

U.S. Department of Labor

Office of Inspector General—Office of Audit

**OFFICE OF THE ASSISTANT SECRETARY
FOR ADMINISTRATION AND MANAGEMENT**



AUDIT OF DOL'S FISCAL YEAR 2008 PROCUREMENT DATA REPORTED IN THE FEDERAL PROCUREMENT DATA SYSTEM – NEXT GENERATION

Date Issued: February 22, 2010
Report Number: 03-10-001-07-711

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number: 03-10-001-07-711, *Audit of DOL's Fiscal Year 2008 Procurement Data Reported in the Federal Procurement Data System-Next Generation* to the Assistant Secretary for Administration and Management.

WHY READ THE REPORT

This report discusses the Office of Inspector General (OIG) performance audit of the completeness and accuracy of the U.S. Department of Labor's (DOL) Fiscal Year (FY) 2008 (October 1, 2007, to September 30, 2008) procurement data in the Federal Procurement Data System-Next Generation (FPDS-NG). The FPDS-NG is the government-wide system of information on the Federal government's purchases of goods and services. The data it contains is used to create recurring and special reports to the President, Congress, Government Accountability Office, Federal executive agencies, and the general public. Therefore, it is imperative that DOL assures the completeness and accuracy of all information entered into FPDS-NG. The General Services Administration (GSA) administers FPDS-NG and, in DOL, the Office of the Assistant Secretary for Administration and Management (OASAM) is responsible for implementing the Department's procurement program, including the FPDS-NG.

WHY OIG CONDUCTED THE AUDIT

OIG conducted the audit to determine if DOL provided the Congress, GSA, and the Office of Management and Budget (OMB) with complete and accurate procurement data.

The audit covered FY 2008 procurement data and DOL's certification to OMB on the accuracy of this data in the FPDS-NG. For FY 2008, DOL reported in the FPDS-NG 9,367 contracting actions totaling approximately \$1.8 billion.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2010/03-10-001-07-711.pdf>.

February 2010

AUDIT OF DOL'S FISCAL YEAR 2008 PROCUREMENT DATA REPORTED IN THE FEDERAL PROCUREMENT DATA SYSTEM-NEXT GENERATION

WHAT OIG FOUND

The Department generally reported all FY 2008 procurement actions the FPDS-NG; however, the detailed data elements that comprised these procurement actions were not always accurately reported. Our statistical sample of 1,386 procurement data elements found that approximately 8 percent were either incorrect or unsupported. One cause of the reporting errors was that contracting specialists may differ in their understanding of certain data-field requirements because the data-field descriptions are sometime ambiguous. As a result, the procurement data the Congress, GSA, and OMB received from DOL through the FPDS-NG was not always reliable.

We also found that the report DOL used to certify to OMB the accuracy of its FY 2008 procurement data in the FPDS-NG could not be adequately supported. The contractor DOL hired to perform the procurement data validation reported that the overall accuracy rate of DOL's FY 2008 procurement data in the FPDS was 99.32 percent. However, the contractor did not have documentation to support the methodology, conclusions, findings, or recommendations contained in the report. The contracting vehicle OASAM used did not require the contractor to maintain support for the work it performed. Without supporting documentation, OASAM had no assurance as to the quality of the contractor's work. Because the contractor's work could not be relied upon for DOL's certification to OMB, we believe the \$190,718 paid for this work could have been put to better use.

WHAT OIG RECOMMENDED

In summary, we recommended that procurement staff be trained on understanding and entering data into the FPDS-NG, and DOL establish a mechanism by which procurement staff could address questions or problems related to entering procurement data. We also recommended that if DOL plans to use a contractor for future FPDS-NG reviews, it ensures the contract requirements are specific, and requires the assigned Contracting Officer's Technical Representative to monitor the contractor to ensure the work complies with the contract requirements. The OASAM Deputy Assistant Secretary for Operations concurred with the recommendations.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



February 22, 2010

Assistant Inspector General's Report

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The Office of Inspector General (OIG) conducted a performance audit of the completeness and accuracy of the U.S. Department of Labor's (DOL) Fiscal Year (FY) 2008 (October 1, 2007, to September 30, 2008) procurement data in the Federal Procurement Data System-Next Generation (FPDS-NG).

The Office of Federal Procurement Policy Act of 1974 required the Office of Management and Budget's (OMB) Office of Federal Procurement Policy (OFPP) to establish a system for collecting procurement data in the Federal Government. OFPP implemented the FPDS in 1978. The General Services Administration (GSA) administers the FPDS. GSA modernized the FPDS, which is currently referred to as the FPDS-NG and became available in 2004. In DOL, the Office of the Assistant Secretary for Administration and Management (OASAM) is responsible for implementing the Department's procurement program including the FPDS-NG.

