



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

The Interior Business Center's Procurement Preaward Practices Did Not Always Adhere to Federal Regulations or Internal Control Standards

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



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

Memorandum

MAR 30 2021

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

From: Chris Stubbs 
Director, Office of Financial and Contract Audits

Subject: Final Audit Report – *The Interior Business Center's Procurement Preadward Practices Did Not Always Adhere to Federal Regulations or Internal Control Standards*
Report No. 2019-FIN-009

This memorandum transmits the results of our audit of the U.S. Department of the Interior's Interior Business Center (IBC). We audited the IBC to determine whether its internal control system was sufficient to ensure that it followed the Federal Acquisition Regulation when awarding procurements on behalf of its Federal clients.

Our report offers four recommendations to help the IBC improve its preaward practices and oversight. Based on the IBC's response to our draft report, we consider one recommendation to be resolved and implemented and three recommendations to be resolved but not implemented.

We will refer the three recommendations to the Office of Policy, Management and Budget to track their implementation and report to us on their status. In addition, we will notify Congress about our findings and report semiannually, as required by law, on actions you have 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 202-208-5745.

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Results in Brief

We audited the U.S. Department of the Interior's (DOI's) Interior Business Center (IBC) to determine whether the IBC's internal control system was sufficient to ensure that it followed the Federal Acquisition Regulation (FAR) when awarding procurements on behalf of its Federal clients. The IBC provides acquisition support services to over 50 clients, including the DOI, DOI bureaus, and other Federal and State agencies. It currently manages more than \$1.6 billion in procurements on behalf of its clients.

We reviewed the permanent files for 85 IBC competitive and sole-source procurements¹ and found that 33 percent of our sample had missing or insufficiently supported files. This demonstrated that the IBC had deficiencies in the internal controls designed to ensure, as required by the FAR, that procurement files are complete and accurate and that the preaward process is monitored. Due to these deficiencies, the IBC did not have an adequate internal control system to ensure that it followed the FAR when awarding procurements.

Because the IBC provides acquisition support for so many Federal agencies, it must ensure that it follows sound preaward practices and that it completely documents all procurement actions in its permanent files. Failure to follow the FAR causes vulnerabilities in the procurement process and can result in an agency being unable to demonstrate that its procurements are in the best interest of and provide the best value to the Government.

In this report, we offer four recommendations to help the IBC improve its preaward practices and oversight. After reviewing a draft version of the report, the IBC concurred with two recommendations and partially concurred with the other two. Based on the IBC's response, we consider one recommendation resolved and implemented and three recommendations resolved but not yet implemented; we will refer those three recommendations to the DOI's Office of Policy, Management and Budget to track their implementation.

¹ Competitive and sole-source procurements are the two types of negotiated acquisitions. In competitive procurements, multiple bidders compete with each other to offer the best products and services for the best price and value to the Federal Government. Sole-source procurements are noncompetitive, allowing a single supplier to fulfill the procurement requirements.

Introduction

Objective

We audited the U.S. Department of the Interior's (DOI's) Interior Business Center (IBC) to determine whether the IBC's internal control system was sufficient to ensure that it followed the Federal Acquisition Regulation (FAR) when awarding procurements on behalf of its Federal clients.

Our full audit scope and methodology are detailed in Appendix 1 of this report.

Background

The IBC is one of four large Federal shared service providers (FSSPs)—offices that enter into fee-for-service agreements with Federal agencies to provide support services, such as human resources, payroll, travel, and acquisition support. Using FSSPs instead of the client agencies' own resources to deliver these services can reduce the clients' administrative costs, increase their ability to focus on their core missions, and improve the services' timeliness and effectiveness.²

As an FSSP, the IBC provides acquisition services to over 50 clients, including the DOI, DOI bureaus, and other Federal and State agencies (see Appendix 2). The IBC currently manages more than \$1.6 billion in procurement awards. This amount includes awards made under the two types of negotiated acquisitions, competitive and sole-source procurements, both of which we reviewed for this audit.

