

# Department of Homeland Security **Office of Inspector General**

DHS Contracts Awarded Through Other Than Full and  
Open Competition During Fiscal Year 2012





## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

FEB 01 2013

MEMORANDUM FOR: Nick Nayak  
Chief Procurement Officer

FROM: Anne L. Richards *Anne L. Richards*  
Assistant Inspector General for Audits

SUBJECT: *DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2012*

Attached for your action is our final report, *DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2012*. We incorporated the formal comments from the Office of the Chief Procurement Officer in the final report.

The report contains one recommendation aimed at improving non-competitive contracting. Your office concurred with the recommendation. Based on information provided in your response to the draft report, we consider the recommendation resolved and open. Once your office has fully implemented the recommendation, please submit a formal closeout letter to us within 30 days so that we may close the recommendation. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact John E. McCoy II, Deputy Assistant Inspector General, at (202) 254-4100.

Attachment



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## Abbreviations

APFS	Acquisition Planning Forecast System
CPO	Chief Procurement Office
DHS	Department of Homeland Security
EPLS	Excluded Parties List System
FAPIIS	Federal Awardee Performance and Integrity Information System
FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System-Next Generation
FY	fiscal year
HSAM	<i>Department of Homeland Security Acquisition Manual</i>
OIG	Office of Inspector General
PPIRS	Past Performance Information Retrieval System
SAM	System for Award Management



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### Executive Summary

On June 7, 2012, the U.S. House of Representatives passed H.R. 5855, *Department of Homeland Security Appropriations Act, 2013*. This bill included a requirement that the Department of Homeland Security Office of Inspector General review the Department's contracts awarded through other than full and open competition during fiscal year 2012 to determine compliance with applicable laws and regulations. We reviewed selected components' contract files, as well as departmental policies, procedures, and management controls, to determine whether acquisition personnel appropriately documented and supported contract award decisions.

The Department obligated about \$389 million for noncompetitive contracts during fiscal year 2012. Our review of 40 contract files with a reported value of more than \$174 million showed that, compared with previous reviews of noncompetitive contracts awarded during fiscal years 2008 through 2011, the Department continued to improve its management oversight of acquisition personnel's compliance with policies and procedures. However, these personnel did not always document their consideration of vendors' past performance when researching background on eligible contractors. As a result, the Department cannot be assured that acquisition personnel always awarded government contracts to eligible and qualified vendors as required.

We are making one recommendation to the Department's Chief Procurement Officer to continue improving acquisition management oversight of the Department's compliance with documentation requirements.



## Background

According to the *Competition in Contracting Act of 1984*, with limited exceptions, contracting officers are required to promote and provide for full and open competition in soliciting offers and awarding Federal Government contracts. The Federal Acquisition Regulation (FAR) codifies uniform policies for acquiring supplies and services by executive agencies and requires Federal agencies to collect and report data to the Federal Procurement Data System-Next Generation (FPDS-NG).

The government uses the data in FPDS-NG to measure and assess the impact of Federal procurement on the Nation's economy. The system includes information on funds obligated and the extent of competition. The Office of Federal Procurement Policy requires Federal agencies to certify annually that the data entered into FPDS-NG are valid and complete. We relied on data in this system to identify noncompetitive contracts.

The Federal Government historically has encouraged competition among vendors because of the potential benefits to both the Government and the general public. When multiple vendors compete for the Government's business, the Government can acquire higher quality goods and services at lower prices. In addition, competition helps to reduce opportunities for fraud because it allows Government vendors to change regularly. Finally, competition helps Government officials ensure that citizens' tax dollars are not wasted and that contracts are not awarded based on favoritism.

