



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF AUDITS**

Final Audit Report

**AUDIT OF THE U.S. OFFICE OF PERSONNEL MANAGEMENT'S
AWARD OF A CREDIT MONITORING AND IDENTITY THEFT
SERVICES CONTRACT TO IDENTITY THEFT GUARD
SOLUTIONS, LLC**

**Report Number 4A-OO-00-17-035
February 28, 2018**

EXECUTIVE SUMMARY

Audit of the U.S. Office of Personnel Management's Award of a Credit Monitoring and Identity Theft Services Contract to Identity Theft Guard Solutions, LLC

Report No. 4A-OO-00-17-035

February 28, 2018

Why Did We Conduct the Audit?

The objective of our audit was to determine if the Office of Procurement Operations (OPO) awarded the credit monitoring and identity theft services contract to Identity Theft Guard Solutions, LLC, doing business as ID Experts, in compliance with the Federal Acquisition Regulation (FAR) and U.S. Office of Personnel Management's (OPM) procurement policies and procedures.

What Did We Audit?

The Office of the Inspector General has completed a performance audit of OPM's procurement process over the ID Experts contract. Our audit fieldwork was conducted from March 29 through October 5, 2017, at OPM headquarters, located in Washington D.C.



Michael R. Esser
Assistant Inspector General for Audits

What Did We Find?

1. Incomplete Contract File

OPO did not comply with the FAR requirements and OPM's policies and procedures in awarding the ID Experts contract. Specifically, we identified the following:

- The acquisition plan, market research plan, technical evaluation plan and various other contractual documents were incomplete and/or unapproved by OPO's management and the Office of the General Counsel;
- The System for Award Management was not referenced until after the award of the General Services Administration (GSA) order;
- The Contract Officer's Representative was not designated until after the award of the GSA order;
- The credit monitoring and identity theft services contract did not go through OPO's Contract Review Board process; and
- There were data entry errors entered into the Federal Procurement Data System.

2. Oversight Review Controls Need Strengthening

Based on our audit findings, we have concluded that OPO needs to strengthen their review controls over the procurement process.

ABBREVIATIONS

FAR	Federal Acquisition Regulation
FY	Fiscal Year
GSA	U.S. General Services Administration
OPM	U.S. Office of Personnel Management
OPO	Office of Procurement Operations

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
ABBREVIATIONS	ii
I. BACKGROUND	1
II. OBJECTIVE, SCOPE, AND METHODOLOGY	4
III. AUDIT FINDINGS AND RECOMMENDATIONS	6
1. Incomplete Contract File.....	6
2. Oversight Review Controls Need Strengthening	10
APPENDIX The Senior Procurement Executive’s response to the draft report, dated January 4, 2018.	
REPORT FRAUD, WASTE, AND MISMANAGEMENT	

I. BACKGROUND

This final audit report details the findings, conclusions, and recommendations resulting from our performance audit of the U.S. Office of Personnel Management's (OPM) award of a credit monitoring and identity theft services contract to Identity Theft Guard Solutions, LLC, doing business as ID Experts. The audit was performed by OPM's Office of the Inspector General, as authorized by the Inspector General Act of 1978, as amended.

In fiscal year (FY) 2015, OPM experienced two separate cyber-attacks, affecting personnel records and background investigation records. Personally identifiable information (e.g., full name, birth date, home address, and social security number) of current, former, and prospective Federal government employees, contractors, and others was stolen in the cyber-attacks on OPM systems.

Personnel Records Incident

OPM discovered that the personnel data of 4.2 million current and former Federal government employees had been stolen. To mitigate the risk of fraud and identity theft using the stolen personnel data, OPM's Office of the Chief Information Officer determined that credit monitoring and identity theft services were needed to protect the affected individuals. OPM awarded a contract to Winvale Group, LLC, on June 2, 2015, who subcontracted with CSIdentity, to provide credit monitoring services and identity theft protection for the affected individuals.

Background Investigation Records Incident

OPM also discovered that 21.5 million background investigation records of current, former, and prospective Federal employees and contractors had been stolen. All but approximately 600,000 individuals who were impacted by the personnel records incident were also impacted by the background investigation incident. Again, to mitigate the risk of fraud and identity theft, OPM used the Department of the Navy to award a contract to ID Experts to provide identity theft protection services for the affected individuals and their minor dependents. On March 15, 2016, the Department of the Navy transferred the binding agreement to OPM to perform administrative responsibilities (e.g., making contractor payments and ensuring the contractor was meeting contractual terms and conditions).