In a competitive procurement, the Government receives bids from vendors and evaluates those bids before choosing a supplier. Competitive procurements are rated by weighing the bidders' prices as well as past performance, expertise, and other non-cost factors. This promotes competition, makes the procurement process more transparent, and can potentially lower Government costs. Competitive procurement processes can, however, be lengthy and involve complex paperwork.

By contrast, sole-source procurements are awarded without competition when the item or service is available from only one source or meets justifications set forth by Federal regulations. A sole-source procurement requires support, including justification and approval documents and market research, to justify why the award will not be competed. While sole-source procurements often result in less time spent obtaining goods and services, they can also result in higher costs because of the lack of competition.

During the process for awarding these procurements, the IBC must adhere to the FAR. The FAR is the primary set of rules in the Federal Acquisition Regulations System, which governs the acquisition process for executive branch agencies. The FAR itself sets forth uniform policies and

² Office of Management and Budget Memorandum M-19-16, *Centralized Mission Support Capabilities for the Federal Government*, dated April 26, 2019.

procedures for acquisitions by all executive branch agencies, and the overall system also includes agency acquisition regulations that implement or supplement the FAR.

To ensure that they adhere to the FAR's requirements, agencies must design, implement, and operate effective systems of internal control. The U.S. Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* provides the criteria for such systems. These standards define five components of a strong internal control system: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. Grouped within the components are 17 principles, including designing control activities and identifying and remediating deficiencies, which represent the specific requirements necessary to establish an effective internal control system.

Findings

As the procurement servicing agency for over 50 clients, the IBC is responsible for ensuring that its procurements are in the best interest of and provide the best value to the Government. To do this, its preaward practices, including awarding competitive and sole-source procurements and collecting and retaining procurement documentation, must be sound, effective, and in compliance with governing rules and standards.

We selected and reviewed a sample of 25 competitive procurement files and 60 sole-source procurement files. We found deficiencies with 33 percent of our sample: some files were missing, and some had missing or incomplete supporting documentation that was required by the FAR. Because the IBC did not comply with the documentation requirements set forth in the FAR, the IBC could not ensure that it followed the FAR when awarding procurements. Specifically, we found weaknesses in maintaining preaward files and monitoring the preaward process.

For a list of the deficiencies we identified in the sample files, see Appendix 3.

Weaknesses in Maintaining Preaward Procurement Files

The GAO's *Standards for Internal Control in the Federal Government* require an organization's management to design and implement an internal control system that includes control activities, such as policies, to achieve objectives and respond to risks as well as monitoring to remediate identified internal control deficiencies in a timely fashion.³ These standards also help the organization ensure that it does its work in accordance with applicable Federal regulations. We found weaknesses in the IBC's design and implementation of its internal control system for maintaining complete competitive and sole-source procurement files.

Missing or Insufficiently Supported Competitive Procurement Files

Five of the 25 competitive procurement files in our sample did not adhere to preaward or IBC requirements for maintaining and reviewing documentation. One file was missing altogether (although it was later found to have been transferred to another agency), and three files had missing documentation. We also found that a legal review of the fifth file occurred at a time when the IBC and its client could not address solicitation language.⁴

As an example of this deficiency in documentation, all of the preaward documents in one of the files we reviewed—for an \$85 million award made on behalf of a large Federal client—were missing. The missing documents included a request for quotes, bids from contractors, technical evaluations of the bidders' proposals, and a legal review of the procurement. These deficiencies are inconsistent with the FAR's requirements. In particular, FAR § 4.801(b) requires procurement files to have sufficient information to support all decisions made and actions taken

³ *Standards for Internal Control in the Federal Government*, "Control Activities" component, Principles 10 ("Design Control Activities") and 12 ("Implement Control Activities"), and "Monitoring" component, Principles 16 ("Perform Monitoring Activities") and 17 ("Evaluate Issues and Remediate Deficiencies").