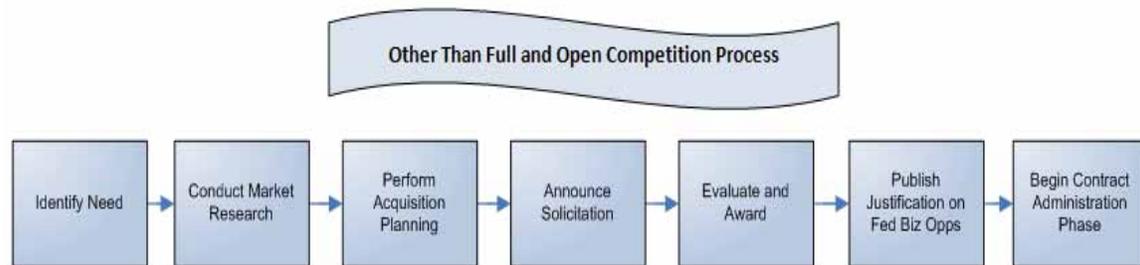
Department of Homeland Security (DHS) Directive # 143-05, *Procurement Oversight Program*, dated August 28, 2012, which replaced Management Directive 0784, *Acquisition Oversight Program*, dated December 19, 2005, includes procedures for the oversight of DHS' procurement practices. According to the directive, the Procurement Oversight Program is designed to provide comprehensive insight into procurement practices throughout DHS. As depicted in figure 1, the Department's process for awarding contracts through other than full and open competition begins when acquisition personnel identify a need. These acquisition personnel are to perform market research to determine the most suitable approach to acquire, distribute, and manage supplies and services to support the Department's mission. Next, acquisitions are planned to help ensure that the Government is meeting its needs in the most effective, economical, and timely manner.

FedBizOpps is the single, Government-wide point of entry for Federal procurement opportunities valued at more than \$25,000. For DHS procurement opportunities valued at more than \$25,000, acquisition personnel announce a solicitation on FedBizOpps



unless, for example, publication compromises national security, is not cost effective, or disclosure is not deemed in the Government’s best interest. When a Government agency awards a contract through other than full and open competition, according to the FAR, the agency must make the justification publicly available within 14 days of the award date, unless it uses the “Unusual and Compelling Urgency” exception, which allows for public availability within 30 days of the award date. Agencies also post the justification on FedBizOpps. Contract administration begins after acquisition personnel award the contract and post the justification on FedBizOpps.

**Figure 1. Process for Awarding Contracts Through Other Than Full and Open Competition**



Source: DHS Office of Inspector General.

The following DHS entities have a role in managing these noncompetitive procurements:

- The Senior Procurement Executive is accountable to the Chief Acquisition Officer for managing the DHS procurement function, and ensures procurement process integrity by conducting oversight reviews to verify compliance with procurement regulations, policies, procedures, and practices.
- The Office of the Chief Procurement Officer ensures the integrity of all DHS acquisitions, according to DHS Management Directive 143-05. This office provides policy, procedures, guidance, and training to the Department’s acquisition workforce. It also oversees the acquisition of contracted goods and services for DHS through several entities, such as the Oversight and Pricing Branch in the office, DHS Competition Advocates, and DHS Heads of Contracting Activity.
- Heads of Contracting Activity directly manage the acquisition functions of their respective components.

On June 7, 2012, the U.S. House of Representatives passed H.R. 5855, *Department of Homeland Security Appropriations Act, 2013*, for the fiscal year (FY) ending September 30,



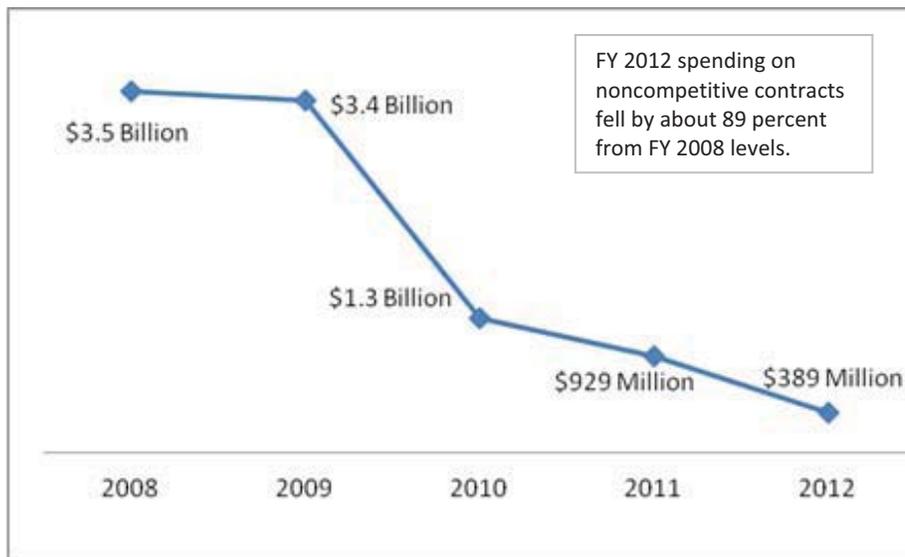
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2013. According to H.R. 5855, Section 519(d), the Office of Inspector General (OIG) is to review DHS contracts awarded during FY 2012 through other than full and open competition to determine departmental compliance with applicable laws and regulations. Further, when selecting noncompetitive contracts for review, OIG is to consider the following:

- Cost and complexity of the goods and services provided under contracts awarded through other than full and open competition;
- Criticality of these contracts to fulfilling the Department’s missions;
- Past performance problems on similar contracts or by the selected vendors; and
- Complaints received about the award process or contractor performance.

DHS obligated about \$389 million for noncompetitive contracts during FY 2012. This represents a decrease of more than \$3 billion obligated through noncompetitive contracts over a 4-year period, as shown in figure 2.

**Figure 2. DHS Noncompetitive Contract Obligations, FYs 2008–2012**



Source: DHS OIG.

We reviewed select DHS component contract files for contracts awarded during FY 2012 through other than full and open competition to determine whether component personnel included documentation and support in the contract files for contracting decisions made prior to awarding contracts, or during the preaward contracting phase. Critical preaward documents include proper justifications and approvals, adequate market research, and acquisition plans appropriate to the dollar values of the awards.



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We also checked contract files for documentation to support consideration of vendor past performance. We considered missing documents or documents dated after the contract award date as deficiencies. We selected 40 noncompetitive contract awards with a total value of more than \$174 million. We also reviewed DHS policies, procedures, and management controls to determine whether acquisition personnel appropriately documented and supported contracting decisions.

### **Results of Audit**

During FYs 2008 through 2011, we reported that DHS made overall improvements in its acquisition management oversight. However, as depicted in table 1, some of the 40 FY 2012 noncompetitive contract files that we reviewed had documentary deficiencies.

Although deficiencies in documenting justification, approval and acquisition plans decreased compared to prior years, market research remained constant. The 40 FY 2012 noncompetitive contract files that we reviewed did not always have sufficient evidence that the Department considered vendors' past performance. These deficiencies occurred because the Office of the Chief Procurement Officer did not ensure that acquisition personnel included required documentation in the contract files to adequately support using other than full and open competition.



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**Table 1. FY 2012 Noncompetitive Contract File Deficiencies**

Data Reporting Requirement (Documentation)	Contract Files Reviewed	Files Requiring the Data Reporting Requirement (Documentation)	Deficient Contract Files	Percentage of Deficient Contract Files
Justification and approval	40	17	0	0%
Market research	40	40	1	2.5%
<b>Acquisition Plans</b>				
Written acquisition plan for acquisitions valued at \$10 million or greater	40	5	1	20%
Advanced acquisition plan in Acquisition Planning Forecast System (APFS) for acquisitions valued at less than \$10 million	40	35	11	31%
<b>Past Performance Assessment</b>				
Excluded Parties List System (EPLS)	40	40	10	25%
Past Performance Information Retrieval System (PPIRS)	40	40	25	63%
Federal Awardee Performance and Integrity Information System (FAPIIS)	40	40	26	65%

Source: DHS OIG.

As a result, DHS cannot be sure that it received the best possible value on the goods and services acquired through these noncompetitive contracts. In addition, the Department cannot be certain that acquisition personnel awarded contracts to eligible and qualified vendors.

**Acquisition Documentation Trends for Noncompetitive Contracts**

In reviewing noncompetitive contracts at DHS awarded during FYs 2008 through 2011, we noted that the Department showed improvement in documenting and supporting noncompetitive contract decisions during this 4-year period. Appendix D represents, by percentage, the deficiencies noted during FYs 2008 through 2011 by oversight area. We previously reported that deficiencies



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declined in documenting justification and approval, market research, acquisition planning, and assessment of vendors' past performance; we attributed the decline in deficiencies to increased acquisition management oversight. In FY 2012, 31 of the 40 contracts we reviewed had deficiencies in one or more of the same four areas.

