



# Audit of the Community Relations Service's Contracting Activities



AUDIT DIVISION

23-093

---

**AUGUST 2023**

---



# EXECUTIVE SUMMARY

## Audit of the Community Relations Service's Contracting Activities

### Objectives

The Department of Justice (DOJ) Office of the Inspector General (OIG) audited the Community Relations Service's (CRS) contracting activities during fiscal year (FY) 2018 to FY 2021. The objectives of this audit were to: (1) assess CRS's contract administration and oversight efforts; (2) assess contractor performance and compliance with contract terms, conditions, laws, and regulations; and (3) evaluate CRS's contracting activities in the furtherance of accomplishing its mission.

### Results in Brief

We found that the contracts we reviewed generally supported the furtherance of CRS's mission and that the contractors generally complied with the terms and conditions of the contracts. However, we identified several areas of non-compliance with the Federal Acquisition Regulation (FAR) and DOJ requirements, including acquisition planning, market research, whistleblower protections, and contract oversight. For example, we found inadequacies in the invoice review process and that Contracting Officer's Representatives (COR) carrying out contract-related activities were not certified and were not always properly designated. Further, we found multiple instances of CRS-directed purchases that contained costs that were not tied directly to contract deliverables or task requirements. The weaknesses we identified in how CRS performed its contracting activities created an environment that increased the risk of failing to safeguard the government's financial interests.

Several of the deficiencies identified in this audit reflect concerns the OIG highlighted in two DOJ-wide management advisory memoranda concerning DOJ's: (1) [contract administration](#) and (2) [compliance with laws and regulations to ensure that employees of contracting companies are notified of their whistleblower rights and protections](#).

### Audit Results

CRS's mission is to help resolve conflict by engaging communities in difficult conversations through peaceful dialogue. Beginning in FY 2018, CRS has used nonrecurring contract actions to help support its mission; these contracts were awarded by contracting officers on the Justice Management Division's Procurement Services Staff (JMD PSS) with CRS employees serving as CORs. To address the audit's objectives, we reviewed nine contracts totaling over \$31 million for human capital and support services, training programs, a case management system, and a retreat for CRS employees. While we found that CRS's contracting activities generally supported the furtherance of its mission and that contractors generally provided services in compliance with the terms and conditions of the contracts, we identified deficiencies in CRS's execution of its contract acquisition, administration, and oversight responsibilities that can cause an increased risk of failing to safeguard the federal government's financial interests.

While JMD PSS awarded the contracts and the JMD PSS contracting officers were ultimately responsible for ensuring compliance with FAR and DOJ requirements and terms and conditions of the contracts, CRS had a shared responsibility to ensure certain pre-award activities were completed in accordance with federal regulations. As a result, the following sections focus on CRS's involvement and execution of contracting activities.

### Acquisition Process and Whistleblower Notification Clause

We found that CRS did not complete and/or document written acquisition plans or market research, as required by the FAR. In addition, CRS did not ensure the required whistleblower notification clause was inserted into the appropriate contracts.

### **Contract Administration and Oversight Responsibilities**

We determined that CRS's CORs were not certified and were not always properly designated. We also identified several issues concerning the adequacy of CRS's invoice review process, including untimely payments and the approval of invoices with excessive labor hours that appeared to be unreasonable. We further found that CRS directed a contractor to make certain purchases that were not tied to a specific contract deliverable or work requirement.

### **Recommendations**

Our report contains four recommendations to assist CRS in improving its contract acquisition, administration, and oversight responsibilities. CRS agreed with all recommendations and provided a response to our draft report, which can be found in Appendix 2. Appendix 3 contains our analysis of CRS's response.