⁴ We discuss this file in the "Weaknesses in Monitoring the Preaward Process" section.

throughout the award process. Moreover, the IBC employees stated that they did not know what had happened to the documents. Accordingly, the IBC did not have an adequate internal control system and would not be able to demonstrate that its procurements are in the best interest of and provide the best value to the Government.

Missing or Insufficiently Supported Sole-Source Procurement Files

Because sole-source procurements are inherently riskier than competitive procurements, stronger review and support are required to justify sole sourcing. Despite these requirements, 23 of the 60 sole-source procurement files in our sample did not adhere to preaward requirements for documentation or IBC policies and procedures.

Four Missing Files

FAR § 4.801(b)(3) requires that procurement files contain sufficient documentation to provide information for reviews and investigations, but we identified four files, for procurements totaling nearly \$3.176 million, that were missing (although two were later located). IBC contracting personnel did not know what had happened to the two missing files.

Because the two files could not be found, we could not determine whether the contractor's proposed procurement costs were supported in the files or whether the files contained sufficient documentation to confirm that sole sourcing was the appropriate type of procurement for the IBC to have awarded.

14 Insufficiently Supported Files

Supporting documentation is needed to ensure that the organization is following the FAR. Despite these requirements, the IBC had internal control deficiencies with respect to ensuring completeness. In particular, 14 of the files we reviewed, totaling almost \$30.2 million, had incomplete documentation (see Appendix 3).

For example, five procurements had technical evaluations that were unsupported. Technical evaluations are required reviews by the IBC's client agencies of the labor and cost aspects of bidders' proposals. These five procurements were awarded on behalf of two DOI bureaus and another Federal department; the total cost of the awards was over \$4.3 million. FAR § 15.404-1(e)(2) requires certain technical evaluations to have, at a minimum, an examination of the types and quantities of materials proposed to meet the procurement's technical requirements, as well as information on labor hours. The technical evaluation should also include a cost analysis of the proposed products or services and any other data that would allow the technical evaluation team to assess the bidder's ability to accomplish the procurement's requirements.

For three of these five awards, totaling \$3.85 million, IBC contracting personnel accepted emails from the client's technical evaluation teams as the technical evaluations, even though none of the emails included a required analysis detailing how the teams reached their conclusions. One email simply read "Thumbs up," another read "Approved," and the third read "No Issues." The other two awards, totaling \$474,000, did not include any supporting documentation. Without supported technical evaluations for the five procurements, it was not clear whether any of the

evaluation teams had reviewed the bidders' proposals or determined whether the bidders' costs were reasonable. We also could not find any evidence that IBC contracting supervisors had reviewed the evaluations to determine whether they were adequately supported.

When we asked IBC contracting personnel whether they were responsible for ensuring that their clients provide—and support—technical evaluations for sole-source procurements, they acknowledged that they were required to ensure that technical evaluations adhere to the requirements in FAR § 15.404. Ensuring that technical evaluations are completed and adequately supported allows the Government to receive the best possible products and services at the appropriate price.

In addition, IBC policy requires contracting staff to complete file indexes to ensure that the required documentation to support the procurement is complete and in the contract file. During our review, however, we identified five files that had missing or incomplete file indexes.

Procurement Files Maintained in Hard Copy Only

During our audit, we learned that the IBC has historically maintained all of its procurement files in hard copy only, which can result in files being misplaced (as was the case with the sample files described above) or lost permanently. The DOI's acquisition policy requires acquisition files to be maintained in electronic form in the Financial Business Management System (DOI Acquisition, Assistance, and Asset Policy 0046, Version 4), but the DOI waived this requirement for the IBC in 2017 because the IBC maintains sensitive external client documents. We note, however, that missing files and incomplete file documentation can cause the IBC to oversee procurements ineffectively, which in turn can lead to procurements that are not in the best interest of or do not provide the best value to the Government.

After we completed our fieldwork, IBC employees informed us that the IBC had issued a policy on January 1, 2020, requiring that all procurement files be in electronic format. For files that must be maintained in hard copy, the policy requires the IBC to maintain duplicate versions in electronic form. If implemented correctly, this policy should ensure that IBC employees can locate files when they need them and adhere to the requirements in FAR § 4.801(b)(3).