Contracting Requirements and Timeline

On December 18, 2015, the U.S. Congress enacted the “*Consolidated Appropriations Act, 2016*,” which requires OPM to provide complimentary identity protection coverage to affected individuals. Specifically, the Act states coverage should be effective for a period of not less than 10 years and includes not less than \$5,000,000 in identity theft insurance. In addition, the U.S. Office of Management and Budget issued Memorandum (OMB) 16-14, “*Category Management Policy 16-2: Providing Comprehensive Identity Protection Services, Identity Monitoring, and data Breach Response*,” which requires, with limited exceptions, Federal agencies that need identity protection services to use the Government-wide blanket purchase agreements under the U.S. General Services Administration’s Federal Supply Schedule¹.

OPM’s credit monitoring and identity theft services contract with the Winvale Group, LLC was scheduled to end on December 1, 2016. In anticipation of this, OPM conducted an analysis and determined that “approximately 600,000²” individuals impacted by the personnel records incident were also impacted by the background investigation records incident. Therefore, to comply with the Congressional mandate, OPM needed to obtain additional credit monitoring and identity theft services for those affected individuals.

On August 29, 2016, OPM’s Office of the Director provided the Office of Procurement Operations (OPO) with a statement of work outlining the required services, including: transition-in services; notification and address validation services; website services; call center services; credit monitoring services; identity theft insurance and recovery services; and project management, hereafter referred to as the “Requirements.” OPO designated a Contracting Specialist to work with the Office of the Director in awarding the contract to ensure all required contracting actions were performed, all parties complied with the terms of the contract, and the interests of the United States in its contractual relationship were safeguarded.

The Contracting Specialist worked with the Office of the Director to conduct market research for the Requirements, which included researching the U.S. General Services Administration’s (GSA) Federal Supply Schedule and issuing a request for information to vendors. The market research determined that there were capable vendors within the Federal Supply Schedule’s blanket purchase agreement to perform the Requirements.

On September 8, 2016, the Contract Specialist issued the request for quotes package to vendors identified on the Federal Supply Schedule with a September 26, 2016, response due date. Three responses were received and the Technical Evaluation Panel Voting Members performed the

¹ The Federal Supply Schedule provides Federal agencies with a simplified process for obtaining commercial supplies and services at prices associated with volume buying.

² OPM’s ID Experts contract, OPM10117F0001, “2016.08.29-Performance Work Statement-v.7.0.”

technical evaluation, which included comparing vendors' request for quotes responses, reviewing past performance history, and analyzing quotes for the best value. On October 28, 2016, the Contracting Officer signed a blanket purchase agreement with ID Experts and issued a call order for \$4,323,338, not to exceed \$9,066,948³, for credit report access and monitoring and \$5 million in identity theft insurance and recovery services for each of the affected individuals until December 31, 2018.

OMB also issued M-16-14, "*Category Management Policy 16-2: Providing Comprehensive Identity Protection Services, Identity Monitoring, and Data Breach Response*," to heads of departments and agencies on July 1, 2016, for procuring Identity Monitoring Data Breach Response Services. However, we found that OPO did not follow the steps in M-16-14 when awarding the Credit Monitoring and Identity Theft Services Contract.

PREVIOUS OFFICE OF THE INSPECTOR GENERAL REPORTS

On December 2, 2015, the Office of the Inspector General issued a report on OPM's Award of a Credit Monitoring and Identity Theft Services Contract to Winvale Group LLC, and its subcontractor, CSIdentity. Based on our analysis, we determined that in order to meet the Office of the Chief Information Officer's June 8, 2015, Requirements due date, the Contracting Officer failed to comply with the Federal Acquisition Regulation (FAR) requirements and OPM's policies and procedures in awarding the Winvale contract. We issued two recommendations to OPO, which are still open.

³ Rounded to the nearest dollar.

II. OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The objective of our audit was to determine if OPO awarded the credit monitoring and identity theft services contract to ID Experts in compliance with the FAR and OPM's procurement policies and procedures.

The recommendations included in this final report address the objective.

SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards as established by the Comptroller General of the United States. These 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.

The scope of our audit covered OPO's procurement process over the ID Experts contract. We performed our audit from March 29 through October 5, 2017, at OPM headquarters, located in Washington, D.C.

