



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

The Interior Business Center's Administration of Contract No. 140D0418C0014 on Behalf of the Bureau of Trust Funds Administration

This is a revised version of the report prepared for public release.




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

AUG 24 2023

Memorandum

To: Byron M. Adkins, Jr.
Director, Interior Business Center

From: Kathleen Sedney 
Assistant Inspector General for Audits, Inspections, and Evaluations

Subject: Final Audit Report – *The Interior Business Center’s Administration of Contract No. 140D0418C0014 on Behalf of the Bureau of Trust Funds Administration*
Report No. 2021–CGD–044

This report presents the results from our audit of Contract No. 140D0418C0014 between the Interior Business Center (IBC) and Chickasaw Management Services, LLC (CMS). The IBC awarded the contract on behalf of the Bureau of Trust Funds Administration (BTFA)—formerly the Office of the Special Trustee for American Indians—for the purposes of providing professional documentation search services and assisting with ongoing Tribal accounting and litigation efforts. Our objective was to determine whether costs CMS incurred were allowable and whether the IBC and the BTFA provided the necessary oversight. See Attachment 1 for our scope and methodology.

Background

On August 10, 2018, the IBC competitively awarded Contract No. 140D0418C0014 to CMS as an Indian small business economic enterprise set-aside under the Buy Indian Act of 1910¹ and Department of the Interior Acquisition Regulation (DIAR). This time-and-materials, Federal Acquisition Regulation (FAR)-based, commercial contract, including extensions (i.e., options years), had a contract ceiling of more than \$22 million. On November 13, 2018, CMS awarded a 12-month subcontract to assist in accomplishing the contract objectives; the subcontract included 4 option years, totaling approximately \$4.37 million (about 20 percent of the prime contract).

CMS is a certified Indian-owned small business under the Small Business Administration’s 8(a) business development program. The Buy Indian Act authorizes the Secretary of the Interior to employ Indian labor and to purchase the products of Indian-owned businesses without using the normal competitive process. As a result, the U.S. Department of Interior (DOI) may use the Act’s procurement authority for acquisitions in connection with its mission and give preference to Indian-owned businesses when acquiring supplies and services to meet agency needs and requirements. Because the Buy Indian Act itself is brief and contains

¹ 25 U.S.C. § 47.

little detail, the DOI has broad discretion over when and how to use the Act and has issued policy governing its use of the authority.²

Results

We found that the IBC appropriately awarded the prime contract as a competitive Indian-owned set-aside. We reviewed 15 of the 44 invoices that CMS submitted to the IBC during the scope of our audit to determine if the transactions were allowable and found that all costs claimed were adequately supported and allowable. In addition, we reviewed six of the subcontractor invoices to determine if the hours claimed were supported, and we found that all hours claimed were supported. We also found, as discussed below, that CMS did not fully comply with Indian Preference requirements specified in the original contract. Lastly, we found that the Government did not provide training and CMS failed to document that employees received training required by the contract.

CMS Did Not Meet Indian Preference Requirements of the Original Contract

At the time the contract was awarded, it contained a clause that required CMS, the prime contractor, to establish and conduct a subcontracting program giving preference to Indian-owned businesses as subcontractors and suppliers. The contract permitted subcontracting to non-Indian-owned businesses but required CMS to document and justify this decision. The contract also contained a clause that required CMS to submit a semiannual report that summarized CMS' Indian Preference Program and identified the number and types of available positions filled and dollar amounts of all subcontracts awarded to Indian-owned businesses.

We found that CMS awarded a subcontract to a non-Indian-owned business without considering preference to Indian-owned businesses. This was inconsistent with the terms and conditions of the contract at that time. CMS did complete a subcontractor evaluation and determined that the proposed subcontractor would help CMS meet the Government's requirements. CMS explained that it chose this subcontractor because the subcontractor had worked on a similar prior contract and therefore had unique knowledge of the mission and requirements of the contract, which CMS determined would bring the most value to the Government.

We also found CMS did not complete or submit the required semiannual Indian Preference Program reports. We note that the IBC contracting officer followed up with CMS only after we informed him that CMS had not provided the required semiannual reports. Since then, the contracting officer stated that he has requested the reports from CMS and received information for reporting periods covering November 2021 through October 2022, identifying the number of Native American employees as well as the number of Native Americans who interviewed for positions with CMS.

