development of a video analysis and content extraction program under a BAA.
NBCHC060175	Purchased research and development of a quiet submarine maneuvering system.

REFERENCE NUMBER (CONTRACT/ORDER/TASK)	NO ISSUES NOTED
NBCHD060008	Purchased the development of machine translation laboratory and prototype parsing software.
NBCHD060010	Purchased technical, programmatic, financial, and administrative support.
NBCHF060066	Purchased computers and hard drives.
NBCHF060073	Purchased computer software.
NBCHP060146	Purchased administrative services.
NBCHP070006	Reimbursed travel expenses.

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## RELATED REVIEWS

The Government Accountability Office (GAO) and DOI OIG have issued reports that are applicable to our audit.

### GAO

- July 2006 — “Contract Management: DOD Vulnerabilities to Contracting Fraud, Waste, and Abuse” (GAO-06-838R). This report identified DOD vulnerabilities to contracting fraud, waste, and abuse caused by weaknesses in five key areas. These are senior leadership, acquisition workforce, pricing, contracting approaches and techniques, and contract surveillance. GAO has placed contract management on its list of high-risk areas since 1992.
- April 2006 — “Increased Use of Alaskan Native Corporations’ Special 8(a) Provisions Calls for Tailored Oversight” (GAO-06-399). GAO reported that agencies used 8(a) Alaskan Native Corporations (ANC) firms as a quick, easy, and legal method of awarding contracts for any value, while helping meet small business goals. In one contract, GovWorks did not consider any alternatives to sole-source contracting with the ANC firm because the DOD purchaser requested that firm. GAO recommended DOI work with the Small Business Administration (SBA) to develop guidance on how to comply with 8(a) Program requirements, such as limiting subcontracting and notifying SBA of contract modifications. DOI, overall, concurred with GAO recommendations.
- July 2005 — “Interagency Contracting: Franchise Funds Provide Convenience but Value to DOD is Not Demonstrated” (GAO-05-456). GAO reported that GovWorks did not always ensure fair and reasonable prices when requesting that contractors perform additional work. This practice substantially increased contract values and, in many cases, GovWorks did not receive competing proposals. GAO recommended that 1) DOI develop procedures that would ensure GovWorks compliance with federal procurement regulations and policies and that 2) contracting officers work closely with DOD customers to define contract outcomes and effective oversight methods. DOI concurred with GAO recommendations and was currently taking corrective actions.
- April 2005 — “Interagency Contracting: Problems with DOD’s and Interior’s Orders to Support Military Operations” (GAO-05-201). GAO reported that a lack of management controls, specifically insufficient oversight and inadequate training, led to DOI failure to issue orders that were within the scope of the underlying contract, in violation of competition rules; comply with additional DOD competition requirements when issuing task orders for services on existing contracts; comply with ordering procedures meant to ensure best value for the U.S. Government; and adequately monitor contractor performance. GAO recommended that DOI ensure that 1) management reviews of contracting offices emphasize and assess whether contracting officials are trained



adequately and 2) performance measures for contracting officers provide incentives to exercise due diligence and comply with applicable contracting rules and regulations. DOI agreed with all recommendations and was taking corrective actions.