Recommendations

We recommend that the IBC:

1. Implement policies requiring supervisory reviews of the support for technical evaluations and communications with IBC clients before issuing awards to ensure that the awards are in the best interest of and provide the best value to the Government
2. Implement its policy requiring contracting personnel to create electronic acquisition files to ensure the files are complete

Weaknesses in Monitoring the Preaward Process

We identified weaknesses in the IBC's monitoring of the preaward process for competitive and sole-source procurements. These monitoring weaknesses led to an untimely legal review and allowed numerous internally identified deficiencies to go uncorrected.

The GAO's *Standards for Internal Control in the Federal Government* requires an organization's management to monitor for and promptly evaluate and correct identified internal control deficiencies, including issues found during audits, and to document any corrective actions taken.⁵ Depending on the nature of the deficiency, either the management or an oversight organization would oversee the prompt remediation of deficiencies by communicating the corrective actions to the appropriate level of the organizational structure and giving the appropriate personnel the authority to complete corrective actions.

Incorrect Timing of Legal Review

One of the competitive procurements in our sample was a \$104 million task order. This was one of four task orders, totaling \$387 million, that the IBC awarded on behalf of a large Federal client. The IBC engaged the DOI's Office of the Solicitor (SOL) to review the procurement's award summary and supporting documentation, but the IBC did this *after* awarding the task orders, not *before*. By requesting the legal review after the award was made, the IBC failed to comply with the DOI's acquisition policy (DOI Acquisition Policy Release 2001-3), which states that a legal review is required before making any award of more than \$500,000. When we asked why the legal review had been performed after the task order was awarded, the IBC could not provide an answer.

We identified two potential issues with this procurement that might have been prevented if the IBC had requested the legal review at the correct time:

- **Issue 1:** The request for quotes included unclear language that required security clearances for all task orders. When it occurred, the legal review concluded that this language had caused several bidders to be disqualified for not having security clearances, but only one of the four task orders actually required clearances. Due to the incorrectly timed legal review, however, the SOL did not identify the language in time to prevent the disqualification of bidders who should have been considered. We note that one of the disqualified vendors had submitted bids that were between \$4.2 million and \$25.4 million lower than the accepted bid.
- **Issue 2:** Nothing in the procurement file or the legal review provides reasonable assurance that the IBC's contracting officer had assessed the legal review's comments, communicated them to the client, and worked with the client to resolve them. IBC personnel told us that they were not required to take this step, and we acknowledge that we did not find that any bidders protested this procurement. Nonetheless, communicating legal review comments to a client—which, again, would require the review to be

⁵ *Standards for Internal Control in the Federal Government*, "Monitoring" component, Principles 16 ("Perform Monitoring Activities") and 17 ("Evaluate Issues and Remediate Deficiencies").

completed before the award was made—could enable the client to correct issues and thus prevent award protests. This is, in fact, a major reason to conduct a legal review in the first place. We were also unable to locate any documentation showing that a supervisor reviewed the actions of the contracting officer.

Uncorrected Findings Allowed Internal Control Weaknesses to Continue

During our audit, we learned that the IBC was not monitoring procurement files and correcting identified weaknesses promptly.⁶ We reviewed the IBC’s relevant policies and confirmed that contracting personnel are required to ensure that procurement files are present and complete, but the requirements are not being followed in some instances.

For example, contracting personnel did not:

- Fill out or sign the file indexes the IBC uses to ensure that files are complete
- Fill out or sign the checklists the IBC uses to ensure that preaward, award, and modification actions are accurate and complete
- Sign award summaries to document that the summaries were supported and complete
- Verify review and approval of award documents

Again, see Appendix 3 for a complete list of the missing or incomplete documentation and other issues we found in our sample.