² DOI Acquisition, Assistance, and Asset Policy 0011 (DOI-AAAP-0011), *Supporting Economic Development in Indian Country (Buy Indian Set Aside)*, issued March 9, 2016.

We acknowledge that the DOI removed the clauses that served as the basis for these Indian Preference contract requirements from the DIAR in May 2022.³ The *Federal Register* description of the rationale for the updates to the DIAR stated that the clauses were removed because they were specific to contracts issued under the authority of the Indian Self-Determination and Education Assistance (ISDEA) Act, which has separate procurement authority from the FAR. On February 14, 2023, the IBC modified the contract to remove the Indian Preference clauses, which also eliminated the requirement to provide semiannual reporting. Therefore, we are not making a recommendation related to this finding.

The IBC and the BTFA Did Not Provide Necessary Training and Were Missing Training Documentation

According to the contract, the Government (the IBC or the BTFA) will provide training on the custom information technology toolset used for box and document searches, which is essential for performing the contracted work. We reviewed the 25 CMS employees and subcontractor employees listed on the sampled invoices and found that none were listed as receiving training on the toolset. The contract award summary—a separate document maintained in the contract file—stated that CMS demonstrated that it had specific experience with the toolset. Likewise, the contracting officer stated that the Government did not provide training because it determined it was not needed. Even if this was the case, without a system to document, track, and verify that all personnel have received required training, the IBC and the BTFA cannot ensure staff, to include new personnel, are fully trained in the toolset or that the contract requirements are met.

Additionally, we found that CMS could not demonstrate that 2 of the 25 employees received the required DOI security and privacy training or signed the required rules of behavior. The contract requires that all contractor personnel complete these training requirements and provide a copy of the completion certificate to the contracting officer’s representative or supervisor before gaining access to DOI information systems. The contract states that noncompliance “may result in revocation of system access.” We found that, even though there was no documentation that the employees completed the required training or signed the rules of behavior, both employees were given access to DOI information systems and neither had their access revoked. These two employees have since resigned from CMS and no longer have access to DOI systems.

Given the sensitivity of information in the DOI’s information systems, it is crucial that all personnel accessing these systems—including DOI employees, contractors, and subcontractors—be fully trained on security and privacy requirements and risks. Additionally, without an accurate process to document, track, and verify training, the IBC and the BTFA—as well as CMS—cannot be sure they are meeting the requirements of the contract and ensuring the safety of DOI systems and data.

³ DIAR 1452.226–70, 1452.226–71. The DOI reported in the Federal Register that it reviewed the DIAR pursuant to Executive Order No. 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*. The DOI stated that Indian Preference requirements “are barriers to equal opportunity for Indians and Indian Tribes in the Interior procurement process. These barriers inhibit job creation, are ineffective at promoting maximum economic development in Indian Country, and limit Indian country from fully participating in Interior procurements subject to the Buy Indian Act.” Fed. Reg. Vol. 87, No. 68 (April 8, 2022).

Recommendations

We provided a draft of this report to the IBC for review. The IBC concurred with both of our recommendations. We consider Recommendations 1 and 2 resolved. Below we summarize the IBC's response to our recommendations as well as our comments on its response. See Attachment 2 for the full text of the IBC's response; Attachment 3 lists the status of each recommendation.

We recommend that the Interior Business Center:

1. Assess its process for tracking, verifying, and documenting that employees, contractors, and subcontractors receive mandatory training.

IBC Response: The IBC concurred with the recommendation and stated that it will revise the BTFA Contracting Officer's Representative (COR) Appointment Letter(s) "to include the requirement for collecting, tracking, and providing evidence to the Contracting Officer that contractors and subcontractors have completed all mandatory training requirements outlined in the contract." The IBC provided a target completion date of December 31, 2023.

OIG Comment: Based on the IBC's response, we consider this recommendation resolved. We will consider this recommendation implemented once IBC provides evidence demonstrating it has completed its recommended corrective actions.

2. Coordinate with the Bureau of Trust Funds Administration to ensure adequate controls are in place to prevent personnel from accessing systems until individuals have completed the appropriate security training.