In FY 2012, DHS continued to improve its documentation of justification and approval, market research, and advanced acquisition planning. However, the Department needs to improve monitoring compliance with requirements to document assessment of vendors' past performance, which support decisions to award noncompetitive contracts.

### **Justification and Approval**

Although competition is the preferred method of acquisition in the Federal Government, according to FAR §§ 6.302-1–6.302-7, contracts may be awarded through other than full and open competition in any of the following circumstances:

- Only one responsible source and no other supplies or services will satisfy agency requirement;
- Unusual and compelling urgency;
- Industrial mobilization; engineering, developmental, or research capability; or expert services;
- International agreement;
- Authorized or required by statute;
- National security; or
- Public interest.

According to the FAR, contracting officers are required to provide written justification when agencies acquire goods or services through other than full and open competition, with certain exceptions. For contracts that require written justification, the contracting officer must certify that the justification is complete and accurate. Further, the appropriate agency authority must approve the justification.

Depending on the dollar value of the acquisition, justification approval requirements may vary. For example, contracts valued at \$650,000 or less require contracting officer approval; contracts valued at more than \$650,000 but less than \$12.5 million require the approval of the DHS component Competition



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Advocate, unless the component lowers the threshold for contract values that require Competition Advocate approval.

According to the FAR, there are some exceptions to the requirement for written justification and approval in awarding noncompetitive contracts (see figure 3).

DHS continued to improve documenting justification and approval for awarding noncompetitive contracts. We reviewed our audit reports from FYs 2008 through 2011 and compared the percentage of deficiencies in justification and approval documentation. In previous years, the percentage of deficiencies identified in files fell steadily, from 27 percent in FY 2008 to 5 percent in FY 2011. For the FY 2012 contract files in our sample, 17 of the 40 noncompetitive awards required written justification and approval. All of the files reviewed contained the required documentation and support for justification and approval. DHS should continue its acquisition management oversight to ensure that it awards contracts properly.

**Figure 3. Some FAR Exceptions to Requirement for Written Justification and Approval of Noncompetitive Contracts**

1. Agency need for a brand name commercial item for authorized resale.
2. Acquisition from qualified nonprofit agencies for the blind or other severely disabled.
3. Sole source awards under the 8(a) Program valued at \$20 million, or less.<sup>1</sup>
4. A statute expressly requires that the procurement be made from a specified source.
5. The United States Coast Guard is exempt from the requirement for written justifications and approvals for contracts awarded citing an international agreement.

Source: FAR Sections 6.302-5(a)(2)(ii), (c)(2)(i), and (c)(3); 6.302-5(b)(2); 6.302-5(b)(4), 6.303-1(b); 6.302-5(a)(2)(i) and (c)(2)(ii); and 6.302-4(c).

### Market Research

In FY 2012, 39 of the 40 files reviewed showed that DHS acquisition personnel complied with FAR and *Homeland Security Acquisition Manual (HSAM)* requirements to conduct market research, a key factor in acquisition decisionmaking, to ensure that the Department procured goods and services at reasonable cost, regardless of the status of competition. According to the HSAM, acquisition personnel must clearly document and include in the contract file market research efforts and results. Specifically, the acquisition team should use

<sup>1</sup> The Small Business Administration's 8(a) Program, named for a section of the *Small Business Act*, is a business development program created to help small, disadvantaged businesses compete in the American economy and access the Federal procurement market. Participants are given preferential treatment in Federal contracting.



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market research information such as independent Government cost estimates, wage determinations, and cost and pricing data to support price reasonableness.

During FYs 2008 through 2011, DHS significantly improved its documentation of market research related to noncompetitive contracts. In FY 2008, about 76 percent of the files we reviewed showed deficiencies in market research documentation; in FYs 2011 and 2012, 1 of the 40 (2.5 percent) contract files we reviewed did not include market research documentation. DHS should continue to ensure that its market research is adequately documented in order to acquire goods and services at the best value.

### **Acquisition Plans**

In FY 2012, 28 of the 40 files (70 percent) we reviewed showed that components complied with DHS policy for documenting acquisition planning by including either a formal written acquisition plan or an advanced (streamlined) acquisition plan in the contract files.

