



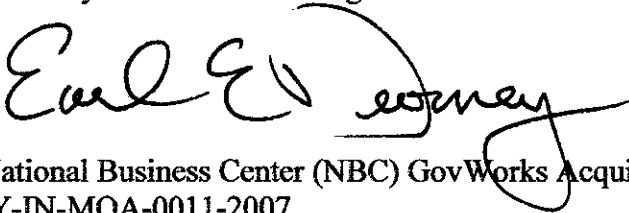
United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, DC 20240

SEP 25 2007

Memorandum

To: Nina Rose Hatfield
Deputy Assistant Secretary for Business Management and Wildland Fire

From: Earl E. Devaney 
Inspector General

Subject: Attestation of the National Business Center (NBC) GovWorks Acquisition
Office Report No. Y-IN-MOA-0011-2007

On June 28, 2007, you asked that we perform an attestation of the NBC GovWorks acquisition center in Herndon, Virginia. In prior audits of NBC acquisition centers, the Office of Inspector General (OIG) for the Department of the Interior and the Department of Defense (DOD) OIG noted a number of instances of noncompliance with legal requirements, the Federal Acquisition Regulation, and DOD policies. Both OIGs found deficiencies in procurement practices.

You asserted:

"As of February 1, 2007, GovWorks has designed and implemented internal processes and controls to ensure awards at all dollar values are utilizing the appropriate funding such that these awards are compliant with the DOD Policy entitled "Non-economy act orders [sic]" dated October 16, 2006."

We visited GovWorks to obtain information sufficient to express an opinion on this assertion. The criterion used was the DOD policy entitled "Non-Economy Act Orders," dated October 16, 2006. We conducted our examination in accordance with generally accepted government auditing standards for attestation engagements. Accordingly, we included procedures that we considered necessary under the circumstances. We limited our examination to:

- analyzing funding and contract documentation;
- reviewing relevant policies, procedures, and controls; and
- interviewing GovWorks officials.

GovWorks provided a universe of 449 contracting actions completed from February 1 through May 31, 2007 on behalf of DOD. We selected a statistical sample of 241 transactions and excluded one of those actions as being outside the scope of our desired date range. Our actual sample size was 240, which allowed us to project the results to the entire transaction universe with a high degree of confidence (95 percent).

While we found that GovWorks does have policies and processes in place that should ensure appropriate funding is used when awarding contracts, we noted six instances of noncompliance with DOD policy. All six instances of noncompliance involved contract modifications. We provide details of those contracting actions in the enclosure. By extending these findings of noncompliance to the entire sample universe, we project that between 7 and 20 contract actions completed from February 1 through May 31, 2007 were noncompliant with DOD policy.

We believe this examination provides a reasonable basis for our opinion that your assertion is not fairly stated. We discussed our findings with GovWorks officials, and they agree with our conclusions. This report is intended for DOI management; we will provide copies to DOD upon request.

We appreciate the cooperation received from GovWorks staff during our examination. If you have comments or questions regarding this report, please call me at (202) 208-5745.

Attachment

GovWORKS
ISSUES OF NONCOMPLIANCE NOTED

CONTRACT NUMBER	CONTRACT DATE	FUNDING TYPE	FUNDING EXPIRATION	ISSUES NOTED
CZ924, Modification 5	4/24/2007	FY06 Army Reserve Operations and Maintenance (O&M)	9/30/2006	Paid taxes for off-the-shelf computers that were purchased in November 2006 using expired funds.
63071, Modification 2	4/19/2007	FY06 Defense O&M FY07 Defense Research, Development, Test and Evaluation	9/30/2006 9/30/2008	Extended the period of performance using remaining FY06 funds that appear to be expired.
63238, Modification 3	2/26/2007	FY06 Marine Corps O&M	9/30/2006	Paid a Solutions for Enterprise-Wide Procurement fee for information technology (IT) hardware that was purchased on 2/2/2007 using expired funds.
66612, Modification 1	3/7/2007	FY06 Marine Corps O&M	9/30/2006	Purchased additional IT equipment using expired funds.
66820, Modification 1	2/22/2007	FY06 Marine Corps O&M	9/30/2006	Purchased additional computers using expired funds.
67063, Modification 1	3/6/2007	FY06 Marine Corps O&M	9/30/2006	Purchased additional IT equipment using expired funds.