To accomplish our audit objective noted above, we:

- Held meetings with the Contracting Officer for the ID Experts contract, the Director of OPO, the Director of the Office of Small and Disadvantaged Business Utilization, and the Director of OPO's Policy and Procurement Innovations;
- Reviewed the FAR and OPM's small business policy; and
- Reviewed and analyzed the acquisition plan, marketing research plan, request for quotes, the System for Award Management documentation, technical evaluations, basis for award, and other documentation within the contract file to ensure compliance with the FAR and OPM's policies and procedures.

In planning our work and gaining an understanding of the internal controls over OPO's procurement process, we considered, but did not rely on, OPM's internal control structure to the extent necessary to develop our audit procedures. These procedures were mainly substantive in nature. We gained an understanding of management procedures and controls to the extent necessary to achieve our audit objective. The purpose of our audit was not to provide an opinion

on internal controls, but merely to evaluate controls over the procurement process for the ID Experts contract.

Our audit included such tests and analysis of OPO's procurement process, including documented policies and procedures, the ID Experts contract file, and other applicable information, as we considered necessary under the circumstances. The results of our testing indicate that with respect to the items reviewed, OPO needs to improve its policies, procedures, and controls over the procurement process. In conducting our audit, we did not utilize any computer-generated data, nor did we select any samples for testing.

III. AUDIT FINDINGS AND RECOMMENDATIONS

The sections below detail the results of our audit of OPM's award of a credit monitoring and identity theft services contract to ID Experts.

1. Incomplete Contract File

OPO did not comply with the FAR requirements and OPM's policies and procedures in awarding the ID Experts contract. While reviewing the contract file and supporting documentation, we identified the following instances of non-compliance:

- The acquisition plan did not contain the Contracting Officer and Director of OPO's approval signatures.
- The Contracting Officer, the Director of Acquisition Policy and Innovation, and the Office of the General Counsel did not review the acquisition plan until October 30, 2016, which was after the award of the GSA order on October 28, 2016. The reviews should have occurred prior to the award of the ID Experts contract to ensure FAR compliance.
- The acquisition plan was missing the rationale as to why firm fixed price was the best contract type for the Requirements.
- The acquisition plan summary for "Inherently Governmental" and "Budget and Funding" could not be supported by the contract file. The contract file was missing (1) a letter from the Agency Head or designee stating that the Requirements are not inherently governmental and (2) a memorandum from OPM's Office of the Chief Financial Officer stating that \$5.9 million was available for the Requirements.
- The Contract Specialist did not complete the following sections in the market research plan: *Product or Service Code and North American Industry Classification System Code, Independent Government Cost Estimate, Market Research Objectives, and Findings and Analysis.*
- There was no indication that the "*Justification for Use of Options in a Contract*" form, which identified the determination and findings, went through the appropriate review levels as stated in OPO's policy. In addition, the form was missing approval signatures from the Contract Specialist and Contracting Officer.
- The technical evaluation plan was missing signatures from the technical evaluation team.

- The *Procurement Integrity, Ethics, and Standards of Conduct* form for each Technical Evaluation Panel Voting Member was not in the contract file.
- The *Source Selection Consensus Report* was missing approval signatures from the Technical Evaluation Panel Voting Members.
- The *Basis for Award Report* was missing certification and approval signatures from the Contracting Officer and OPO's management.
- The contracting file indicated that the System for Award Management (SAM.gov) was not referenced until October 29, 2016, which was after the award of the GSA order on October 28, 2016.
- The Contracting Specialist or Contracting Officer did not validate vendors in the System for Award Management prior to soliciting offers from contractors.
- The Requirements did not go through OPO's Contract Review Board process.
- The Contracting Officer designated the Contracting Officer's Representative on January 6, 2017, well after the award of the contract on October 28, 2016.
- There were two data entry errors in the Federal Procurement Data System⁴. Specifically, the data field for (1) "Date Signed" states "October 27, 2016"; however, it should have been October 28, 2016; and (2) "Funding Office" states "Federal Investigative Services"; however, it should have been the Office of the Chief Financial Officer.

The following FAR requirements should have been used during the procurement process:

FAR 7.105 requires acquisition plans to describe the strategies for implementing performance-based acquisition methods (e.g., acquisition background and objectives, risks, plan of action, inherently governmental functions, and budgeting and funding). Furthermore, FAR 7.103(h) states that the agency head or a designee shall prescribe procedures for "Reviewing and approving acquisition plans and revisions to these plans" to ensure compliance with FAR requirements, including general acquisition planning procedures and selecting contract types.