- March 2005 — “Contract Management: Opportunities to Improve Surveillance on Department of Defense Service Contracts” (GAO-05-274). GAO found insufficient surveillance on DOD contracts due to lack of 1) documentation, 2) personnel assigned surveillance responsibilities, or 3) required training. GAO recommended DOD provide training, ensure accountability, improve the contract review process, and revise policy on proper use of other agencies’ contracts. DOD, in general, concurred with all of the recommendations.
- January 2005 — “High Risk Series: An Update” (GAO-05-207). This report identifies management of interagency contracting as a new area included in GAO’s list of high risk areas within the U.S. Government. GAO, along with some agency inspectors general, found instances of improper use of interagency contracts; failure to follow prescribed procedures that ensure fair prices when using schedule contracts to acquire services; and, specifically at DOD, waiver of competition requirements on supply schedule orders due to preference in retaining the services of incumbent contractors. GAO and others believe these deficiencies occurred because of the increasing demands on the acquisition workforce; insufficient training; and, in some cases, inadequate guidance. GAO also points out that the fee-for-service arrangement creates an incentive to increase sales volume in order to support other programs of the agency that awards and administers interagency contracts. This incentive may lead to an inordinate focus on meeting customer demands, at the expense of complying with required ordering procedures.
- July 2002 — “Contract Management: Interagency Contract Program Fees Need More Oversight” (GAO-02-734). GAO determined that most of the contract service programs reviewed reported an excess of revenues over costs in at least 1 year between FY1999 and FY2001. OMB guidance directs agencies with franchise fund programs to account for and recover fully allocated actual costs and to report on their financial results. Agencies are supposed to identify all direct and indirect costs and to charge fees to ordering agencies based on these costs.

### **DOI Office of Inspector General**

- January 2007 — “FY2005 Department of the Interior Purchases Made on Behalf of the Department of Defense” (X-IN-MOA-0018-2005). OIG determined that DOI did not always follow appropriation and procurement laws, regulations, and rules. The audit found improper use of funds; an inappropriate lease agreement; problems with an Internet-based electronic storefront; numerous contract administration issues; a lack of stewardship over federal resources; and weak management oversight. DOI agreed with most of the OIG recommendations and agreed to implement changes to improve its interagency contracting operations.
- March 2006 — “Fee-for-Service Organizations, Department of the Interior” (C-EV-MOA-0016-2005). OIG determined that the overall benefits of DOI’s fee-for-service

operations may not outweigh the risks to the Department. Problems identified include 1) DOI and other agencies breaking procurement laws and regulations and 2) fee-for-service providers, in their desire to attract customers in a competitive environment, sometimes operating without effective controls.

- November 2005 — “U.S. Department of the Interior Annual Report on Performance and Accountability” (X-IN-MOA-0011-2005). OIG identified Procurement, Contracts, and Grants as one of its Top Management Challenges. Procurement has historically been an area subject to fraud and waste government-wide, and managing procurement activities is a continuing challenge that requires constant attention.
- July 2004 — “Review of 12 Procurements Placed Under General Services Administration Federal Supply Schedules 70 and 871 by the National Business Center” (W-EV-OSS-0075-2004). OIG found procurements made under the GSA schedule at SWB in Ft. Huachuca, AZ, were out of scope. Factors that allowed these transactions to occur included 1) a lack of effective policies, procedures, and process controls and of monitoring and oversight by NBC management and 2) the conflict inherent in a fee-for-service operation. OIG recommended termination of inappropriate contracts; revision of criteria for the alternative management control reviews of the acquisition function, to include operations at NBC; and development of policies and procedures to prevent similar actions in the future. DOI management was collaborating with other agencies to correct these deficiencies.

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## DEPARTMENT RESPONSE TO DRAFT REPORT



THE ASSOCIATE DEPUTY SECRETARY OF THE INTERIOR  
WASHINGTON, DC 20240

JAN 02 2008

Memorandum

To: Anne L. Richards  
Assistant Inspector General for Audits  
Office of Inspector General

From: James E. Cason  
Associate Deputy Secretary *James E. Cason*

Subject: Response to Audit of FY 2006 and FY 2007 Department of Defense Purchases  
Made Through the Department of the Interior (Assignment No. Y-IN-MOA-0001-  
2007)

I am writing in response to the referenced September 11, 2007, draft audit report regarding the Interior Office of Inspector General's analysis of various interagency procurements made by two National Business Center acquisition centers on behalf of the Department of Defense.