In May 2008, OMB issued a memorandum to Chief Acquisition Officers and senior procurement officials on improving the quality of FY 2008 acquisition data in the FPDS-NG. The memorandum provided detailed guidance for verifying, validating, and certifying FPDS-NG data. By January 5, 2009, agencies had to certify that their FY 2008 procurement data was in the FPDS-NG and that their data quality plans were completed. DOL certified to OMB that 100 percent of all reportable contracting actions awarded during FY 2008 had been entered into the FPDS-NG as fully and accurately as possible and the overall accuracy rate of the data elements tested by an independent contractor was 99.32 percent.

The audit objective was to determine if DOL provided the Congress, GSA, and OMB with complete and accurate procurement data. The audit covered FY 2008 procurement data and DOL's certification to OMB on the accuracy of this data in the FPDS-NG. For FY 2008, DOL reported in the FPDS-NG 9,367 contracting actions totaling approximately \$1.8 billion.

To accomplish the audit objective we compared data in DOL's E-Procurement System (EPS)¹ to data in the FPDS-NG. We obtained the FPDS-NG data base for DOL FY 2008 contracting actions from GSA's website and statistically sampled 66 contract actions from a total of 5,341 contracting actions². For each sample item, we verified 21 data elements in the FPDS-NG to supporting documentation in the contract file. We also reviewed documentation DOL used to support its certification to OMB on the accuracy of FY 2008 procurement data in the FPDS-NG.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. Our objective, scope, methodology, and criteria are detailed in Appendix B.

RESULTS IN BRIEF

The Department generally reported all FY 2008 procurement actions in the FPDS-NG; however, the detailed data elements that comprised these procurement actions were not always accurately reported. Our statistical sample of 1,386 procurement data elements found that approximately 8 percent were either incorrect or unsupported. Specifically, approximately five percent of the data elements reported in the FPDS-NG did not agree with the corresponding documentation in the contract files; and approximately three percent of the data reported in the FPDS-NG were not supported by evidence in the contract files. Examples of the procurement data elements with which we found problems were Current Completion Date, Extent Competed, Base and Exercised Options Value, Type of Set Aside, and Action Obligation Amount. Procurement officials told us one cause of the reporting errors was that contracting specialists may differ in their understanding of certain data-field requirements because the data-field descriptions are sometime ambiguous. As a result, the procurement data the Congress, GSA, and OMB received from the Department through the FPDS-NG was not always reliable. The FPDS-NG is the only government-wide system for obtaining information on the Federal Government's purchases of goods and services, and the data it contains is used to create recurring and special reports to the President, Congress, Government Accountability Office (GAO), Federal executive agencies, and the general public. Therefore, it is imperative that DOL assure the completeness and accuracy of all information entered into the FPDS-NG.

¹ The EPS is DOL's management information system for the procurement processes throughout the Department. DOL procurement staff submits most of the procurement data to FPDS-NG electronically through the EPS.

² We excluded all contracting actions of \$3,000 or less, as well as actions taken solely to de-obligate funds.

We also found that the report DOL used to certify to OMB the accuracy of its FY 2008 procurement data in the FPDS-NG could not be adequately supported. The contractor DOL hired to perform the procurement data validation reported that the overall accuracy rate of DOL's FY 2008 procurement data in the FPDS was 99.32 percent. However, the contractor did not have documentation to support the methodology, conclusions, findings, or recommendations contained in the report. The contracting vehicle OASAM used was an indefinite delivery/indefinite quantity type of contract for labor hours, which did not require the contractor to maintain support for the work it performed. This contract type also impeded the Contracting Officer's Technical Representative's (COTR) oversight of the contract. As a result, DOL approved payment of the contractor's invoices based on the hours worked without ensuring that the work was properly supported with reliable documentation. Without supporting documentation, OASAM had no assurance as to the quality of the contractor's work to ensure it was sufficient for DOL's certification to OMB. Because the contractor's work could not be relied upon for DOL's certification to OMB, we believe the \$190,718 paid for this work could have been put to better use.

To improve the accuracy of FPDS-NG data, we recommended that procurement staff be trained on understanding and entering data into the FPDS-NG to ensure it is complete and accurate and establish a mechanism in DOL by which procurement staff could address questions or problems related to entering procurement data into the FPDS-NG. We also recommended, if DOL plans to use a contractor for future FPDS-NG reviews, the Assistant Secretary for Administration and Management needs to ensure the contract requirements are specific, and require the assigned COTR to monitor the contractor to ensure the work complies with the contract requirements.

In the response to the draft report, the OASAM Deputy Assistant Secretary for Operations concurred with the recommendations. The response also stated that, on the whole, the report makes a broad finding based on a comparison of the DOL reported FPDS-NG data accuracy rate and the audit-derived accuracy rate. The response explained that the audit did not apply the OMB-approved plan and methodology utilized by DOL, and the audit used a smaller sample set.

We disagree that the report made a broad finding based on a comparison of the DOL reported FPDS-NG data accurate rate and the audit-derived accuracy rate. The audit report explained that the statistical sampling method used for the audit was not the same as reported by the contractor and that the results cannot be compared to each other. The sample size used in the audit was sufficient to support the accuracy rate reported. The contractor hired by DOL to conduct the required statistical review could not provide support for its accuracy rate.