FAR 17.205 requires the Contracting Officer to justify in writing the quantities or the term under the option, and document the justification in the contract file. In addition, FAR 1.707 states, "When a [Determination and Findings] is required, it shall be signed by the appropriate

⁴ The Federal Procurement Data System provides a comprehensive web-based tool for agencies to report contract actions.

official in accordance with agency regulations.” OPM’s *Contracting Policy No. 1.602-1(b)* also requires the Determination and Findings form to be approved by the Contracting Officer and reviewed by the Director of OPO, the Office of General Counsel, and the Director of Acquisition Policy and Innovation.

Furthermore, FAR 9.404 requires each agency to establish procedures to ensure that they are not soliciting offers from, awarding contracts to, or consenting to subcontracts with contractors whose names are in the System for Award Management⁵ exclusions. Supplementing the FAR, OPO’s procurement process requires the Contracting Officer to verify that the contractor is in the System for Award Management before awarding a contract.

FAR 1.602-1 states, “No contract shall be entered into unless the contracting officer ensures that all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals, have been met.”

FAR 1.602-2 also states, “Contracting officers are responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships.” This includes designating and authorizing in writing and in accordance with agency procedures, a Contracting Officer’s Representative on all contracts and orders.

FAR 4.603 requires OPO to update the Federal Procurement Data System with the contract action⁶ data.

In addition, the following internal policies and procedures were relevant to the procurement process:

OPM’s *Contracting Policy No. 1.602-1(b), Review of Contractual Documentation – Addendum*, states that for Requirements that meet thresholds of \$2 million to \$50 million, the acquisition plan requires review from the following: the Contracting Officer’s Representative, the Director of Acquisition Policy and Innovation, the Office of the General Counsel, and the Division Director and the Director of OPO. In addition, the acquisition plan requires the approval signature from the Contracting Officer and the Director of OPO.

⁵ The System for Award Management is the official U.S. Government system that combines federal procurement systems and the Catalog of Federal Domestic Assistance into one new system.

⁶ FAR 4.601 states “Contract action *means* any oral or written action that results in the purchase, rent, or lease of supplies or equipment, services, or construction using appropriated dollars over the micro-purchase threshold, or modifications to these actions regardless of dollar value.”

OPM's *Attachment 2, Contract Review Board Matrix*, requires the Contracting Specialist and Contracting Officer to complete the market research plan to document and summarize the efforts taken to identify the capabilities, practices, and standards of the commercial market.

OPO's technical evaluation and decision process requires the Contracting Specialist to prepare a technical evaluation plan. The technical evaluation plan outlines the factors the Technical Evaluation Panel Voting Members will take into consideration when assessing vendors' responses to the request for quotation requirements. The Technical Evaluation Panel Voting Members are responsible for completing the following items: "*Procurement Integrity, Ethics, and Standards of Conduct*" form; source selection training administered by the Contract Specialist; and *technical evaluation workbooks* for each vendor that submitted a response. Upon completion of these items, the Contract Specialist prepares a *Source Selection Consensus Report* and the *Basis for Award Report*.

Lastly, OPO's Director of Acquisition Policy and Innovation stated that the designation of the Contracting Officer's Representative should be done prior to the award of the contract.

Based on our review of the ID Experts contract file and a statement made by an agency employee that was involved with the contract award, OPO bypassed some of the FAR requirements and OPM's policies and procedures to award the credit monitoring and identity contract.

Without a complete and accurate history of the actions taken to award the contract, it is impossible to know whether following all of the FAR requirements would have resulted in an award of the credit monitoring and identity theft services contract to someone other than ID Experts.

Recommendation 1

We recommend that OPO immediately update its policies and procedures, to include but not be limited to, guidance for checking the System for Award Management, contract document approvals for the market research plan, and contract file completion to ensure compliance with the FAR. When completed, contracting staff should be notified of the changes.

OPO's Response

OPO concurs with the recommendation and they have "been actively updating its contracting policy and procedural guidance in not only the above referenced areas, but in support of its entire operation."

2. Oversight Review Controls Need Strengthening

Based on our audit findings, we have concluded that OPO needs to strengthen their review controls over the procurement process. As described in our finding above, *Incomplete Contract File*, we found (1) the acquisition plan, market research plan, technical evaluation plan and various other contractual documents were incomplete and/or unapproved; (2) SAM.gov was not referenced until after the award of the GSA order; (3) the Contracting Officer’s Representative was not designated until after the award of the GSA order; and (4) the Requirements did not go through OPO’s Contract Review Board process.