The HSAM includes guidance on documenting acquisition plans for goods and services procured through noncompetitive contracts. According to Appendix H of the HSAM, DHS is to prepare a formal written plan for acquisitions valued at \$10 million or greater. Acquisitions that exceed the simplified acquisition threshold and are valued less than \$10 million are to be entered into the Acquisition Planning Forecast System (APFS), eliminating the need for a written acquisition plan. Acquisition personnel are to include formal written plans and advanced acquisition plans in the contract files to document their efforts to forecast and publicize contracting opportunities.

DHS improved its documentation of acquisition planning in FY 2012 compared with previous fiscal years. Of the 40 FY 2012 contract files in our sample, 5 (13 percent) were valued at more than \$10 million and required a formal written acquisition plan. Four of the five contracts requiring written plans had documentation in the files. The remaining 35 files for contracts valued at less than \$10 million each required advanced acquisition plans in APFS. We identified 11 of 35 (31 percent) files, worth approximately \$14 million in total, that did not include documentation of advanced acquisition plans in APFS.

Although the percentage of files with proper documentation has improved since FY 2011, in which 39 percent of files were deficient, DHS needs to continue to improve documenting acquisitions to comply with Federal regulations, which promote competition and help to select the appropriate contract type.



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### Vendors' Past Performance

DHS continues to be challenged in complying with requirements to assess and document vendors' past performance. Our review of files for 40 noncompetitive contracts showed that acquisition personnel did not always document their assessment of past performance when determining contractor responsibility prior to contract award.

The FAR and the HSAM both include requirements to consider information in certain systems when assessing vendors' past performance. According to FAR § 9.105-1, contracting officers shall consider information from the Federal Awardee Performance and Integrity Information System (FAPIIS) when determining prospective contractor eligibility to do business with the Federal Government. This system links information from the Excluded Parties List System (EPLS) and the Past Performance Information Retrieval System (PPIRS) to enable users to access one system that captures the consolidated performance history of prospective contractors. According to HSAM Subchapter 3009.105-2, contracting officers shall include written evidence in contract files that they have considered information in FAPIIS, EPLS, and PPIRS.

In July 2012, DHS implemented the System for Award Management (SAM). SAM was designed to combine several Federal procurement systems into one new system to reduce redundancy and provide a streamlined and integrated process for establishing and determining contractor responsibility and past performance history. The new system allows acquisition personnel access to the Central Contractor Registry, the Online Representations and Certifications Application, and EPLS to check contractor past performance information.

In FY 2011, we noted deficiencies in documenting checks of FAPIIS in 90 percent of the contract files that we reviewed and in documenting checks of EPLS in 10 percent of files that we reviewed. We did not report any deficiencies related to acquisition personnel checks for information in PPIRS.

For the FY 2012 contract files in our sample, all 40 required documentation that personnel checked FAPIIS, EPLS, and PPIRS for information on vendors' past performance. Of the 40 files we reviewed, 10 files (25 percent), valued at approximately \$57 million, did not include documentation that acquisition personnel checked EPLS in accordance with the HSAM. In 25 of the 40 files (63 percent), valued at approximately \$57 million, we did not find documentation that acquisition personnel checked PPIRS as required by the HSAM. In 26 of the 40 files (65 percent), valued at approximately \$52 million,



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there was no documentation that acquisition personnel checked FAPIIS as required by the FAR.

DHS Heads of Contracting Activity should ensure that acquisition personnel follow departmental guidance in the HSAM and improve documentation of their efforts to assess vendors' past performance prior to awarding contracts. Documenting that acquisition personnel checked and considered past performance information in FAPIIS, EPLS, and PPIRS can provide increased assurance that DHS awards contracts to responsible contractors.

### **Recommendation**

We recommend that the DHS Chief Procurement Officer, in coordination with component Heads of Contracting Activities:

#### **Recommendation #1:**

Ensure that acquisition personnel document in the contract files that they checked information on vendors' past performance in the EPLS, FAPIIS, and PPIRS before awarding noncompetitive contracts, as required by the *Federal Acquisition Regulation* and the *Homeland Security Acquisition Manual*.

### **Management Comments and OIG Analysis**

The Department provided comments to the draft report. A copy of the comments in its entirety is included in appendix B. The Department concurred with the recommendation in the report and indicated planned actions to address the recommendation.