I appreciate your willingness to allow us to comment on the draft findings and recommendations. As noted in your report, the Southwest Branch of the Acquisition Services Directorate made significant improvements since your last report and improvements were noted for GovWorks as well, although the Inspector General concluded that GovWorks did not fully comply with all rules and regulations. I note that some of the findings relate to issues that do not involve violations of fiscal law but rather departures from DOD policies that are more stringent than GovWorks' authority under the Government Management Reform Act. Prior to receipt of this draft report, NBC has taken numerous actions to address specific areas of concern, to improve policies and procedures, and to provide additional training and guidance to its acquisition staff.

NBC is committed to continuous improvement. We believe that your recommendations can help us further improve our internal controls related to the acquisition environment in conjunction with the related changes that AQD has already implemented. We look forward to continuing to work with you to assure improved performance.

The following sections provide some specific comments related to the September 11 draft.

### RESPONSE TO FINDINGS

#### GovWorks: Improper Use of Funds—Nonconcur with Qualifications

1. In specifying that DOD funds not expended on goods or services during their period of availability must be returned, DOD's October 16, 2006, policy guidance changed DOD's

previous policy regarding its use of Franchise Fund entities. DOD's policy, imposed as a matter of internal management, does not reflect the greater flexibility lawfully available to Franchise Funds, including GovWorks. The Interior Franchise Fund is authorized by special statutory authority to engage in interagency procurements. See Government Management Reform Act of 1994, Pub.L. No. 103-356, title IV, § 403, 108 Stat. 3410 (1994), as amended, and Department of the Interior Appropriations Act of 1997, Pub. L. 104-208, title I, § 113, 110 Stat. 3009-316 (1996), as amended, creating the Interior Franchise Fund. Accordingly, GovWorks is not subject to the Economy Act and, if DOD's funds are properly obligated under a sufficiently specific interagency order, GovWorks is not required to deobligate them immediately upon their expiration. GAO *Principles of Federal of Appropriations Law*, 3<sup>rd</sup> Ed., Vol. II, 7-30 (GAO-06-382SP); *Expired Funds and Interagency Agreements between GovWorks and the Department of Defense*, B-308944, July 17, 2007, at 11, n. 15. Therefore, while GovWorks may not have been in compliance with DOD's October 16, 2006, guidance in every single instance, that situation did not equate to a violation of appropriations law.

Furthermore, following issuance of the October 2006 guidance, it was unclear whether that guidance applied to FY 2006 funding already accepted by GovWorks prior to the date of that guidance. During the period from October 2006 through January 2007, AQD worked with DOD to clarify the meaning and interpretation of this policy. In January 2007, DOD informed DOI that its policy applied to all funding accepted prior to its date, including all FY 2006 funding. We note that all actions cited in this report for non-compliance with DOD's October 2006 guidance occurred prior to February 1, 2007, using FY 2006 funding. Once the meaning of the policy was clarified, the Director of NBC issued a memorandum to both GovWorks and the SWB acquisition staffs advising them of these clarifications. GovWorks has made substantial progress to ensure that awards made since February 1, 2007, are compliant with DOD's October 16, 2006, guidance.

In addition, the review of the attestation performed by your office this summer showed that only six out of a sample of 240 DOD awards (less than 3 percent) executed since February 1, 2007, were noncompliant. Additionally, four of the six awards were executed by one contracting officer and appropriate remedial action has been taken with respect to that individual to assure that this error does not occur in the future. Finally, as a result of the attestation, we have incorporated an additional level of review into our standard review process when prior year funding is included to further assure that awards utilizing prior year funds are completed appropriately.

2. We acknowledge our responsibility to ensure that interagency agreements are thorough and complete at the time of their execution, and to ensure that our subsequent contract actions conform to the terms and conditions of those interagency agreements. In particular, we have established redundant management controls to ensure that acquisitions do not exceed the scope of the interagency agreement and are executed in a timely fashion.

We rely on certifications by authorized client agency officials that the funds provided comply with the purpose rules. To this end, we have implemented a policy requiring a specific certification from the requiring activity as to the purpose and availability of the funds on each interagency agreement.

