

BRIEFLY...

Highlights of Report Number 17-12-002-07-711, issued to the Assistant Secretary for Administration and Management.

WHY READ THE REPORT

DOL's procurement program has been an OIG top management challenge and remains a concern for the OIG. Recent OIG reports found that the Mine Safety and Health Administration and Office of Job Corps could not demonstrate their procurement processes complied with the Federal Acquisition Regulation (FAR). In Fiscal Year (FY) 2010, DOL awarded 4,291 contracts and purchase orders totaling approximately \$508 million, and issued 5,615 contract and purchase order modifications totaling approximately \$1.7 billion.

WHY OIG CONDUCTED THE AUDIT

The audit objective was to answer the following question:

To what extent did DOL ensure contracts were awarded based on the best value to the government and contract modifications were issued within the terms of initial contracts?

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/2012/17-12-002-07-711.pdf>

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DEPARTMENT OVERSIGHT NEEDS TO BE STRENGTHENED TO MINIMIZE PROCUREMENT RISK

WHAT OIG FOUND

We could not always determine that the Department's procurement actions were proper. For 4 of the 67 contracts we reviewed, DOL could not produce documentation that it awarded contracts based on the best value to the government. Furthermore, for 5 of the 68 contract modifications we reviewed DOL could not produce documentation that it issued contract modifications within the scope of work and terms of the initial contracts. Based on our sample results, we estimated that as much as \$1.3 million in contracts awards and \$21.8 million in contract modifications may have similar documentation problems.

The Department also could not demonstrate through documentation that it complied with the FAR or DOL requirements for checking the Excluded Parties List System, obtaining conflict of interest certifications, and performing a higher level of review for a number of awards. The Department had not recently updated its procurement regulations and guidance or developed standardized procurement procedures. In addition, the Department has never conducted a procurement review of the agency with the largest volume of procurement activity. Furthermore, the majority of procurement reviews the Department conducted occurred in FY 2006 or prior.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Administration and Management update DOL's procurement regulations and guidance and develop standardized procurement procedures using the *Standards for Internal Control in the Federal Government* and input from component agency officials.

The Department agreed to take appropriate action to update Department-wide procurement policies and procedures. However, it did not agree with our assessment of the potential risk to the integrity of the procurement process.