When we shared our audit findings with IBC employees, they told us they already knew about many of the issues because the IBC’s own internal reviews for the past 3 years had uncovered similar findings. We confirmed that the internal reviews had identified six of the same issues we had, including missing sole-source documentation, requests for proposals, legal reviews, and review and approval forms; unsigned procurement documents; and unsupported or missing independent Government cost estimates (see Appendix 3). These internal reviews did not lead to any internal changes in policy or practices.

⁶ *Standards for Internal Control in the Federal Government*, “Monitoring” component, Principles 16 (“Perform Monitoring Activities”) and 17 (“Evaluate Issues and Remediate Deficiencies”).

Recommendations

We recommend that the IBC:

3. Require supervisors to ensure that contracting personnel have assessed legal review comments and document the resolutions with the client before awarding procurements
4. Require an oversight body or procurement managers to determine why prompt remediation of deficiencies identified in internal reviews did not occur

Conclusion and Recommendations

Conclusion

The IBC has a responsibility to ensure that its preaward practices for the \$1.6 billion it manages in procurements adhere to applicable regulations. Our findings show, however, that the IBC is not meeting this responsibility. Without implementing and following internal policies and procedures to ensure that it is adhering to the FAR, the IBC risks awarding procurements that are not in the best interest of and do not provide the best value to the Government.

If the IBC implements the recommendations we make in this report, it can correct its weaknesses in following regulations and policies, strengthen its preaward procedures, and ultimately help ensure that the procurements it awards are in the best interest of and provide the best value to the Government.

Recommendations Summary

We issued a draft version of this report to the IBC to review and respond to. Based on the IBC's response, we consider all four recommendations resolved, but not implemented. Below we summarize and reply to the IBC's response to each recommendation. See Appendix 4 for the full text of the IBC's response and Appendix 5 for the status of the recommendations.

We recommended that the IBC:

1. Implement policies requiring supervisory reviews of the support for technical evaluations and communications with IBC clients before issuing awards to ensure that the awards are in the best interest of and provide the best value to the Government

IBC Response: The IBC partially concurred with our finding and recommendation, and stated that it would amend its award summary policy to require its contracting officer to certify that review findings have been coordinated with clients before award documents are issued. The amended policy will be communicated with the IBC's Acquisition Services Directorate (AQD) employees.

OIG Reply: The IBC provided its policy requiring supervisors to review and approve award documents based on certain thresholds and an amended policy requiring its contracting officer to certify that review findings have been coordinated with the clients before award documents are issued. The IBC also provided confirmation that the amended policy had been communicated with IBC staff. Based on the IBC's response and our review of this draft policy, we consider this recommendation resolved and implemented.

2. Implement its policy requiring contracting personnel to create electronic acquisition files to ensure the files are complete

IBC Response: The IBC concurred with this finding and recommendation, and stated that it would require AQD personnel to use the DOI's new electronic filing system once it is released. The IBC provided a target completion date of April 30, 2021.

OIG Reply: Based on the IBC's response, we consider this recommendation resolved but not implemented.

3. Require supervisors to ensure that contracting personnel have assessed legal review comments and document the resolutions with the client before awarding procurements

IBC Response: The IBC partially concurred with our finding and recommendation. It stated that this was not a "systemic issue" because our recommendation was based on "one of 85 files that OIG reviewed," but it agreed that DOI policy requires legal reviews to be done before procurement actions are executed. In addition, the IBC stated that its policy also requires all reviews, comments, approvals, and resolution of comments to be documented in writing and maintained in the contract file for historical purposes. The IBC stated that it would provide refresher training to all AQD staff on these policies and that the AQD would discuss these requirements during its next all-hands meeting.

OIG Reply: The issue prompting this recommendation did occur in a single procurement, but four separate task orders, totaling \$387 million, were at issue. Regardless of whether this is a "systemic" issue, the significance of these task orders and the potential cost savings to the Government make this a material finding that warrants a recommendation. Based on the IBC's response, we consider this recommendation resolved but not implemented.