**GovWorks: Legal Reviews—Concur.**

GovWorks has been working on several efforts to ensure adequate legal review of our contract actions. As noted in your report, AQD issued a policy on October 19, 2006, to re-emphasize procedures for review and approval of contract actions. This policy includes the thresholds for legal review. These thresholds were further emphasized in training sessions conducted for all acquisition staff at GovWorks in November 2006. We are working with the Solicitor's office to streamline the review process on clarifying which documents are needed for appropriate review. We will continue to emphasize this in the future.

In addition, the Office of the Solicitor hired an additional attorney who arrived in mid-October 2007, to help address the workload and time constraints noted in your report. We are confident that the addition of this attorney will assist the Office of the Solicitor with its review workload.

**GovWorks: Contract Administration—Concur.**

As indicated in your report, AQD has demonstrated improvement in this area since your previous review. We appreciate OIG's observation and acknowledge that there is room for additional improvement in this area. AQD will continue to emphasize the need for developing Independent Government Cost Estimates, documenting price analyses, and conducting technical evaluations.

**GovWorks: Preaward Billings—Concur.**

On March 1, 2007, DOD issued a policy prohibiting the practice of advance billing for DOD components. As with year-end deobligation, DOD's policy preferences also are narrower than the law allows regarding GovWorks' receipt of advanced funds. The Interior Franchise Fund legislation specifically allows that the IFF "may be paid in advance from funds available to the Department and other Federal agencies . . ." Department of the Interior Appropriations Act of 1997, Pub. L. 104-208, title I, § 113, 110 Stat. 3009-316 (1996), as amended. Nevertheless, we have already implemented corrective action to better comply with DOD's policy. After working with the DOD Comptroller's Office since February 2007, GovWorks implemented a manual process that stopped the practice of advance billing for all DOD components on June 4, 2007. This process was approved by the DOD Comptroller's office. We are in the process of converting the manual process into an electronic process and we expect that this electronic process will be fully operational during FY 2008.

**GovWorks: Stewardship—Nonconcur.**

We do not concur with OIG's opinion that DOI must advise DOD that it could fill a particular procurement request directly through GSA schedules or through an existing DOD contract or that doing so would avoid "unnecessary fees." A value inherent in NBC's service is working with client agencies to develop the most efficient acquisition strategy, which sometimes includes the use of GSA schedules or other pre-established contract vehicles. Whether NBC or the client agency issues the order against an existing contract vehicle, time and resources are still required to execute the action. Using an existing contract vehicle is not free, so there is no indication that client agencies consistently will realize significant savings by placing such orders directly. In



this regard, orders against existing contract vehicles often involve intricate source selection processes. For example, if the strategy is to use the GSA schedule for a procurement, DOD policy requires that these orders be competed, which further assures that a fair and reasonable price will be obtained for the goods or services purchased. Running this competition is an example of how Govworks provides value. In any case, we are good stewards of the taxpayers' dollars when awarding contract actions and will continue to be in the future.

**GovWorks: Management Oversight—Concur.**

We concur both that we have developed and implemented a comprehensive corrective action plan and that the findings demonstrate that additional progress can be achieved. We feel we have made great strides in assuring that GovWorks is a compliant organization. We continually adjust and modify our procedures and processes to address issues that are raised in external audits, such as this one, and when we identify weaknesses through our own internal reviews. We believe the controls we have in place provide an acceptable level of risk for the organization. While providing a valuable service offering for our clients, we must maintain a critical balance between efficiency and assurances of compliance.

We will continue to strive for the highest level of compliance and quality possible. In order to assure we have the proper controls in place, we continue to pursue obtaining ISO-9000A certification by the end of FY 2008. This quality initiative is based on a world-wide standard and demonstrates our commitment to continuously improve.