RESULTS AND FINDINGS

Objective — Did DOL management provide the Congress, GSA, and OMB with complete and accurate procurement data?

The Department generally reported all FY 2008 procurement actions in the FPDS-NG; however, the detailed data elements that comprise these procurement actions were not accurately reported. In evaluating whether the FPDS-NG data were complete, we compared contracting actions in the FY 2008 FPDS-NG to DOL's EPS. We found minor differences, specifically, there were 14 contract actions totaling \$432,589 in EPS that were not reported in the FPDS-NG. This represented less than one percent of the total contract actions and total obligations in the EPS.

Finding — DOL did not always accurately report FY 2008 procurement data in the Federal Procurement Data System-Next Generation.

The Department did not always provide the Congress, GSA, and OMB with accurate procurement data. We selected a statistical sample of 66 contracting actions and, for each contracting action, tested for 21 specific data elements contained in the FPDS-NG. We found that approximately 8 percent of the 1,386 data elements tested were either incorrect or unsupported, resulting in an overall accuracy rate of no more than 93 percent at a 95 percent confidence level (one-sided limit.) Approximately five percent of the data elements reported in the FPDS-NG did not agree with the corresponding documentation in the contract files; and approximately three percent of the data reported in the FPDS-NG were not supported by evidence in the contract files. Procurement officials told us that the FPDS-NG data field descriptions are sometimes ambiguous and, as a result, contracting specialists may have a different understanding of what is required for certain data fields. An OASAM official stated that the OMB training curriculum for the acquisition workforce does not cover data entry into the FPDS-NG, nor does DOL have formal training specific to FPDS-NG. OASAM officials told us that FPDS-NG data entry is learned through on-the-job training, and that they made a half-day presentation on the FPDS-NG to DOL procurement staff in July 2008.

It is imperative that DOL ensure the completeness and accuracy of all information it submits to FPDS-NG because it is the only system that contains data that the Federal Government uses to create recurring and special reports to the President, Congress, GAO, Federal executive agencies, and the general public. The data is also used to populate the USAspending.gov website in accordance with the Federal Funding Accountability and Transparency Act.

We also found that the contractor-produced report DOL used to certify to OMB that its FY 2008 procurement data in the FPDS-NG were 99.32 percent accurate could not be adequately supported. Specifically, the contractor did not have adequate evidence to support its reported results. It should be noted that our statistical sampling method was not the same as the one reported by the contractor; therefore, the two sets of results cannot be compared to each other.

Federal Acquisition Regulation (FAR), Subpart 4.606, Reporting Data, states that Federal agencies shall use FPDS-NG to maintain publicly available information about all contracting actions exceeding the micro-purchase threshold, and any modifications to those actions that change previously reported contracting action report data, regardless of dollar value. FAR Subpart 4.604 explains that the Senior Procurement Executive, in coordination with the head of the contracting activity, is responsible for developing and monitoring a process to ensure timely and accurate reporting of contractual actions to FPDS-NG. The responsibility for the submission and accuracy of the individual contracting action report resides with the contracting officer who awarded the contracting action. The FAR goes on to state that when a contract-writing system is integrated with FPDS-NG, the contracting action report must be confirmed for accuracy prior to release of the contract award.

In May 2008, OMB issued a memorandum to Chief Acquisition Officers and senior procurement officials providing detailed guidance for verifying, validating, and certifying FPDS-NG data. OMB expected agencies to randomly select contract records and in sufficient numbers to produce statistically valid conclusions at a 95 percent confidence level, with an error rate of no more than plus or minus 5 percent. The sampled contracting action report had to be validated against the associated contract file by an individual other than the contracting officer who awarded the contract or the person entering the contract data. The reviewer had to obtain sufficient information to validate any contracting action report data elements not contained in the contract file. Data elements that could not be validated had to be considered incorrect.

The following are details of our work on the accuracy of the Department's FY 2008 procurement data in the FPDS-NG and the support of the contractor-produced report DOL used to certify to OMB that its FY 2008 procurement data in the FPDS-NG were 99.32 percent accurate.

DOL did not always accurately report procurement data associated with the contracting actions.

To determine the accuracy of the FPDS-NG data, we statistically sampled 66 contracting actions from a population of 5,341. We found that DOL did not accurately report approximately 8 percent of the procurement data in the FPDS-NG. Based on our sample, we are 90 percent confident that the overall accuracy rate is between 90.31 percent and 92.65 percent. The point estimate is a 91.48 percent accuracy rate. However, it should be noted that our statistical sampling method was not the same as reported by the contractor DOL used to review the FY 2008 FPDS-NG data and the results cannot be compared to each other because the contractor tested 46 data elements and we tested 21 data elements.