4. Require an oversight body or procurement managers to determine why prompt remediation of deficiencies identified in internal reviews did not occur

IBC Response: The IBC concurred with our finding and recommendation. The IBC stated that it would identify an oversight body to assess why recurring weaknesses were not promptly corrected. This body will propose and implement corrective actions by August 31, 2021.

OIG Reply: Based on the IBC's response, we consider this recommendation resolved but not implemented.

Appendix 1: Scope and Methodology

Scope

Our audit scope included sole-source and competitive procurements the U.S. Department of the Interior's (DOI's) Interior Business Center (IBC) administered through interagency agreements for multiple clients between 2014 and 2018. We reviewed the procurements to determine whether the IBC had complied with the Federal Acquisition Regulation (FAR) and the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*.

Methodology

We conducted this performance 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.

To accomplish our objectives, we:

- Reviewed the FAR over the preaward processes for competitive and sole-source procurements
- Reviewed the *Standards for Internal Control in the Federal Government's* 5 components and 17 principles of an effective internal control system
- Reviewed the DOI's and the IBC's preaward process guidelines, policies, and procedures for competitive and sole-sourced procurements
- Interviewed key officials, including the IBC Acquisition Policy and Oversight Division chiefs and other IBC personnel
- Reviewed the IBC's documentation supporting compliance with criteria over its preaward process
- Reviewed the IBC's internal review findings and compared them to our findings to identify repeat findings
- Reviewed the IBC's agreements with its clients to determine the IBC's responsibilities for procurement administration
- Visited the IBC offices in Herndon, VA, and Lakewood, CO

Our audit also included gaining an understanding of the IBC's internal controls over its preaward process for sole-source and competitive procurements. To do this, we generated a random sample from Teammate Analytics of 60 sole-source procurements and 25 competitive procurements and tested them against 25 requirements from the FAR, *Standards for Internal Control in the Federal Government*, and our fraud and risk assessment. We did not project the results of the tests to the total population of recorded transactions, nor did we test underlying information system controls.

We asked IBC officials to provide supporting documentation to demonstrate that the IBC had followed its preaward processes. The IBC shared permanent files, which contain support for procurement actions, that had been held for recordkeeping purposes, as well as policies and procedures, interagency agreements with clients, internal reviews, and correspondence between clients on the preaward process. Because the procurement files we reviewed were hard copies, we did not rely on computer-generated data from the IBC's information systems.

Appendix 2: List of Interior Business Center Clients

The Interior Business Center provides acquisition services for 50 Federal agencies (including the U.S. Department of the Interior (DOI) and its bureaus), 2 State agencies, and 1 Federal and State partnership.

Client type	Name of Client
DOI bureaus	Bureau of Indian Affairs Bureau of Reclamation Bureau of Land Management Bureau of Ocean Energy Management Bureau of Safety and Environmental Enforcement DOI departmental offices National Park Service Office of Surface Mining Reclamation and Enforcement U.S. Fish and Wildlife Service U.S. Geological Survey
Other Federal departments	Department of Agriculture Department of Commerce Department of Defense Department of Health and Human Services Department of Homeland Security Department of Housing and Urban Development Department of Justice Department of State Department of Transportation Department of Veterans Affairs
Small Federal and State agencies	Office of the Director of National Intelligence, Intelligence Advanced Research Projects Activity Advisory Council on Historic Preservation American Battle Monuments Commission Arizona Department of Forestry and Fire Management Commodity Futures Trading Commission Council of the Inspectors General on Integrity and Efficiency

Client type	Name of Client
Small Federal and State agencies	Denali Commission Equal Employment Opportunity Commission Election Assistance Commission Executive Office of the President, Office of National Drug Control Policy Environmental Protection Agency Export-Import Bank of the United States Federal Communications Commission Federal Housing Finance Agency Federal Mine Safety and Health Review Commission Federal Trade Commission General Services Administration Morris K. Udall and Stewart L. Udall Foundation National Archives and Records Administration National Endowment for the Arts Northern Border Regional Commission National Science Foundation Nuclear Regulatory Commission Office of Personnel Management Privacy and Civil Liberties Oversight Board Railroad Retirement Board Research Corporation of University of Hawaii Small Business Administration Special Inspector General for Afghanistan Reconstruction U.S. Access Board U.S. Commission of Fine Arts U.S. Office of Special Counsel U.S. AbilityOne Commission (Committee for Purchase from People Blind or Severely Disabled)