**Southwest Branch: Bona Fide Need—Nonconcur.**

The two actions noted in this section of the report were orders for products that were valid bona fide needs of FY 2006. Specifically, SWB received requisitions for both of these orders in FY 2006 and then initiated the procurement process within a reasonable amount of time after receiving the requisitions, taking the necessary steps to ensure that the orders were compliant with all applicable acquisition regulations. These steps included conducting market research and advertising the solicitations on GSA's e-Buy system. In both cases, SWB placed the order late in the fiscal year; however, the items were properly ordered in FY 2006 and then delivered in a timely fashion following the order. This was in accordance with the terms and conditions of the Federal Supply Schedule contract under which the order was placed. Delivery was not delayed intentionally until a subsequent fiscal year.

In sum, these items were actually needed by the Government during FY 2006 and could have been used by the Government during FY 2006, but for the necessary lead time to conduct a thorough, compliant acquisition. These acquisitions would have been compliant even with DOD's October 16, 2006, policy guidance. That guidance provides that funds need not be deobligated where the "request for goods was made during the period of availability of the funds and the item(s) could not be delivered within the funds period of availability solely because of delivery, production or manufacturing lead time." See DOD October 16, 2006, policy guidance on page 4, item 2.

**Southwest Branch: Communication—Concur.**

We concur that communication in our organization can be improved. In response to two specific issues raised in the draft audit, we have completed a rigorous review related to restoring warrants at SWB and have now acted upon the recommendations following that review for all 18 warrants. In addition, the vacancy announcement for the GS-14 position at SWB has been released. AQD management continues to provide on-site supervision for at least two weeks each month at SWB while the position is being filled. Finally, in our response to Recommendation 1 of this draft audit report, we describe actions we have taken to further strengthen the communications with the SWB and all offices within AQD. Based on these actions, we believe we have improved our communications with not only the SWB but with all offices within AQD.

**RESPONSE TO RECOMMENDATIONS**

1. ***Develop, write, and implement procedures designed to improve the lines of communication from NBC headquarters to SWB—Concur.***

The following are the steps that have already been taken to improve communications between all branches of AQD, including SWB:

- The Deputy Assistant Secretary for Business and Wildland Fire and the Director of the NBC addressed all offices of the AQD on the future strategic direction of AQD.
- AQD's Associate Director visited all five acquisition offices and provided a briefing on the future strategic direction for AQD.
- AQD's Associate Director began including managers from each of the five acquisition offices in weekly staff meetings in April 2007 to ensure enhanced communications at all sites.
- AQD's Associate Director held a two-day strategic planning meeting in June to establish priorities for future strategic planning activities. These face-to-face strategic meetings of managers from all locations will be held regularly.
- AQD conducts monthly all-hands meetings to brief staff members on the status of current initiatives within AQD and to provide training and information on various important topics across AQD, such as compliance.

2. ***A. Ensure that GovWorks and SWB research and resolve all violations of the Bona Fide Need Rule identified in this report—Concur.***

All potential violations of the Bona Fide Need Rule identified in this audit will be researched, and if necessary, resolved through the combined efforts of AQD, SOL and DOD. See our attached corrective action plan matrix for additional details.

- B. Ensure that GovWorks and SWB establish bona fide need before accepting purchase requests—Concur.***

AQD has implemented a policy that includes complementary control measures to ensure that requirements are adequately described before any interagency agreement is executed. This policy requires that the interagency agreement include an attached requirement document. In addition, AQD has revised its interagency agreement intake process to include multiple levels of review and approval for quality assurance. AQD is currently working on several other initiatives to ensure control over this process, including revisions to our interagency agreement checklist and the adoption of a standard format for interagency agreements. This standard format will be in compliance with forthcoming guidance from the Office of Federal Procurement Policy on roles and responsibilities for interagency acquisition. See our attached corrective action plan matrix for additional details.

3. ***A. Ensure that GovWorks evaluates all expired funds in DOI possession and establishes a timeline for returning them to the appropriate agency—Concur.***

All expired DOD funds (FY 2006 and prior) have been evaluated and returned to DOD as appropriate. We have implemented a process to review existing DOD funds monthly to ensure that expired funds, if any, are promptly returned. See our attached corrective action plan matrix for additional details.