We tested 21 data elements for each of the 66 sampled contracting actions for a total of 1,386 items. For each data element, we used the contracting action report to compare the information reported in the FPDS-NG to the supporting documentation in the

contract file. We found errors in 109, or 7.8 percent, of the 1,386 items tested. For 10 of the 21 data elements tested, we are 95 percent confident the error rate for these data elements was more than 10 percent. The following table provides a list of these elements and their respective error rates. See Exhibit 1 for our statistical results and estimates.

Data Element	Statistically Projected Error Rate
1. Current Completion Date	41.8%
2. Extent Competed	39.4%
3. Ultimate Completion	27.7%
4. Base and Exercised Options Value	23.2%
5. Date Signed	22.1%
6. Reason for Modification	18.9%
7. Type of Contract	18.3%
8. Type of Set Aside	16.8%
9. Data Universal Number System (DUNS) Number	14.1%
10. Action Obligation Amount	13.4%

We found two types of errors in our testing of the data elements-either documentation in the contract file did not agree with information in the data element, or there was no evidence in the contract file to support information in the data element. Of the 109 errors we found, 63 related to documentation in the contract file not agreeing with the information in the FPDS-NG data element, and 46 related to no evidence being in the contract file to support the information in the FPDS-NG data element. See Exhibit 2 for a list of the data elements reviewed and details of the errors found.

Based on our interviews with procurement officials, we concluded there was a disparity of knowledge among them about the FPDS-NG, as some procurement officials were not familiar with the FPDS-NG Manual and Data Dictionary. Familiarity with these two sources of information is integral to ensuring correct data is entered into the FPDS-NG. Procurement officials also told us the FPDS-NG is vulnerable to data-entry errors occurring because the data element descriptions are sometimes ambiguous. Furthermore, OASAM officials stated that the OMB training curriculum for the acquisition workforce does not cover data entry into the FPDS-NG and DOL does not have formal training specific to FPDS-NG. They said FPDS-NG data entry is learned through on-the-job training. Staff misunderstanding of data element descriptions and system requirements resulted in data-inputting errors which ultimately impacted the accuracy of information in the FPDS-NG. We concluded that, because of agency concerns about the difficulty in understanding some of the requirements for the FPDS-NG data elements, and the problems found in our audit, training specifically on FPDS-NG is needed.

It is imperative that DOL ensure the completeness and accuracy of all information it submits to FPDS-NG because it is the only system that contains data that the Federal

Government uses to create recurring and special reports to the President, Congress, GAO, Federal executive agencies, and the general public. The data is also used to populate the USAspending.gov website in accordance with the Federal Funding Accountability and Transparency Act.

DOL relied on work by a contractor that cannot be supported to certify the accuracy of the Department's FPDS-NG Data to OMB.

The contractor hired by DOL to conduct the required statistical review of the Department's procurement data in the FPDS-NG could not provide support for its report. The contractor did not have documentation for all the contracting actions it sampled. This is needed to support the contractor's statistical projections and the conclusions and recommendations in its report to DOL. The lack of documentation occurred because the contracting vehicle OASAM used was an indefinite delivery/indefinite quantity type of contract for labor hours, which did not require the contractor to maintain support for the work it performed. Therefore, we concluded that this contract method was not appropriate for the type of work the contractor was tasked to do. The lack of clear contract requirements also impeded the COTR's oversight of the contract. While the COTR did receive documentation from the contractor, he did not require the contractor to provide detailed support for the work performed. As a result, DOL approved payment of the contractor's invoices based on the hours worked without ensuring that the work was properly supported with reliable documentation. Without supporting documentation, OASAM had no assurance as to the quality of the contractor's work to ensure it was sufficient for DOL's certification to OMB. Because the contractor's work could not be relied upon for DOL's certification to OMB, we believe the \$190,718 paid for this work could have been put to better use.

To comply with FAR and OMB requirements³, DOL contracted with Logistics Solutions Group, Incorporated (LSG) to audit the contracting actions reported in the FPDS-NG for accuracy and completeness. DOL used the results contained in LSG's report for the required OMB certification. According to the statement of work in the task orders awarded to LSG, one of the first tasks required the contractor to establish the audit protocol needed for the work to be performed and to conduct an independent audit. LSG was required to establish the methodology that would allow certification of data accuracy and completeness and present this to DOL for approval.

On January 6, 2009, LSG issued a report to DOL entitled *Federal Procurement Data System – Next Generation (FPDS-NG) Fiscal Year 2008 Data Quality Review*. The report stated that the engagement would follow procedures outlined in the OMB guidance dated May 9, 2008. According to the report, LSG sampled and reviewed 464 contracting actions, which it considered more than sufficient to statistically satisfy a 95 percent confidence level with an error rate of plus or minus 5 percent, as required by OMB. The report stated 46 data fields were verified for each action. LSG reported that the DOL agencies had a combined score of 99.32 percent overall data accuracy. LSG

³ FAR subpart 4.604(c) and OMB May 2008 Memorandum to Chief Acquisition Officers and senior procurement officials.

provided OASAM with three recommendations for improving data quality in the FPDS-NG.

