

BRIEFLY...

Highlights of Report Number: 03-08-002-07-711, to the Assistant Secretary for Administration and Management, issued September 30, 2008.

WHY READ THE REPORT

The Office of Inspector General (OIG) conducted a performance audit of sole source procurement practices in the U.S. Department of Labor (DOL).

Federal regulations require full and open competition for the award of government contracts, and allow only a limited number of exceptions to this rule. In DOL, the Office of the Assistant Secretary for Administration and Management (OASAM), is responsible for the overall implementation of the Department's procurement program and ensures that the program complies with the appropriate laws and regulations. DOL has a decentralized procurement structure with the Mine Safety and Health Administration (MSHA), the Employment and Training Administration (ETA), the Bureau of Labor Statistics (BLS), OIG and OASAM having their own procurement authority. OASAM has overall responsibility to ensure these agencies adhere to procurement regulations and procedures.

WHY OIG DID THE AUDIT

The purpose of our audit was to answer the following question:

Were proper procurement procedures followed when awarding sole source contracts?

READ THE FULL REPORT

To view the report, including the scope, methodology, and the Deputy Assistant Secretary for Operations' response, go to:

<http://www.oig.dol.gov/public/reports/oa/2008/03-08-002-07-711>

September 2008

THE DEPARTMENT OF LABOR'S CONTROLS OVER SOLE SOURCE PROCUREMENTS NEED STRENGTHENING

WHAT OIG FOUND

DOL could not demonstrate the basis for awarding contracts without full and open competition was appropriate for 41 of the 62 (66 percent) sampled sole source contracts. Specifically, we found proper procedures were not followed in one or more of the following instances: justifications to award sole source contracts were missing; inadequate, or lacked the required reviews and approvals; documentation of the fair and reasonable price determination for sole source contracts was insufficient; required conflict of interest certifications were not obtained from the program officials requesting the sole source contract; and there was no evidence that the contracting officer submitted the offering notice to the Small Business Administration (SBA) for a SBA 8(a) sole source award.

The audit also disclosed that OASAM could not locate 5 of 40 contract files we requested because it did not have an effective inventory control system. Without these files, DOL cannot provide a complete history of the procurement actions or support the basis for decisions and actions taken throughout the acquisition process.

WHAT OIG RECOMMENDED

We recommend the Assistant Secretary for Administration and Management implement policies and procedures that require: appropriate higher level reviews for sole source contracting actions; agency internal quality control processes; OASAM implement a comprehensive oversight plan to monitor agency procurement programs; and OASAM implement an effective inventory control system to account for all procurement files.

In response to the draft report, OASAM's Deputy Assistant Secretary for Operations expressed concern that the report gives a misimpression of the Department's procurement practices. The Deputy Assistant Secretary stated that while there is always room for improvement, the Department's procurement practices are sound. However, the Deputy Assistant Secretary generally agreed with the recommendations.