# Table of Contents

<b>Introduction</b> .....	<b>1</b>
CRS's Contracting Activities .....	2
OIG Audit Approach .....	2
<b>Audit Results</b> .....	<b>4</b>
Acquisition and Procurement Process .....	4
Acquisition Planning.....	4
Market Research.....	5
Whistleblower Rights and Protections.....	5
Contract File Documentation .....	6
Contract Administration and Oversight Responsibilities.....	6
COR Duties and Responsibilities .....	6
Invoice Review Process .....	9
Thoroughness of Invoice Review .....	9
Timeliness of Invoice Payments.....	10
COR's Authority Over the Review of Invoices.....	10
Agency-Directed Purchases .....	11
Contractor Performance and Mission Furtherance.....	11
<b>Conclusion and Recommendations</b> .....	<b>13</b>
<b>APPENDIX 1: Objectives, Scope, and Methodology</b> .....	<b>14</b>
Objectives .....	14
Scope and Methodology.....	14
Statement on Compliance with Generally Accepted Government Auditing Standards .....	14
Internal Controls.....	14
Compliance with Laws and Regulations .....	15
Sample-Based Testing.....	16
Computer-Processed Data .....	16
<b>APPENDIX 2: The Community Relations Service's Response to the Draft Audit Report</b> .....	<b>17</b>
<b>APPENDIX 3: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report</b> .....	<b>21</b>

# Introduction

The U.S. Department of Justice (DOJ or Department) Community Relations Service’s (CRS) mission is to help resolve conflict by engaging communities in difficult conversations through peaceful dialogue. According to CRS’s website, CRS serves as “America’s Peacemaker” for communities facing conflict related to actual or perceived discrimination on the basis of race, color, national origin, gender, gender identity, sexual orientation, religion, or disability. Established by Title X of the Civil Rights Act of 1964 and with its mandate further expanded by the Matthew Shepard and James Byrd, Jr., Hate Crimes Prevention Act of 2009, CRS occupies a unique role within the Department as a non-law enforcement and non-litigating component that provides services to enhance the ability of stakeholders within local communities (e.g., state and local governments, private and public organizations, educational organizations, law enforcement, tribal communities, and community groups) to independently and collaboratively prevent and resolve future conflicts through the use of problem solving, increased knowledge, and improved communication. According to CRS, its work can be categorized into four core functions, which are described in Figure 1.

Figure 1

## CRS Core Functions



Source: CRS

CRS is one of the smallest DOJ components with approximately 36 employees as of September 2022 and a fiscal year (FY) 2022 budget of \$21 million. In addition to its headquarters office in Washington, D.C., CRS operates out of 10 regional offices and 4 field offices. According to CRS, this structure allows CRS to maximize the availability of CRS’s services, meet the unique needs of the communities it serves, and enable staff to deploy to communities quickly in times of crisis.

## CRS's Contracting Activities

According to CRS management, CRS was under a hiring freeze from FY 2017 to FY 2020, yet CRS continued to receive increases in its appropriated funding during this time. These officials told us that as a result, CRS began contracting for services—such as human capital support and training development—to assist with various facets of its mission. Between FY 2018 and FY 2021, the use of nonrecurring contracts has accounted for, on average, approximately 29 percent of CRS's total budget. Prior to this timeframe, CRS did not utilize contracting as a method to help accomplish its mission.

While CRS had a contracting officer during our audit scope, this individual had a warrant of \$10,000.<sup>1</sup> As a result, CRS must coordinate with the Justice Management Division's (JMD) Procurement Services Staff (PSS) for contracts exceeding \$10,000.<sup>2</sup> JMD PSS officials told us that JMD PSS contracting officers work with CRS during the pre-award phase through the awarding of a contract, which generally includes designating a Contracting Officer's Representative (COR) at CRS to administer and oversee the contract following award.<sup>3</sup> These JMD PSS officials further stated that while JMD PSS contracting officers are not involved in the day-to-day contract oversight responsibilities, they will become involved when contract modifications are necessary or if a problem or dispute arises between CRS and the contractor. A senior official within JMD PSS told us that JMD PSS does not have the staffing level to provide ongoing administration, monitoring, and oversight duties on all contracts that JMD PSS awards.