We requested from both OASAM and LSG all documentation that supported the report. However, the only evidence we received were seven Excel spreadsheets which were not sufficient to support the work performed and conclusions reached in LSG's report. We analyzed the spreadsheets and found they could only support testing on a sample of 243 contracting actions, far less than the 464 contracting actions LSG reported as having sampled and reviewed. Additionally, there was no documentation to support the methodology, conclusions, findings, or recommendations contained in the report. The OASAM COTR's monitoring consisted of receiving status reports in the form of emails from the assigned LSG employee. However, the COTR did not track the sampling work the LSG employee performed to ensure it adequately supported the reported results.

We also found that the person LSG assigned to perform the audit work did not meet the qualifications proposed for the contract. The proposal stated that assigned LSG personnel would have financial and U.S. Government experience. The resume for the person who performed the work showed he had no financial or audit experience before being assigned to the DOL FPDS-NG contract in October 2007. The COTR did not document how he determined the qualifications of the assigned LSG employee. The COTR told us he interviewed the LSG employee but did not obtain a resume of his work history, education, or qualifications.

OASAM officials said they recognized that the task orders were deficient in defining the requirements for the work to be performed and the qualifications of the contractor personnel to be assigned. Therefore, OASAM officials said it was difficult for the COTR to monitor the work performed. Without adequate documentation from LSG, DOL could not support the 99.32 percent accuracy rate it had certified to OMB for the FY 2008 procurement data in the FPDS-NG, which OMB needs for its efforts in improving the quality of acquisition data in the FPDS-NG. Therefore, the \$190,718 OASAM paid to LSG for this work could have been put to better use.

We initially recommended that the Department notify OMB of the results of this audit. However, OASAM officials told us such action was not necessary, as OMB had issued revised guidance because it recognized problems in the guidance provided for performing the validation of FY 2008 FPDS-NG data. We obtained a copy of an October 7, 2009, OMB memorandum to Chief Acquisition Officers and Senior Procurement Officials, in which OMB changed the guidance for the FYs 2009 and 2010 FPDS-NG validation process because the FY 2008 guidance was not sufficient for determining the accuracy of specific data elements with the required statistical precision, and ambiguities in the sampling guidance resulted in inconsistencies in agencies' sampling approaches.

Recommendations

We recommend that the Assistant Secretary for Administration and Management:

1. Provide training to procurement staff on understanding and entering data into the FPDS-NG to ensure it is complete and accurate for all contract actions.
2. Establish a mechanism within OASAM by which DOL procurement staff can address questions or problems related to entering procurement data into the FPDS-NG.
3. Ensure the contract requirements are specific and include time lines, staff qualifications/key personnel, and schedule of progress reports and other deliverables if DOL plans to use a contractor for future FPDS-NG reviews.
4. Require the assigned COTR to monitor the contractor to ensure the work complies with the contract requirements if DOL plans to use a contractor for future FPDS-NG reviews.

We appreciate the cooperation and courtesies that OASAM personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix E.



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Exhibits

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Exhibit 1

Statistical Results and Projections

FPDS-NG Data Element Tested for Each Contracting Action	Universe Size	Sample Size	Point Estimate	Standard Error	Upper Limit - 95 Percent One-Sided
	Contracting Actions				
Current Completion Date	5341	66	30.65%	6.76%	41.80%
Extent Competed	5341	66	29.25%	6.18%	39.44%
Ultimate Completion Date	5341	66	19.15%	5.19%	27.72%
Base and Exercised Options Value	5341	66	14.70%	5.16%	23.21%
Date Signed	5341	66	14.14%	4.84%	22.12%
Reason for Modification	5341	66	11.25%	4.66%	18.94%
Type of Contract	5341	66	10.65%	4.63%	18.29%
Type of Set Aside	5341	66	9.85%	4.24%	16.84%
DUNS Number	5341	66	7.66%	3.90%	14.09%
Action Obligation Amount	5341	66	6.96%	3.88%	13.37%
Reason Not Competed	5341	66	4.64%	3.22%	9.96%
8A Program Participant	5341	66	4.64%	3.22%	9.96%
Small Disadvantage Business	5341	66	4.64%	3.22%	9.96%
North American Industry Classification System (NAICS) Code	5341	66	3.28%	2.39%	7.22%
Procurement Instrument Identifier	5341	66	2.86%	2.37%	6.78%
Award Type	5341	66	2.32%	2.31%	6.13%
Historically Underutilized Business Zone Firm	5341	66	2.32%	2.31%	6.13%
Funding Agency Identification	5341	66	0.00%	0.00%	0.00%
Description of Requirement	5341	66	0.00%	0.00%	0.00%
Woman Owned Business	5341	66	0.00%	0.00%	0.00%
Service Disabled Veteran Owned Business	5341	66	0.00%	0.00%	0.00%
Overall	5341	66	8.52%	0.71%	9.69%

Note: At the 90 percent confidence level, the overall accuracy rate is between 90.31 and 92.65 percent, with the point estimate of 91.48 percent. This is a very tight precision rate.