Appendix 3: Deficiencies Identified in Procurement Files

The following figure identifies the types of Federal Acquisition Regulation (FAR) and internal control deficiencies we found during our review of the 85 procurement files in our sample. The total potential value of these procurements was \$7,550,522,678.04. All of these forms of documentation are required by the FAR, Department of the Interior policy, or Interior Business Center policy.

Abbreviations and definitions of terms in this figure are as follows: C = competitive procurement, S = sole-source procurement, IGCE = independent Government cost estimate (a Government estimate that serves as the basis for determining the reasonableness of a procurement's costs), J&A = justification and approval (documentation that justifies awarding a procurement contract without competition)

Sample No.	Type	Total Procurement Value (\$)	Unsigned/ Inaccurate Award Summary	IBC File Checklist Unsigned/ Not Complete	Incomplete/ Unapproved Contract Review & Approval Form	J&A Unsigned/ Not Approved	Legal Review Finding	Missing Docs.	IGCE Not Supported	Incomplete Open Market Acquisition Checklist	Business Type Not Specified	Tech. Eval. Findings
4	C	84,975,000.00						X				
7	C	260,432.00	X					X	X		X	
8	C	28,875.00		X						X		
14	C	1,500,000.00	X									
25	C	4,248,435,265.00						X*				
26	C	104,109,504.00	X				X	X				
27	S	188,950.80		X							X	
31	S	3,539,561.44						X				
32	S	558,333.34		X								
34	S	347,610.49						X				X
35	S	126,364.98						X				X
37	S	44,684.36						X				
38	S	76,658.84						X			X	

Sample No.	Type	Total Procurement Value (\$)	Unsigned/ Inaccurate Award Summary	IBC File Checklist Unsigned/ Not Complete	Incomplete/ Unapproved Contract Review & Approval Form	J&A Unsigned/ Not Approved	Legal Review Finding	Missing Docs.	IGCE Not Supported	Incomplete Open Market Acquisition Checklist	Business Type Not Specified	Tech. Eval. Findings
48	S	75,000.00									X	
50	S	1,907,140.81						X [‡]				
51	S	7,000.00						X [†]				
52	S	2,965,305.60						X				X
53	S	16,585,813.00								X		
61	S	74,670.34						X				
70	S	574,104.21						X [‡]				X
71	S	23,571,134.60						X [§]				
72	S	499,000.00									X	
73	S	312,792.35						X				X
75	S	540,000.00									X	
78	S	687,526.87						X [†]	X			
79	S	7,500.00		X								
80	S	34,390.59						X				
81	S	317,750.45		X	X							
82	S	18,421.55	X			X						

* At first the IBC could not find this file; we later learned that the file was being transferred to a different agency.

† At first the IBC could not find this file; it was later located, and we reviewed it.

‡ The IBC could not find these files.

§ At first the IBC could not find this file; when it was located, we found that it was missing documents.

Appendix 4: Response to Draft Report

The Interior Business Center's response to our draft report follows on p. 19.



United States Department of the Interior

INTERIOR BUSINESS CENTER
Washington, DC 20240

Memorandum

To: Christopher M. Stubbs
Director, Office of Financial and Contract Audits
Office of Inspector General

From: Byron M. Adkins, Jr. **BYRON ADKINS** Digitally signed by BYRON ADKINS
Date: 2020.12.31 10:52:56 -05'00'
Director, Interior Business Center

Subject: Response to Draft Audit Report – The Interior Business Center’s Procurement Pre-Award Practices Did Not Always Adhere to Federal Regulations or Internal Control Standards, Report No. 2019-FIN-009

On November 12, 2020, the Interior Business Center (IBC) met with your office to discuss our initial comments on the Department of the Interior (DOI) Office of Inspector General (OIG) draft audit report on IBC procurement pre-award practices (Report No. 2019-FIN-009). This memorandum provides IBC’s comments on and action plan for responding to DOI OIG Report No. 2019-FIN-009. See attached. Our response to each finding is also summarized below.