The Department also provided technical comments and suggested revisions to sections of our report. We made changes, as appropriate, throughout the report in response to these technical comments and suggested revisions where applicable.

#### **Recommendation #1**

DHS concurs with the recommendation. The Department indicated the Chief Procurement Office (CPO) will issue a DHS-wide Regulatory Reminder to contracting personnel emphasizing HSAM 3009.105-2. This advisory requires that contracting officers include written evidence in contract files that they have considered information in FAPIIS and EPLS. The CPO plans to also reinforce this



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requirement with each Component Head of the Contracting Activity and include a compliance review of this HSAM requirement as a part of the oversight checklist for contracting activity reviews. The Department estimates that implementation of these changes will be completed by March 1, 2013.

Additionally, the Department stated that EPLS retired in November 2012 and all exclusions capabilities are now accessed through the SAM and plan to update the HSAM to reflect this name change once the FAR is updated.

### **OIG Analysis**

The Department's planned actions sufficiently address the recommendation. The recommendation is resolved, but will remain open until the Department provides (1) a copy of the DHS-wide Regulatory reminder to contracting personnel emphasizing HSAM 3009.105-2 to include written evidence in contract files that they have considered information in FAPIIS and EPLS; (2) a copy of the revised oversight checklist which includes a compliance check for HSAM 3009.105-2; and (3) evidence of the HSAM update to reflect the name change from EPLS to SAM once the FAR is updated.



## **Appendix A**

### **Objectives, Scope, and Methodology**

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the Department.

On June 7, 2012, the U.S. House of Representatives passed a bill to make appropriations for DHS for the fiscal year ending September 30, 2013. H.R. 5855, *Department of Homeland Security Appropriations Act, 2013*, directs OIG to review the Department's contracts awarded during FY 2012 through other than full and open competition to determine departmental compliance with applicable laws and regulations.

Our objective was to review component files to determine whether DHS acquisition personnel documented and supported awarding contracts under the exceptions of other than full and open competition, and documented and supported their consideration of contractor past performance. We reviewed the contract files for adequate documentation and support for noncompetitive contracting decisions to justify the contract awards. In addition, we reviewed applicable Federal laws and regulations, as well as DHS and component-specific guidance, to identify requirements for noncompetitive contract awards. We also examined prior audit reports to identify related work and to assess trends in deficiencies with documentation and support identified during prior audits.

We sampled contract files at four DHS procurement offices, United States Immigration and Customs Enforcement, the United States Coast Guard, United States Customs and Border Protection, and the Transportation Security Administration. We relied on data reported to FPDS-NG and selected files for review based on location, cost, complexity, and criticality to the DHS mission. We performed limited data reliability testing on the data pulled from FPDS-NG and found some issues in which we revised our scope and methodology. However, we believed that given the small number of issues identified, we were able to still rely on the data pulled from the system.

We reviewed a judgmental sample of 40 contracts awarded during FY 2012 pursuant to the seven exceptions enumerated in FAR § 6.302. Specifically, we determined whether the noncompetitive contract files contained proper justification and approval, adequate market research, and acquisition plans appropriate to the values of the awards. We also checked contract files for documentation to support consideration of vendors' past



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performance. Because there is no assurance that a judgmental sample is representative of the entire universe, we did not project our review results to all DHS contracts.

We conducted this performance audit between September and November 2012 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



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## Appendix B

### Management Comments to the Draft Report

U.S. Department of Homeland Security  
Washington, D.C. 20528



**Homeland  
Security**

January 16, 2013

Anne L. Richards  
Assistant Inspector General for Audits  
Office of Inspector General  
U.S. Department of Homeland Security  
245 Murray Drive, S.W. Building 410  
Washington, D.C. 20528

Re: Draft Report OIG-12-006, "DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2012"

Dear Ms. Richards:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the DHS Office of Inspector General's (OIG) work in planning and conducting its review and issuing this report.

The Under Secretary for Management (USM) is pleased to note OIG's positive recognition that DHS spending on noncompetitive contracts fell by approximately 89 percent from Fiscal Year (FY) 2008 to FY 2012, and that the Department has continued to improve its management oversight of acquisition personnel's compliance with policies and procedures. We also recognize the value of OIG's acknowledgement that because there is no assurance the judgmental sample reviewed during this audit is representative of the entire universe of contracts awarded through other than full and open competition during FY 2012, the audit results cannot be projected to all DHS contracts.