## OIG Audit Approach

The objectives of this audit were to: (1) assess CRS's contract administration and oversight efforts; (2) assess contractor performance and compliance with contract terms, conditions, laws, and regulations; and (3) evaluate CRS's contracting activities in the furtherance of accomplishing its mission. The scope of this audit covered CRS contracts awarded or active during FYs 2018 to 2021. From a list of all contracting activities provided by CRS, we judgmentally selected a sample of nine nonrecurring contracts to review, totaling over \$31 million, as shown in Table 1.<sup>4</sup> Each of these contracts was awarded by a JMD PSS Contracting Officer with a CRS employee assigned as the COR except Contracts G and H.<sup>5</sup>

---

<sup>1</sup> Contracting officers hold a warrant that allows them to negotiate on behalf of the federal government up to the amount of the financial limit attached to the warrant.

<sup>2</sup> JMD PSS provides acquisition support to the Department's Offices, Boards, and Divisions, which includes DOJ's litigating divisions and offices, such as the Antitrust Division, Civil Rights Division, and U.S. Attorney's Offices, as well as other DOJ organizations, such as the U.S. Trustee Offices, other JMD units, and CRS.

<sup>3</sup> As discussed later in this report, CRS personnel performing contract-related duties as a COR were not certified in accordance with FAR requirements. However, for the purposes of this report, we refer to these individuals as CORs.

<sup>4</sup> While Table 1 shows each activity as a separate contract, it is important to note that some of the contracting activities we selected are task orders awarded under a contract. For purposes of this report, we use the term contracts to refer to both contracts and task orders that we audited.

<sup>5</sup> According to a JMD PSS contracting officer, a COR was not assigned on Contracts G and H because the contracts were smaller dollar amounts and were not complex contract actions.

Table 1

OIG Sample of CRS Contracts

Contract	Description of Services	Contract Type	Period of Performance	Total Awarded
Contract A	Support and Training Services	Time and Materials	09/27/2017 – 12/31/2018	\$3,398,734
Contract B	Hate Crimes Training Support	Time and Materials	08/01/2018 – 07/31/2019	599,465
Contract C	Support Services	Time and Materials	09/28/2018 – 09/27/2019	3,299,984
Contract D <sup>a</sup>	Human Capital and Training Support Services	Time and Materials	09/27/2019 – 09/26/2024	22,431,691
Contract E	New Conciliator Training	Labor Hours	04/23/2020 – 09/30/2020	199,889
Contract F <sup>b</sup>	Case Management System	Firm Fixed Price	07/01/2020 – 06/30/2025	643,046
Contract G	Strategies for Trauma Awareness and Resilience Training	Firm Fixed Price	03/08/2021 – 12/23/2021	85,720
Contract H	Support for Headquarters Retreat	Firm Fixed Price	07/30/2021 – 2/28/2022	52,311
Contract I <sup>c</sup>	Human Capital Services	Time and Materials	09/30/2021 – 09/29/2023	499,597
<b>Total</b>				<b>\$31,210,437</b>

<sup>a</sup> The amount awarded for Contract D is the sum of the base year and four 1-year option periods.

<sup>b</sup> The amount awarded for Contract F is the sum of the base year and four 1-year option periods.

<sup>c</sup> The amount awarded for Contract I is the sum of the base year and a 1-year option period.

**Source:** CRS and JMD PSS contract file documentation

To accomplish the audit objectives, we reviewed contract file documentation received from both CRS and JMD PSS, program and training materials related to contract deliverables, CRS monitoring documents, and a judgmental sample of invoices and associated documentation. We additionally reviewed contract information from the Federal Procurement Database System (FPDS) and financial information from the Unified Financial Management System (UFMS). We also conducted interviews with CRS personnel, JMD PSS officials, and an official from the Office of the Chief Information Officer (OCIO). Appendix 1 contains further details on our audit objectives, scope, and methodology.