In addition, we have not seen evidence that OPO is adhering to their established review controls. Since October 2015, OPO implemented “Review & Approval Levels” and “Contract Review Board” guidance, which contains internal review controls for the procurement process. Within this guidance, it specifies individuals within OPO (e.g., Director of OPO, Senior Procurement Executive, and Director of Acquisition Policy and Innovation) and the Office of the General Counsel that are required to review and/or sign contractual documents to ensure that contracting actions taken by the Contract Specialist and Contract Officer are in compliance with the FAR. See the Table below for an example of the level of review and approvals.

Table: OPO’s Review & Approval Levels Guidance

Dollar Value Thresholds (Including Options)	External Documents		File Justification / Documentation	
	Solicitation / Award	Significant Solicitation Amendments, Contract Modifications, or Changes to the Acquisition Plan	Acquisition Plan/ Procurement Summary	Determination and Findings (Note: Any D&F to exercise an option, regardless of dollar value, will require only CO Review/Approval. All other D&Fs required by the FAR will follow the below review and approval levels)
Greater than \$3,500 -- \$150,000	-Contracting Officer (CO) Only Review and Approval.	-CO Only Review and Approval.	-CO Review. - Small Business Technical Advisor (SBTA) Review (if not set-aside for small business). ² - CO Signature Approval. ³	-CO Review. -API Review. -CO Signature Approval.
Greater than \$150,000 -- \$2M	-CO Review. -Team Leader Review. -Acquisition Policy & Innovation (API) Review. -Team Leader Approval. ²	-CO Review. -Team Leader Review. -API Review. -OGC Review. -Team Leader Approval.	-CO signature review. -Technical Advisor (COR) signature concurrence. -Team Leader Review. -API Review. -SBTA Review (if not set-aside for small business). -Team Leader Signature Approval.	-CO Signature Review. -Team Leader Review. -API Review. -Team Leader Signature Approval.
Greater than \$2M -- \$50M	-CO Review. -Team Leader Review. -API Review. -Office of General Counsel (OGC) Review. -Division Director Review and Approval.	-CO Review. -Team Leader Review. -API Review. -OGC Review. -Division Director Review. -Director of Contracting Group (DCG) Review. -Division Director Approval.	-CO signature review. -Technical Advisor (COR) signature concurrence. -Team Leader Review. -API Review. -OGC Review. -Division Director Review. -SBTA Review (if not set-aside for small business). -DCG Review and Signature Approval.	-CO Signature Review. -Team Leader Review. -API Review. -OGC Review. -Division Director Review. -DCG Review. -Division Director Signature Approval.

Source: OPO’s Contracting Policy No. 1.602-1(b), Review of contractual Documentation - Addendum

The U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government*, dated September 2014, states, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system.” Some examples of control activities are top-level reviews of actual performance; reviews by management at the functional or activity level; and appropriate documentation of transactions and internal control.

Furthermore, the U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government*, states, “in evaluating operating effectiveness, management determines if controls were applied at relevant times during the period under evaluation, the consistency with which they were applied, and by whom or by what means they were applied. If substantially different controls were used at different times during the period under evaluation, management evaluates operating effectiveness separately for each unique control system. A control cannot be effectively operating if it was not effectively designed and implemented. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.”

Based on the review of the contract file and a statement made by an agency employee that was involved with the contract award, OPO bypassed some of the FAR requirements and OPM’s policies and procedures to award the credit monitoring and identity contract.

OPO’s adherence to all review and approval guidance will help to (1) increase the likelihood of FAR compliance; (2) decrease the risk for waste or loss of taxpayer dollars; and (3) provide reasonable assurance to Congressional constituents and the taxpayers that OPM is procuring contracts in the best interest of the Federal government.

Recommendation 2

We recommend that OPO implement controls to ensure that each contract complies with the FAR requirements and internal policies and procedures. This includes, but is not limited to, documenting and approving all contracting actions prior to contract award, as required by the “*Review & Approval Levels*” and “*Contracting Policy 1.102(s), Contract Review Board*.”

OPO’s Response

OPO concurs with the recommendation. “OPO has increased, where resourcing levels permit, its oversight and compliance efforts in accordance with Contracting Policies 1.602-

1(b), 1.102(d), and 4.801. ... OPO will continue developing, disseminating, and appropriately overseeing and managing contracting policies and procedures.”