The draft report contained one recommendation to the DHS Chief Procurement Officer (CPO) with which the Department concurs. Specifically, OIG recommended that the DHS CPO, in coordination with component Heads of Contracting Activities:

**Recommendation 1:** Ensure that acquisition personnel document in the contract files that they checked information on vendors' past performance in the Excluded Parties List System (EPLS), Federal Awardee Performance and Integrity Information System (FAPIIS), and Past Performance Information Retrieval System (PPIRS) before awarding noncompetitive contracts, as required by the *Federal Acquisition Regulation* (FAR) and the *Homeland Security Acquisition Manual* (HSAM).

**Response:** Concur. The Office of the CPO (OCPO) will issue a DHS-wide Regulatory Reminder to contracting personnel emphasizing Homeland Security Acquisition Manual (HSAM) 3009.105-2, which requires that contracting officers include written evidence in contract files that they have considered information in FAPIIS and EPLS. FAPIIS is



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accessed through PPIRS and includes both past performance information and other adverse information on Federal contractors.

It is also important to note that the EPLS system was retired in November 2012. All exclusions capabilities are now accessed through the System for Award Management (SAM). The HSAM will be updated to reflect this name change once the FAR is updated. The OCPO will also reinforce this requirement with each Component Head of the Contracting Activity. Additionally, the OCPO has included a review of this HSAM requirement as a part of our oversight checklist for contracting activity reviews to verify compliance with the FAR and HSAM. Since there is already existing policy in place to check FAPIIS and EPLS, the USM requests that OIG consider this recommendation closed once OCPO provides it a copy of the Regulatory Reminder to be issued. Estimated Completion Date: March 1, 2013.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously submitted under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim H. Crumpacker".

Jim H. Crumpacker  
Director  
Departmental GAO-OIG Liaison Office



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**Appendix C**  
**DHS Contract Files Reviewed**

<b>DHS Contract Files Reviewed, FY 2012*</b>	
1	HSBP1012C00040
2	HSBP1012C00036
3	HSBP1012C00044
4	HSBP1012C00013
5	HSBP1012C00092
6	HSBP1012C00108
7	HSBP1012C00113
8	HSBP1012C00112
9	HSBP1012C00079
10	HSBP1012C00124
11	HSCG2311CANS104
12	HSCG2312CPSB002
13	HSCG2312CADC404
14	HSCG2312CADC400
15	HSCG2312CADC405
16	HSCG2311CADW255
17	HSCG2312CP6CA01
18	HSCG2312CP6TU02
19	HSCG2312CPC1108
20	HSCG2312C2DA070
21	HSCG4012C10005
22	HSCG2312C2DA019
23	HSCG2312CADH007
24	HSCG4012C10007
25	HSTS0412CCT5000
26	HSTS0412CCT2014
27	HSTS0212CTTC447
28	HSTS0212CTTC106
29	HSTS0312CCIO668
30	HSTS0412CCT8010
31	HSTS0112CFIN004
32	HSTS0212CTTC306
33	HSTS0212CCGO032
34	HSTS0112CHRM069
35	HSTS0112COGS238
36	HSCEMS12C00006
37	HSCEMS12C00001
38	HSCEMS12C00002
39	HSCETC12C00004
40	HSCETC12C00002

\* Contract numbers downloaded from FPDS-NG. We gave each component a list of contracts reviewed with deficiencies noted during our review.