## Audit Results

We found that CRS's contracting activities generally supported the furtherance of its mission and that the contractors generally provided services in compliance with the terms and conditions of the contracts. However, we identified instances where CRS did not comply with FAR and DOJ requirements during the acquisition and procurement phases, including requirements pertaining to acquisition planning, market research, and whistleblower notification. Additionally, we found deficiencies related to CRS's administration and oversight of contracts, such as CORs not being certified and not always being properly designated, inadequate review of billed labor charges, and untimely payments. We also identified several instances where CRS directed a contractor to make purchases under support services contracts and the purchases were not specifically tied to a contract deliverable or work requirement. These weaknesses in how CRS performed its contracting activities created an environment that increased the risk of failing to safeguard the federal government's financial interests.

### Acquisition and Procurement Process

Given the \$10,000 warrant limit for CRS's contracting officer, all CRS contracts we reviewed were awarded by JMD PSS contracting officers. Through discussions with JMD PSS officials, we learned that JMD PSS relies on CRS officials to conduct and document pre-award contracting activities such as acquisition planning and market research. While CRS officials coordinated with JMD PSS contracting officers in the early stages of awarding these contracts, the results of these deliberations were not documented in the contract file. CRS does not have any policies and procedures to guide CRS personnel on these pre-award activities, and JMD PSS does not have any such procedures that it provided to CRS to help in accomplishing its contract-related responsibilities. We believe that this contributed to weaknesses, deficiencies, and instances of noncompliance with FAR and DOJ requirements. While JMD PSS awarded the contracts and the JMD PSS contracting officers were ultimately responsible for ensuring compliance with FAR and DOJ requirements and terms and conditions of the contracts, CRS had a shared responsibility to ensure certain pre-award activities were completed in accordance with federal regulations. As a result, the following sections focus on CRS's involvement and execution of contracting activities.<sup>6</sup>

### Acquisition Planning

FAR Subpart 7.1 states that a written acquisition plan shall be prepared and should ensure that the government meets its needs in the most effective, economical, and timely manner. However, we found that none of the contracts we reviewed had documented acquisition plans. Although CRS officials told us that they could not recall preparing an acquisition plan for any of the contracts and that acquisition plans may not have been required, a senior official at JMD PSS told us that written acquisition plans were required and

---

<sup>6</sup> It is important to note that several of the deficiencies identified in this audit reflect concerns the OIG highlighted in two previously issued DOJ-wide management advisory memoranda: (1) DOJ OIG, [Management Advisory Memorandum Concerning the Department of Justice's Administration and Oversight of Contracts](https://oig.justice.gov/reports/management-advisory-memorandum-concerning-department-justices-administration-and-oversight), Audit Report 20-082 (July 2020), [oig.justice.gov/reports/management-advisory-memorandum-concerning-department-justices-administration-and-oversight](https://oig.justice.gov/reports/management-advisory-memorandum-concerning-department-justices-administration-and-oversight); and (2) DOJ OIG, [Management Advisory: Notification of Concerns Regarding the Department of Justice's Compliance with Laws, Regulations, and Policies Regarding Whistleblower Rights and Protections for Contract Workers Supporting Department of Justice Programs](https://oig.justice.gov/reports/management-advisory-notification-concerns-regarding-department-justices-compliance-laws) Audit Report 21-038 (February 2021), [oig.justice.gov/reports/management-advisory-notification-concerns-regarding-department-justices-compliance-laws](https://oig.justice.gov/reports/management-advisory-notification-concerns-regarding-department-justices-compliance-laws).

should have been documented in the contract files. This JMD PSS official further stated that CRS was responsible for preparing and providing the acquisition plans to the contracting officer.