APPENDIX



Office of
Procurement Operations

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

January 4, 2018

MEMORANDUM FOR:

[REDACTED]
Chief, Internal Audits Group

FROM:

Juan Arratia
Senior Procurement Executive, Office of
Procurement Operations

**JUAN
ARRATIA**

Digitally signed by
JUAN ARRATIA
Date: 2018.01.04
12:17:42 -05'00'

SUBJECT:

Draft Report on the Audit of the U.S. Office of
Personnel Management's Award of a Credit
Monitoring and Identity Theft Services Contract to
Identity Theft Guard Solutions, LLC, 4A-OO-00-
17-035

Thank you for providing OPM the opportunity to respond to the Office of the Inspector General (OIG) *Draft Report, Audit of the U.S. Office of Personnel Management Award of a Credit Monitoring and Identity Theft Services Contract to Identity Theft Guard Solutions, LLC, 4A-OO-00-17-035, dated December 5, 2017.*

We recognize that even the most well run programs benefit from external evaluations and we appreciate your input as we continue to enhance our program. The Office of Procurement Operations' (OPO) responses to your recommendations are provided below.

RESPONSES TO THE DRAFT REPORT RECOMMENDATIONS

Recommendation 1

We recommend that OPO immediately update its policies and procedures, to include but not be limited to, guidance for checking the System for Award Management, contract document approvals for the market research plan, and contract file completion to ensure compliance with the FAR. When completed, contracting staff should be notified of the changes.

Management Response:

Concur. In response to the findings provided through several independent assessments as well as numerous other OIG audits conducted since FY2015, OPO has been actively updating its contracting policy and procedural guidance in not only the above referenced areas, but in support of its entire operation. Several contracting policies have been

Report No. 4A-OO-00-17-035

developed, reviewed, and approved through the SPE, Director of Contracts, Office of General Counsel (OGC), and Labor Relations. Contracting policies most applicable to OIG Recommendation 1 here are represented in the below table. In addition to the formal policy review and approval process referenced above, OPO has appropriately disseminated and trained the OPM acquisition workforce on these policies through a structured process. Evidence of these established policies as well as the briefing materials associated with them can be found on the [OPO WIKI Page](#).

Guidance	Operational Broadcast	Formal Implementation
Contracting Policy 1.602-1(b) Review of Contractual Documents	October 5, 2015	October 19, 2015
Contracting Policy 1.603 Contracting Officer Appointments	October 12, 2015	October 29, 2015
Contracting Policy 1.102(d) Contract Review Board (CRB)	October 26, 2015	November 9, 2015
Contracting Policy 4.801 Oversight and Compliance Reviews	September 27, 2017	October 1, 2017
Contracting Policy 4.803 Contract File Organization and Storage	September 27, 2017	October 1, 2017
Contracting Policy 7.1 Acquisition Planning	October 20, 2016	October 20, 2016

The above represented contracting policies provide guidance necessary in preparing a complete and accurate contract file inclusive of Draft Audit Report referenced items such as System for Award Management (SAM.gov) records, market research detail, and all other contractual documentation reviews and approvals. Additionally, Contracting Policies 1.602-1(b), 1.102(d), and 4.801 infuse the procurement process with critical oversight activities aimed at ensuring supportable business decisions are being made in the best interest of OPM and the Federal Government and that those decisions are properly documented at all times in accordance with the Federal Acquisition Regulation (FAR) and Agency Policy. In FY2016, OPO Acquisition Policy and Innovation (API) reviewed in accordance with Contracting Policy 1.602-1(b) 500+ contractual documents in support of the agencies critical mission. That amount increased in FY2017, resulting in 600+ contractual documents having been reviewed.

Most relevant to this recommendation is the very recent approval and dissemination of Contracting Policy 4.803 Contract File Organization and Storage. This policy establishes a consistent contract file format across the OPM acquisition workforce to include how and where electronic contract files are stored. Implementation of the contract file checklist (an attachment to the policy) will ensure that all of the necessary reviews and approvals, both internally and externally, but also equally as important, that they are appropriately documented within the file. Benefits of this Contracting Policy are expected in FY2018 and well beyond.