DOI OIG Recommendation 1 – Implement policies requiring supervisory reviews of the evaluations and communications with IBC clients before issuing awards to ensure that the awards are in the best interest of and provide the best value to the Government.

- **Response:** IBC partially concurs with the recommendation. The responsibility of making a best value determination lies with the source selection authority, which for a majority of contract actions at IBC is the Contracting Officer (CO). The existing IBC review and approval process requires supervisor (or higher) review of award documents based on a certain dollar threshold.
- **Corrective Action:** IBC will amend its award summary policy to require the CO to certify that they coordinated review findings with the client before issuance of the award document. The amended policy will be communicated with the AQD workforce.
- **Target Completion Date:** February 28, 2021
- **Responsible Official:** Sharon Roberts, Acting Head of the Contracting Activity (HCA)

DOI OIG Recommendation 2 – Implement upcoming DOI policy requiring contracting personnel to utilize DOI’s electronic filing system.

- **Response:** IBC concurs with the recommendation. IBC obtained a waiver from PAM in 2017 to DOI AAAP 0046 requiring acquisition files to be maintained in electronic form in the Financial Business Management System. This waiver expires upon the implementation of the improved e-file system. When the new system is implemented, IBC will begin its transition to the new e-file system.

- **Corrective Action:** IBC will implement the DOI Policy requiring contracting personnel to utilize DOI's electronic filing system once the new system is released. After implementation, AQD will utilize DOI's electronic filing system for all new awards moving forward. The new system is estimated to be released in December 2020. AQD requested an extension from the PAM Office for implementation through April 2021.
- **Target Completion Date:** April 30, 2021
- **Responsible Official:** Sharon Roberts, Acting HCA

DOI OIG Recommendation 3 – Require supervisors to ensure that contracting personnel have assessed legal review comments and document the resolutions before awarding procurements.

- **Response:** IBC partially concurs with the recommendation. IBC agrees that legal review shall be accomplished prior to executing an action (in accordance with DOI policy DOI-AAAP-0075). However, this recommendation is based on one of 85 files that OIG reviewed, and IBC does not concur that this represents a systemic issue within the organization. This single occurrence was on a contract awarded August 7, 2014. IBC issued a robust Review and Approval Policy on January 1, 2015. This policy (IBCM-AQD-6900-015) requires legal review on services greater than \$500,000 and products greater than \$1 million prior to award. IBCM-AQD-6900-015 also requires all reviews, comments, approvals and resolution of comments to be documented in writing and maintained in the contract file for historical purposes.
- **Corrective Action:** IBC will provide refresher training to all AQD staff on the review and approval policy as it pertains to legal reviews. AQD will also highlight and emphasize this requirement during its next all-hands meeting.
- **Target Completion Date:** July 1, 2021
- **Responsible Official:** Sharon Roberts, Acting HCA

DOI OIG Recommendation 4 – Require an oversight body to assess why prompt remediation of recurring weaknesses identified in internal reviews did not occur and provide actionable recommendations to correct those weaknesses.

- **Response:** IBC concurs with the recommendation.
- **Corrective Action:** IBC will identify an oversight body by January 15, 2021 to assess why prompt remediation of recurring weaknesses resulting from internal reviews did not occur. The oversight body will finalize actions for implementation by May 31, 2021. IBC will implement changes and revisions no later than August 31, 2021.
- **Target Completion Date:** May 31, 2021
- **Responsible Official:** Sharon Roberts, Acting HCA

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

Attachments

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

Appendix 5: Status of Recommendations

Recommendations	Status	Action Required
1	Resolved and implemented	No action required
2 – 4	Resolved but not implemented	Refer recommendations to the Office of Policy, Management and Budget to track implementation