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Exhibit 2**List of Data Elements Audited and Reason for Exception**

Types of Exceptions by Attribute	No Evidence in Contract file to Support FPDS-NG Data	Documentation in Contract File Does Not Agree With FPDS-NG Data	Total
Current Completion Date	7	12	19
Extent Competed	16	1	17
Ultimate Completion	9	5	14
Date Signed	0	8	8
Base and Exercised Options Value	2	6	8
Type Set Aside	3	4	7
Reason for Modification	0	7	7
DUNS number	1	5	6
Type Of Contract	2	3	5
NAICS Code	0	5	5
Action Obligation Amount	0	3	3
Procurement Instrument Identifier	1	1	2
Reason Not Competed	2	0	2
8A Program Participant	1	1	2
Small Disadvantage Business	1	1	2
Award Type	1	0	1
Historically Underutilized Business Zone Firm	0	1	1
Funding Agency Identification	0	0	0
Description of Requirement	0	0	0
Woman Owned	0	0	0
Service Disabled Veteran Owned Business	0	0	0
Totals	46	63	109

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Appendices

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Background

The Office of Federal Procurement Policy Act of 1974 required OMB's OFPP to establish a system for collecting procurement data in the Federal Government. OFPP implemented the FPDS in 1978, and GSA administers it on OFPP's behalf. In April 2003, GSA modernized the FPDS which is currently referred to as the FPDS-NG. The FPDS-NG became available to the public in December 2004.

The Federal Government uses FPDS-NG data to create recurring and special reports to the President, Congress, GAO, Federal executive agencies, and the general public. Also, the Federal Government uses the reported data to measure and assess the impact of Federal procurement on the nation's economy, the extent to which awards are made to businesses in the various socio-economic categories, the impact of full and open competition on the acquisition process, and other procurement policy purposes. Therefore, reliable information in the FPDS-NG is critical to informed decision making and oversight of the procurement system.

In DOL, OASAM, through the Department's Procurement Executive, is responsible for implementing the Department's procurement program and ensuring that the program is performing in accordance with the appropriate laws and regulations. Through delegations of procurement authority, the Department's procurement program is a decentralized structure. OASAM delegated procurement authority to Mine Safety and Health Administration, Employment and Training Administration, Bureau of Labor Statistics, and OIG. Within OASAM's Business Operations Center, the Office of Acquisition and Management Services (OAMS), establishes the procurement and grant policy for DOL. OAMS is responsible for implementing the DOL procurement oversight functions, administering the E-Procurement System (EPS), and maintaining DOL procurement data in the FPDS-NG. OAMS is also responsible for conducting procurement management reviews of regional and national offices.

DOL uses its EPS management information system for the procurement processes throughout the Department. The EPS supports multiple user groups, including requisitioners and acquisition specialists. DOL procurement staff submits most of the procurement data to FPDS-NG electronically through the EPS.

In December 2003, GAO reported it had concerns regarding long-standing inaccuracies and incomplete data in the FPDS-NG, and made specific recommendations to OMB to help improve the system⁴. Subsequently, in FY 2007, OMB began requiring federal agencies to take certain steps to ensure their full participation in the FPDS-NG initiative. In May 2008, OMB issued a memorandum to Chief Acquisition Officers and senior procurement officials on improving the quality of FY 2008 acquisition data in the FPDS-NG. The memorandum stated that the passage of the Federal Funding Accountability and Transparency Act of 2006 and subsequent activation of the USApending.gov website have increased public access and interest in Federal

⁴ Improvements Needed to FPDS-NG, GAO-05-960R, September 27, 2005.

acquisition and other Federal spending data. Therefore, OMB explained that agencies need to assure that its data are accurate. The memorandum provided detailed guidance for verifying, validating, and certifying FPDS-NG data. OMB required agencies to submit data quality plans for FY 2008 FPDS-NG data and their goal was for all agencies to use statistically valid processes for validating selected FPDS-NG data against the corresponding contract files. By January 5, 2009, agencies had to certify their FY 2008 procurement data is in FPDS-NG and that their data quality plans were completed.

OMB expected agencies to randomly select contract records and in sufficient numbers to produce statistically valid conclusions at a 95 percent confidence level, with an error rate of no more than plus or minus 5 percent. The sampled contracting action report must be validated against the associated contract file by an individual other than the contracting officer who awarded the contract or the person entering the contract data. The reviewer must obtain sufficient information to validate any contracting action report data elements not contained in the contract file. Data elements that cannot be validated must be considered incorrect.

DOL certified to OMB that 100 percent of all reportable contracting actions awarded during FY 2008 had been entered into the FPDS-NG as fully and accurately as possible and that its overall accuracy rate of the data elements tested was 99.32 percent.

Appendix B

Objective, Scope, Methodology, and Criteria

Objective

OIG initiated an audit of DOL procurement data in the FPDS-NG. The audit objective was to determine if DOL provided Congress, GSA, and OMB with complete and accurate procurement data.