IBC Response: The IBC concurred with the recommendation and stated that it coordinated its response with the BTFA. The BTFA stated that it follows DOI policies and processes, which include (1) the utilization of DOI Talent⁴ to track and maintain mandatory training requirements and (2) the submission of required documentation to the Office of the Chief Information Officer (OCIO) for network access approval. The BTFA also stated it "follows the DOI guidelines established under the DOI-AAAP-0081, Implementation of Homeland Security Presidential Directive-12 (HSPD-12) for Contractors and Recipients. The process includes the issuance and management of the DOI Access Card, which is required for DOI network access as well as the requirement for contractor employees to complete all Bureau/DOI required IT security training before being granted access to Bureau/DOI data or being issued network access." IBC concluded, "On boarding of the two contractors identified in the findings could have been before the full implementation

⁴ DOI Talent is a training and performance management system used by its employees to execute its mission and meet Federal requirements.

of DOI Talent in July 2018 or prior to the Remedy system utilization,⁵ making it difficult to locate the actual training certificates, however, it is likely that OCIO granted system access only after receiving evidence of the required training.”

OIG Comment: Based on the IBC’s response and our review of the DOI policies, we consider this recommendation resolved. We reviewed the cited DOI policies established under DOI-AAAP-0081 and determined that they do include controls, such as ensuring that the COR Appointment Letter includes the duties and responsibilities outlined in the policy. In addition, with the revision of the BTFA’s COR Appointment Letter as described in the response to Recommendation 1, the COR will be responsible for collecting, tracking, and providing evidence to the Contracting Officer that contractors and subcontractors have completed all mandatory training requirements outlined in the contract. We also note that the use of DOI Talent will allow the BTFA and the IBC to track and maintain records for all training completed by contractor employees. Accordingly, we will consider this recommendation implemented once the IBC provides evidence demonstrating it has completed its recommended corrective actions for Recommendation 1.

We will initiate follow-up actions with the IBC to ensure implementation of both recommendations. In addition, we will notify Congress about our findings, and we will report semiannually, as required by law, on actions taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

If you have any questions about this report, please contact me at aie_reports@doioig.gov.

Attachments (3)

⁵ Remedy is a software and web-based IT Service Management application system deployed on the premise of the DOI to provide a framework for storing, accessing, and managing DOI incidents, changes, and work orders through the use of consistent processes.

Attachment 1: Scope and Methodology

Scope

We audited Chickasaw Management Services, LLC's (CMS') compliance with Federal regulations, applicable U.S. Department of the Interior (DOI) criteria, and commercial contract terms and conditions. We examined costs CMS incurred under Contract No. 140D0418C0014 with the Interior Business Center (IBC) between August 2018 and August 2021, which amounted to \$5,737,272.

Methodology

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed whether internal control was significant to the audit objectives. We determined that CMS' control environment and activities and the following related principles were significant to the audit objectives:

- Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
- Management should implement control activities through policy.

We tested the operation and reliability of internal controls over activities related to our audit objectives. Our tests and procedures included:

- Reviewing Federal and DOI acquisition regulations, policies, and procedures.
- Reviewing the commercial terms and conditions for Contract No. 140D0418C0014 and CMS policies and procedures.
- Interviewing officials, including IBC and CMS management and staff.
- Reviewing timesheets that supported selected labor expenditures charged to the contract.
- Examining deliverables to determine whether CMS complied with selected terms and conditions of the contract.

We found deficiencies in internal controls resulting in our findings relating to CMS' noncompliance with the Indian Preference requirements in the contract and its documentation of training requirements.

We relied on computer-generated data from CMS' accounting system. To assess the reliability of computer-generated information and determine if facts, dates, and figures contained errors or were incomplete, we obtained copies of CMS' general ledger and compared the dates and figures in the ledger to source documents. We also interviewed responsible parties at CMS and the IBC. We determined the information reviewed to answer our audit objective and report on our audit findings was sufficiently reliable for the purposes of our audit.

We obtained three populations of invoices from the contractor; each population covered a year of the contract for a total population of 44 invoices, totaling \$5,737,272. From each population, we selected the five highest invoice amounts to test the labor hours claimed and travel costs. As a result, we judgmentally selected a total of 15 invoices (or 34.1 percent) to review for a total of \$2,699,051 (or 47 percent of the invoice total) to review. In addition, we selected a judgmental sample of six of the subcontractor invoices. Using the months selected from the 15 contractor samples, we selected 6 months for our subcontractor sample invoices (2 from each year in the scope of work). Our sample selections were not generated using statistical sampling, and therefore we did not project the results of our tests to the total population of transactions.

Attachment 2: Response to Draft Report

The Interior Business Center's response to our draft report follows on page 9.