## **Appendix D**

### **Prior OIG Audit Results**

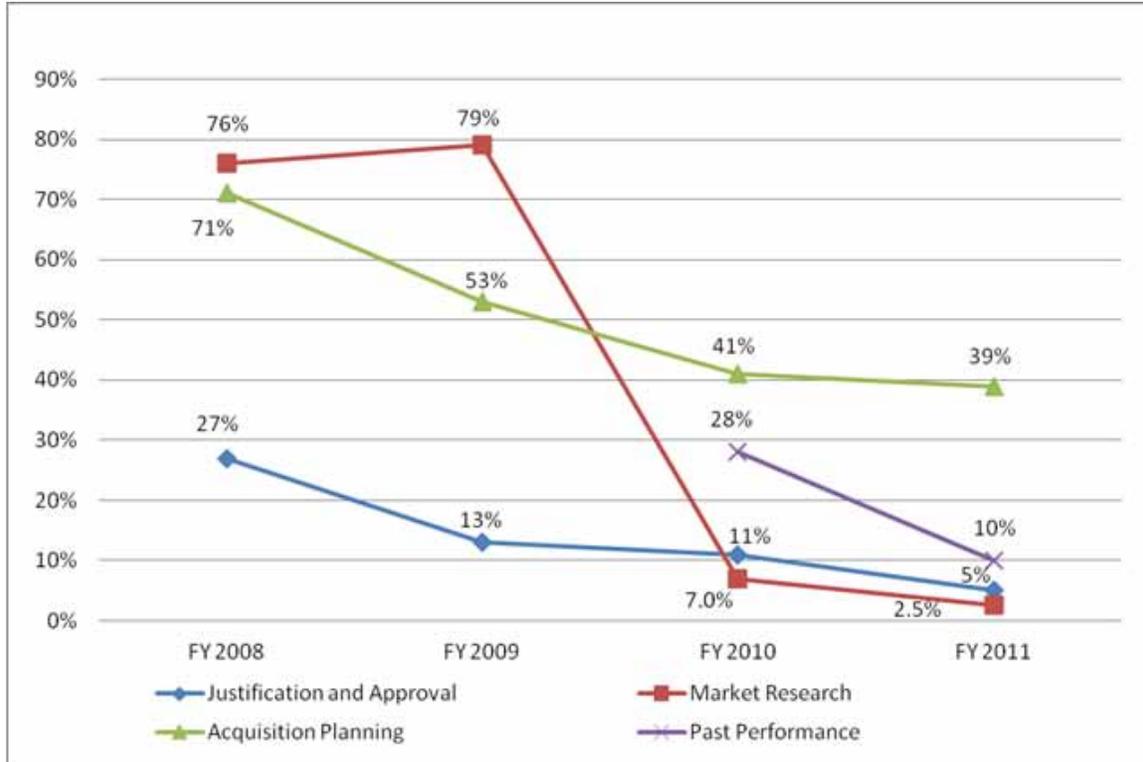
During FYs 2008 through 2011, we reported that DHS made overall improvements in its acquisition management oversight. As depicted in figure 4—

- Justification and approval deficiencies dropped gradually between FY 2008 and FY 2011. The number of deficiencies we noted decreased from 27 percent in FY 2008 to 13 percent in FY 2009, and from 11 percent in FY 2010 to 5 percent in FY 2011.
- Market research deficiencies rose slightly from FY 2008 to FY 2009 but declined sharply between FY 2009 and FY 2010. For example, we noted market research deficiencies in 76 percent of the files reviewed in FY 2008, and that figure rose to 79 percent in FY 2009. The number of deficiencies declined to 7 percent of the files reviewed in FY 2010 and to 2.5 percent of the files reviewed in FY 2011.
- Acquisition planning deficiencies dropped steadily from FY 2008 to FY 2010, but declined by only 2 percent between FY 2010 and FY 2011. We found acquisition planning deficiencies in 71 percent of the files reviewed in FY 2008. That percentage dropped to 53 percent in FY 2009, then continued to decline to 41 percent in FY 2010. We found acquisition planning deficiencies in 39 percent of the files reviewed in FY 2011, primarily because we did not find evidence in the contract files that acquisition personnel entered advanced acquisition plans in the new APFS.
- Past performance deficiencies also declined between FY 2010 and FY 2011. Starting in FY 2010, we assessed the Department's compliance with documenting checks for contractor past performance in the EPLS and noted deficiencies in 28 percent of the files we reviewed. For FY 2011, that number decreased to 10 percent of the files reviewed.



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**Figure 4. FY 2008–FY 2011 Trend Analysis of Noncompetitive Contract File Deficiencies**



Source: Audit report OIG-12-37, *DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2011*.

Note: We did not evaluate past performance information in FYs 2008 and 2009. Also, the past performance results in the trend analysis chart pertain to documentation of checks in the EPLS and not deficiencies we identified with checks of the FAPIIS as required by the FAR.



## **Appendix E**

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## **Appendix F**

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