***B. Ensure that GovWorks trains employees regarding GovWorks' legal review policy and the provisions contained in the DOD "Non-Economy Act Orders" policy memorandum dated October 16, 2006—Concur.***

We have provided training on both of these subjects to GovWorks staff and will conduct refresher training in these areas. See our attached corrective action plan matrix for additional details.

***C. Ensure that GovWorks develops and establishes a timeline for discontinuing the practice of advance billing and for returning all advanced funds to DOD—Concur.***

On June 4, 2007, GovWorks implemented a manual process that stopped the practice of advance billing for all DOD components. During FY 2008, we expect to implement an electronic version of this process. See our attached corrective action plan matrix for additional details.

***D. Ensure that GovWorks completes legal reviews on all applicable contracting actions prior to award—Concur.***

AQD issued a policy on October 19, 2006, to reemphasize procedures for legal review of contract actions and subsequently provided training on this policy. In addition, an additional attorney arrived in mid-October 2007 to help address the workload and time constraints that were noted in your report. See our attached corrective action plan matrix for additional details.

**E. *Ensure that GovWorks complies with the Purpose Statute*—Concur, with Qualifications.**

As stated above, certification that the funds provided through an interagency agreement are the appropriate funds for the requirement is primarily the responsibility of the requiring agency. As the assisting agency, AQD ensures that contract awards issued under the IA are consistent with the terms of the interagency agreement. However, we rely on the requiring activity's certification as to compliance with the purpose rules. AQD has issued a policy requiring a statement of certification on all interagency agreements.

**GENERAL COMMENTS**

As a general comment, we note that the heading of the right-hand column on page 15 of the draft seems to be erroneously labeled "Issues Found" when it should read "No Issues Found."

**Two Attachments:**

- (1) Corrective Action Matrix
- (2) MEMO re: Non-Economy Act Orders and DOD October 16, 2006, policy guidance

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**STATUS OF AUDIT RECOMMENDATIONS**

<b>RECOMMENDATIONS</b>	<b>STATUS</b>	<b>ACTION REQUIRED</b>
1	Resolved, Not Implemented.	No further response is needed to the OIG. We will refer the recommendations to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.
2A,2B		
3A,3B,3C,3D,3E		



## **25 MIPRs REVIEWED FROM FIRST AUDIT — GovWORKS EXPIRED FUNDS**

As a result of our first audit, we identified \$393 million in potentially expired DOD funds that were on DOI books as of October 2005 and recommended that GovWorks deobligate these funds. In response to a DODIG request, we returned to GovWorks in November 2006 and reviewed 25 judgmentally selected MIPRs that funded 140 contracting actions and represented approximately \$95.7 million of the potentially expired funds.

We reviewed each MIPR to determine whether the description contained enough specificity to establish a valid obligation. For MIPRs without adequate specificity, any contract action awarded after the funds were no longer available resulted in improper use of expired funds. For each MIPR that contained enough specificity, any contract action that was not awarded within a reasonable period (90 days) resulted in improper use of expired funds. As a result, we noted 85 instances of improper use of funds (61 percent of the transactions reviewed), totaling \$33.8 million.

<b>Reference Number (MIPR Number)</b>	<b>Funding Type</b>	<b>Comments/Issues Noted</b>
DUAM40220	FY2004 Defense Humanitarian Assistance	The MIPR contained enough specificity to establish the bona fide need prior to the end of the period of availability, permitting GovWorks to award contracts from this MIPR past September 30, 2004. However, GovWorks did not award the contracts funded by this MIPR within a reasonable amount of time. Rather, GovWorks improperly awarded nine contracts between 250 and 317 days after the funds expired.
MIPR5CINTMM015	FY2005 Army O&M Funds	The MIPR did not contain enough specificity to establish the bona fide need prior to the end of the period of availability; therefore, these funds expired on September 30, 2005. GovWorks improperly awarded one contract 180 days after the funds expired.
F1AF2B5227G001	FY2005 Air Force O&M Funds	The MIPR contained enough specificity to establish the bona fide need prior to the end of the period of availability, permitting GovWorks to award contracts from this MIPR past September 30, 2005. However, GovWorks did not award the contracts funded by this MIPR within a reasonable amount of time. Rather, GovWorks improperly awarded the contract 93 days after the funds expired.