United States Department of the Interior

INTERIOR BUSINESS CENTER
Washington, DC 20240

Memorandum

To: Kathleen Sedney
Assistant Inspector General for Audits, Inspections, and Evaluations
Office of Inspector General

From: Byron M. Adkins, Jr. **BYRON ADKINS** Digitally signed by BYRON
Director, Interior Business Center ADKINS
Date: 2023.07.28 10:43:41 -04'00'

Subject: Draft Audit Report - *The Interior Business Center's Administration of Contract No. 140D0418C0014 on Behalf of the Bureau of Trust Funds Administration*
Report No. 2021-CGD-044

On June 16, 2023, the Interior Business Center (IBC) met with the Office of Inspector General (OIG) representative to discuss the recommendations from the draft audit report (No: 2021-CGD-044) of IBC's administration of contract No. 140D0418C0014 with Chickasaw Management Services (CMS), LLC, on behalf of the Bureau of Trust Fund Administration (BTFA). This memorandum provides IBC's comments on the action plan for responding to DOI OIG Report No. 2021-CGD-044. See attached. Our response to each finding is also summarized below.

DOI OIG Recommendation 1- Assess its process for tracking, verifying, and documenting that employees, contractors, and subcontractors receive mandatory training.

- **Response:** IBC concurs with the recommendations.
- **Corrective Action:** IBC/AQD will revise the BTFA's Contracting Officer Representative (COR) Appointment Letter(s) to include the requirement for collecting, tracking, and providing evidence to the Contracting Officer that contractors and subcontractors have completed all mandatory training requirements outlined in the contract.
- **Target Completion Date:** December 31, 2023
- **Responsible Official:** Sharon Roberts, Head of the Contracting Activity (HCA)

DOI OIG Recommendation 2- Coordinate with the Bureau of Trust Funds Administration to ensure adequate controls are in place to prevent personnel from accessing systems until individuals have completed the appropriate security training.

- **Response:** Concur. IBC coordinated this recommendation with the BTFA. The BTFA states that they follow the DOI policies and processes which includes the utilization of DOI Talent to track and maintain all federal employee, contractors and subcontractors mandatory training requirements. DOI Talent automatically notifies the individual contractor and the contractor COR or federal designee of upcoming training expiration dates and retains all training records. DOI network access is controlled and managed by

the DOI OCIO. Prior to access for contractors, the process requires the Contracting Officer Representative (COR) to submit all required Information Technology training certificate(s) in Remedy along with the signed rules of behavior to the Office of the Chief Information Officer (OCIO). The BFTA process also follows the DOI guidelines established under the DOI-AAAP-0081, Implementation of Homeland Security Presidential Directive-12 (HSPD-12) for Contractors and Recipients. The process includes the issuance and management of the DOI Access Card, which is required for DOI network access as well as the requirement for contractor employees to complete all Bureau/DOI required IT security training before being granted access to Bureau/DOI data or being issued network access. In accordance with DOI-AAAP-0081, the COR will notify the Contractor of all Bureau mandatory IT training. The Contractor shall submit training completion certificates to the COR for all required training. Failure to meet this training requirement may result in removal of the contractor employee from the contract. BTFA will continue to ensure compliance with the established policies and procedures. On boarding of the two contractors identified in the findings could have been before the full implementation of DOI Talent in July 2018 or prior to the Remedy system utilization, making it difficult to locate the actual training certificates, however, it is likely that OCIO granted system access only after receiving evidence of the required training.

- **Corrective Action:** On July 21, 2023, IBC Coordinated with BTFA to ensure adequate controls are in place to prevent personnel from accessing systems until individuals have completed the appropriate security training.
- Target Completion Date: July 31, 2023
- Responsible Official: Sharon Roberts, Head of the Contracting Activity (HCA)

Please contact Ted Aymami at [REDACTED] or [REDACTED]@ibc.doi.gov if you have questions.

cc: Jacqueline M. Jones, Deputy Assistant Secretary for Administrative Service

Attachment 3: Status of Recommendations

Recommendation	Status	Action Required
2021-CGD-044-01 We recommend that the Interior Business Center (IBC) assess its process for tracking, verifying, and documenting that employees, contractors, and subcontractors receive mandatory training.	Resolved	We will track implementation.
2021-CGD-044-02 We recommend that the IBC coordinate with the Bureau of Trust Funds Administration to ensure adequate controls are in place to prevent personnel from accessing systems until individuals have completed the appropriate security training.	Resolved	We will track implementation.



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