Additionally, OPO has initiated its Oversight and Compliance Review (OCR) efforts in accordance with Contract Policy 4.801. This includes reviews of OPM's Delegated Procurement Authority (DPA) residing within Healthcare and Insurance (HI), Office of the Chief Information Officer (OCIO), Office of the Inspector General (OIG), and

Human Resource Solutions (HRS). OPO will continue OCR efforts through FY2018 to include remaining OPM DPA as well as OPO. OCR activity conducted by OPO will carry on consistently into the future. The intended outcome of the above referenced OCR activities includes greater awareness and education regarding a complete and accurate contract file. In concert with Contracting Policy 4.803 Contract File Organization and Storage, 4.801 will create better habits within the OPM acquisition workforce resulting in more supportable, well documented business decisions.

OPO will continue to work with the agency to strengthen the End-to-End (E2E) acquisition process. This includes improvements to acquisition planning through the establishment of the Executive Steering Group for Critical Procurement Priorities; training of the agency acquisition workforce to include Contracting Officer Representatives and Program Staff; and system improvements with upgrades to CBIS and PRISM platforms. These continued improvement efforts will increase the quality of requirements and the resulting contracts, to include oversight and compliance capabilities that will be more integrated into the E2E acquisition process.

Recommendation 2

We recommend that OPO implement controls to ensure that each contract complies with the FAR requirements and internal policies and procedures. This includes but is not limited to documenting and approving all contracting actions prior to contract award, as required by the “*Review & Approval Levels*” and “*Contracting Policy 1.102(s), Contract Review Board.*”

Management Response:

Concur. Since FY2015, OPO has focused on building its oversight infrastructure and addressing serious staffing gaps through the addition of operational contract specialists and also experienced nonoperational procurement analysts and cost and pricing analysts. Efforts have been well documented both internally and externally through various independent assessments and OIG Audits. These additions have allowed OPO to progressively move towards a well-established, consistent oversight and compliance program clearly defined within its represented contracting policies.

As reflected within the above OIG Recommendation 1 response, OPO has increased, where resourcing levels permit, its oversight and compliance efforts in accordance with Contracting Policies 1.602-1(b), 1.102(d), and 4.801. For example, OPO API has reviewed over 1K contractual documents across FY2016 and FY2017. This reflects a significant increase in reviews commencing at the time Contracting Policy 1.602-1(b) Review of Contract Documentation was formally refreshed in early FY2016.

Additionally, OPO led briefing and training events have also emphasized the importance of the aforementioned contracting policies. For example, each of the policies represented in the below table were briefed by OPO Acquisition Policy to the OPM acquisition workforce. Acquisition conferences and workshops were also established as a way to further educate the entire agency on not only the specific policies and procedures

reflected in this OIG Draft Audit Response, but those critical aspects of the E2E process, the steps within it, and applicable guidance associated with each step. Briefing topics and materials associated with the below events can be found on the [OPO WIKI Page](#).

Guidance	Briefing Schedule
Contracting Policy 1.602-1(b) Review of Contractual Documents	October 14, 15, 16, 2015
Contracting Policy 1.603 Contracting Officer Appointments	October 23, 2015
Contracting Policy 1.102(d) Contract Review Board (CRB)	November 4, 5, 6, 2015
Contracting Policy 4.801 Oversight and Compliance Reviews	October 10, 11, 2015
Contracting Policy 4.803 Contract File Organization and Storage	October 11, 12, 2017
Contracting Policy 7.1 Acquisition Planning	February 22, 2017
FY2017 Acquisition Planning Conference Agency Wide	December 1, 2, 2016
FY2018 Acquisition Planning Conference Agency Wide	November 15, 16, 2017

Along with the consistent implementation of the above contracting policies, OPO will continue developing, disseminating, and appropriately overseeing and managing contracting policies and procedures. Established efforts within OPO will increase compliance across the OPM acquisition workforce. In addition to the above guidance and communication, additional resources and E2E system enhancements shall ensure OPO continues improving the quality of the contracting work product.

OPO appreciates the opportunity to respond to this draft report. If you have any questions regarding our response, please contact [REDACTED] at [REDACTED] or [REDACTED]@OPM.gov.



Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in Government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

By Internet: <http://www.opm.gov/our-inspector-general/hotline-to-report-fraud-waste-or-abuse>

By Phone: Toll Free Number: (877) 499-7295
Washington Metro Area: (202) 606-2423

By Mail: Office of the Inspector General
U.S. Office of Personnel Management
1900 E Street, NW
Room 6400
Washington, DC 20415-1100