Scope

The audit covered FY 2008 procurement data and DOL's FY 2008 certification to OMB on the accuracy of its data in the FPDS-NG. We used statistical sampling of DOL procurement data in the FPDS-NG, and performed an analytical review of data from DOL's EPS. We performed our audit work at DOL's National Office in Washington, D.C., from January through August 2009.

We initially planned to test a sample of contracts sampled and reviewed by the DOL contractor, LSG. The purpose was to determine the reliability of LSG's conclusions for the certification of the DOL FY 2008 FPDS-NG data. However, because LSG did not have support for its work, we conducted a statistical sample of the FPDS-NG data to accomplish our objective. This significantly increased the amount of fieldwork and lengthened the audit timeframe. Of the 1,386 data fields in our sample, 80 (5.7 percent) were blank. We did not include these in our statistical error rates. According to the FPDS-NG Data Dictionary, depending on the type of contracting action, the data fields did not always have to be completed. We concluded that extending the scope to test each individual blank field did not warrant the additional audit resources.

We conducted this audit in accordance with GAGAS for performance audits. 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 the audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objective.

A performance audit includes an understanding of internal controls considered significant to the audit objective and testing compliance with significant laws, regulations, and other requirements. In planning and performing our audit, we considered whether internal controls significant to the audit were properly designed and placed in operation. This included reviewing DOL's policies and procedures for administering DOL procurement data in the FPDS-NG and reviewing OASAM's policies and procedures for certifying to OMB the accuracy of the data. We confirmed our understanding of these controls and procedures through interviews and documentation review.

Methodology

To accomplish the audit objective we reviewed a statistical sample of 66 contracting actions from a universe of 5,341. We obtained the FPDS-NG data base for DOL FY 2008 contracting actions on April 15, 2009, from GSA's website. In evaluating whether the FPDS-NG data were complete, we compared contracting actions in the FY 2008 FPDS-NG to DOL's EPS. The universe in the FPDS-NG was 9,367 contracting actions totaling \$1,825,517,094. We omitted from the universe contracting actions for \$3,000 or less, resulting in 5,341 actions totaling \$1,847,216,079. The reason the value of the reduced universe is more than the total universe is because we also removed negative amounts, which represent de-obligations. We used a stratified random sample design by using the following stratification to the universe.

Table 2 - Universe Stratification

Strata	Range	Percentage to the Total Number of 5,341 Contracting Actions*	Number of Contracting Actions Sampled
1	\$3,001 to \$381,929	83%	36
2	\$382,775 to \$1,030,843	7%	5
3	\$1,030,844 to \$1,733,642	3%	3
4	\$1,736,502 to \$2,340,733	2%	3
5	\$2,346,836 to \$2,989,704	2%	3
6	\$2,992,573 to \$3,883,302	1%	3
7	\$3,931,195 to \$5,677,572	1%	3
8	\$5,808,942 to \$30,102,565	1%	10

* Percentages are rounded to the nearest full percent.

For each contracting action sampled, we reviewed 21 data elements contained in the FPDS-NG. OMB required Federal agencies to verify 46 data elements for each contracting action sampled. In order to reduce the number of data elements to audit, we obtained an understanding of each of the data elements by reviewing their description in the FPDS-NG data dictionary. We selected 21 of the 46 data elements based on what we determined to be significant considering such factors as monetary, competition, high visibility, and socio-economics. We contacted OMB officials involved in the FPDS-NG data validation initiative and obtained their opinion on the significance of the data elements we selected. We also discussed our selection with OASAM officials. OMB and OASAM officials confirmed that the 21 data elements we selected would be useful for our testing purposes.

To determine the accuracy of DOL procurement data reported in the FPDS-NG we selected a statistical sample of 66 contracting actions and reviewed 21 data elements that we considered important for reporting contracting activity. Our sample test results were projected only to the 21 FPDS-NG elements tested. We considered the data element to be incorrect if the FPDS did not match the information in the contract file or the contract file did not contain sufficient evidence. This was based on the methodology contained in OMB's May 2008 guidance to Federal Agencies for verifying, validating,

and certifying FPDS data. OMB expected the reviewer to obtain sufficient information to validate any FPDS data element and data elements that could not be validated were to be considered incorrect.

In performing the audit, we evaluated internal controls used by DOL for reasonable assurance that the reporting of DOL procurement data in the FPDS-NG and the certifying of the completeness and accuracy of the data to OMB was administered and conducted in accordance with Federal and internal requirements. Our consideration of DOL's internal controls for administering and conducting data validation would not necessarily disclose all matters that might be reportable conditions. Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may nevertheless occur and may not be detected.

In planning and performing the audit we relied on computer-generated data from the FPDS-NG to identify the universe of DOL FY 2008 procurement data and select a sample of contracting activity to test. We assessed the reliability of the FPDS-NG data by performing analytical procedures of procurement data in the EPS and comparing it to similar data in the FPDS-NG. We concluded the data was sufficiently reliable to use for our purposes.

Criteria

We used the following criteria in performing the audit.