<b>Reference Number (MIPR Number)</b>	<b>Funding Type</b>	<b>Comments/Issues Noted</b>
nmipr033601394	FY2003 Air Force O&M Funds	The MIPR contained enough specificity to establish the bona fide need prior to the end of the period of availability, permitting GovWorks to award contracts from this MIPR past September 30, 2003. However, GovWorks did not award the contracts funded by this MIPR within a reasonable amount of time. Rather, GovWorks improperly awarded six contracts between 180 and 973 days after the funds expired.
MIPR5KINT05319	FY2005 Army O&M Funds	The MIPR did not contain enough specificity to establish the bona fide need prior to the end of the period of availability; therefore, these funds expired on September 30, 2005. GovWorks improperly awarded five contracts between 68 and 341 days after the funds expired.
DD44809N401200	FY2004 Air Force O&M Funds	The MIPR contained enough specificity to establish the bona fide need prior to the end of the period of availability, permitting GovWorks to award contracts from this MIPR past September 30, 2004. However, GovWorks did not award the contracts funded by this MIPR within a reasonable amount of time. Rather, GovWorks improperly awarded 6 contracts between 118 and 533 days after the funds expired.
N4703905MPB2408	FY2005 Navy O&M Funds	The MIPR did not contain enough specificity to establish the bona fide need prior to the end of the period of availability; therefore, these funds expired on September 30, 2005. GovWorks improperly awarded one contract 101 days after the funds expired.
MIPR5EINTMM030	FY2005 Army O&M Funds	The MIPR did not contain enough specificity to establish the bona fide need prior to the end of the period of availability; therefore, these funds expired on September 30, 2005. GovWorks improperly awarded one contract 39 days after the funds expired.
MIPR5LDNT05359	FY2005 Army O&M Funds	The MIPR did not contain enough specificity to establish the bona fide need prior to the end of the period of availability; therefore, these funds expired on September 30, 2005. GovWorks improperly awarded 27 contracts between 113 and 303 days after the funds expired.

<b>Reference Number (MIPR Number)</b>	<b>Funding Type</b>	<b>Comments/Issues Noted</b>
F2CFLG5228G001	FY2005 Air Force O&M Funds	The MIPR contained enough specificity to establish the bona fide need prior to the end of the period of availability, permitting GovWorks to award contracts from this MIPR past September 30, 2005. However, GovWorks did not award the contracts funded by this MIPR within a reasonable amount of time. Rather, GovWorks improperly awarded 12 contracts between 102 and 317 days after the funds expired.
DRAM54728	FY2005 Defense Health Funds	The MIPR did not contain enough specificity to establish the bona fide need prior to the end of the period of availability; therefore, these funds expired on September 30, 2005. GovWorks improperly awarded one contract 73 days after the funds expired.
LT5ZKA50011MP	FY2005 Defense O&M Funds	The MIPR did not contain enough specificity to establish the bona fide need prior to the end of the period of availability; therefore, these funds expired on September 30, 2005. GovWorks improperly awarded four contracts between 6 and 270 days after the funds expired.
N0005205MP005GV	FY2005 Navy O&M Funds	The MIPR contained enough specificity to establish the bona fide need prior to the end of the period of availability, permitting GovWorks to award contracts from this MIPR past September 30, 2005. However, GovWorks did not award the contracts funded by this MIPR within a reasonable amount of time. Rather, GovWorks improperly awarded 11 contracts between 93 and 260 days after the funds expired.

# **Report Fraud, Waste, Abuse, and Mismanagement**



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