- FAR, Subpart 4.6, Contract Reporting
- FAR, Part 16
- May 2008 OMB Memorandum, Improving Acquisition Data Quality — FY 2008 FPDS-NG Data
- Office of Federal Procurement Policy Act of 1974
- Federal Funding Accountability and Transparency Act of 2006
- Government Auditing Standards, July 2007

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Appendix C

Acronyms

COTR	Contracting Officer’s Technical Representative
DOL	U.S. Department of Labor
DUNS	Data Universal Number System
EPS	E-Procurement System
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
FPDS–NG	Federal Procurement Data System–Next Generation
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
GAO	U.S. Government Accountability Office
GSA	General Services Administration
LSG	Logistics Solutions Group, Incorporated
NAICS	North American Industry Classification System
OAMS	Office of Acquisition and Management Services
OASAM	Office of the Assistant Secretary for Administration and Management
OFPP	Office of Federal Procurement Policy
OIG	Office of Inspector General
OMB	Office of Management and Budget

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OASAM Response

U.S. Department of Labor

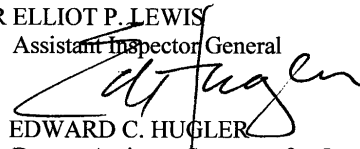
Office of the Assistant Secretary
for Administration and Management
Washington, D.C. 20210

FEB - 1 2010

MEMORANDUM FOR ELLIOT P. LEWIS

Assistant Inspector General

FROM:


EDWARD C. HUGLER
Deputy Assistant Secretary for Operations,
Senior Procurement Executive

SUBJECT:

Audit of DOL's Fiscal Year 2008 Procurement Data Reported in the
Federal Procurement Data System – Next Generation, Draft Report
(03-10-001-07-711)

This responds to the Office of Inspector General's (OIG) January 22, 2010, draft audit report concerning the Department of Labor's (DOL) Fiscal Year (FY) 2008 procurement data reported to the Federal Procurement Data System – Next Generation (FPDS-NG). As the DOL agency responsible for overseeing FPDS-NG data and conducting the annual review, we appreciate the opportunity to comment on the draft report.

On the whole, the report makes a broad finding based on a comparison of the DOL FPDS-NG data accuracy rate reported by Office of the Assistant Secretary for Administration and Management (OASAM) and an OIG-derived accuracy rate. As we discussed with your staff, in deriving its accuracy rate (93%), the OIG did not apply the Office of Management and Budget's (OMB) approved plan and methodology utilized by OASAM in calculating its reported accuracy rate (99%). The OIG also utilized a smaller sample set to determine its accuracy rate.

Notwithstanding these observations, OASAM concurs with the OIG's four recommendations, acknowledging there is always room for improvement.

Finding 1: DOL did not accurately report FY 2008 procurement data in the Federal Procurement Data System – Next Generation.

Response: As noted above, OASAM and the OIG used different methods and sample data to calculate the accuracy rating reported to OMB. OASAM accepts that this produced different outcomes.

Recommendation 1: Provide training to procurement staff on understanding and entering data into the FPDS-NG to ensure it is complete and accurate for all contract actions.

Response: Concur. OASAM will include an FPDS-NG training component in the annual procurement conference scheduled for June 2010. The training will focus on areas of concern identified in the recently completed FY 2009 FPDS-NG review.

Recommendation 2: Establish a mechanism within OASAM by which DOL procurement staff can address questions or problems related to entering procurement data into the FPDS-NG.

Response: Concur. A new contracting officer notice will be prepared and disseminated during the second quarter of FY 2010. The notice will explain the protocol for contacting three sources of FPDS-NG information - the Electronic Procurement System helpdesk, the FPDS-NG helpdesk, and the OASAM procurement policy office.

Recommendation 3: Ensure the contract requirements are specific and include time lines, staff qualifications/key personnel, and schedule of progress reports and other deliverables if DOL plans to use a contractor for future FPDS-NG reviews.

Response: Future FPDS-NG reviews will be performed by federal staff experienced with procurement polices and the FPDS-NG system. In the event a contractor is utilized in the future for this work, this recommendation will be adopted. As we discussed with your staff, we believe the contractor utilized for the audited report did fulfill the requirements of the contract and was entitled to full payment for the work performed.

Recommendation 4: Require the assigned COTR to monitor the contractor to ensure the work complies with the contract requirements if DOL plans to use a contractor for future FPDS-NG reviews.

Response: Future FPDS-NG reviews will be performed by federal staff experienced with procurement polices and the FPDS-NG system. As such, contract monitoring will not be needed. In the event a contractor is utilized in the future for this work, this recommendation will be adopted.

cc: T. Michael Kerr, Assistant Secretary
Al Stewart, Director, Business Operations Center
Val Veatch, Director, Office of Acquisition Management Services

Acknowledgements

Key contributors to the report were Michael Hill (Audit Director), Dan Pompili, Eric Rann, Joe Pomianek, Lawrence Ali, Steven Johnson, Dave Sterling, and Christine Allen.

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