The lack of proper acquisition planning can increase the risk of potentially entering into unnecessary contract actions and, in turn, insufficiently safeguarding taxpayer funds. For example, Contract H was procured for approximately \$52,000 to facilitate a CRS headquarters retreat during FY 2022, which required the contractor to conduct a survey, prepare an agenda, and facilitate virtual meetings. According to CRS officials, CRS held a similar retreat in FY 2019 that was organized and facilitated by CRS staff and, therefore, did not incur any additional costs beyond normal CRS operating costs. A senior CRS official acknowledged that CRS had coordinated the FY 2019 retreat with in-house resources but also told us that CRS did not have the requisite in-house resources to do so again in FY 2022 given other priority work, which, in turn, resulted in the awarding of a contract. However, the lack of a documented acquisition plan showing the technical and management considerations as required by FAR Subpart 7.102 creates the appearance of potentially wasteful spending. Therefore, we recommend that CRS establish and implement procedures to ensure written acquisition plans are completed and documented prior to the award of a contract.

## Market Research

According to FAR Subpart 10.001, agencies shall conduct market research before soliciting offers for acquisitions with an estimated value greater than the simplified acquisition threshold, which involves documenting information specific to the service being acquired.<sup>7</sup> However, none of the contracts we reviewed had documented market research in the contract file. For example, although CRS personnel told us that market research was performed for Contract A, which included presentations from potential contractors, we did not find any documented market research within the contract file. Therefore, we were unable to determine if CRS had considered other potential options to meet its needs and whether CRS chose optimal procurement actions. As with the completion of acquisition plans, a senior official at JMD PSS stated that it was CRS's responsibility to perform the market research and provide that documentation to the JMD PSS contracting officer for inclusion in the applicable contract file. As a result, we recommend that CRS establish and implement procedures to ensure adequate market research is conducted and documented in accordance with FAR requirements.

## Whistleblower Rights and Protections

DOJ Procurement Guidance Document 16-05, *Implementation of Requirement of Notification to Contractors of Employee Whistleblower Rights*, states that contracting officers should insert FAR Clause 52.203-17, which is the Contractor Employee Whistleblower Rights and Requirement to Inform Employees of Whistleblower Rights clause (whistleblower notification clause), as required by FAR Subpart 3.908-9, into contracts, orders, blanket purchase agreements, basic ordering agreements, or other procurement vehicles awarded that exceed the simplified acquisition threshold. Six of the nine contracts we reviewed were above the simplified acquisition threshold and, therefore, required inclusion of the whistleblower notification clause. However, we determined that all six contracts did not contain the required clause, including two that are active (Contracts D and I). After we inquired about the missing clause within these two contracts, we were informed that JMD PSS sent the required notice to the contractors.

---

<sup>7</sup> The simplified acquisition threshold is \$250,000 per FAR Subpart 2.101.

Therefore, six of CRS's contracts were not in compliance with DOJ requirements, which increased the risk that any potential wrongdoing would go unreported. While JMD PSS created the contracts and should have inserted the required clause, we believe that CRS should be aware and mindful of the required whistleblower notification clause given its personnel's role as COR and having primary interaction with the contractor.

### **Contract File Documentation**

FAR Subpart 4.801 requires an agency performing contracting functions to establish files containing records that sufficiently constitute a complete history of the contract as a basis for informed decisions at each step in the acquisition process. Based upon our discussions with CRS personnel, we found that CRS does not have an established contract file system. Instead, CRS personnel told us that they retrieved the contract file documentation we requested by either going through their email or personal computer folders. Because these files are not officially maintained, there is an increased risk that CRS will be unable to accurately support contract decisions and ensure continuity of contracting activities when personnel transitions occur. Therefore, we recommend that CRS establish and implement policies and procedures to ensure a complete history of the contract acquisition process and administration is documented in the contract file in accordance with the FAR.

### **Contract Administration and Oversight Responsibilities**

According to JMD PSS officials, a COR from CRS should have been designated to perform contract administration, oversight, and monitoring responsibilities when the contract either exceeded the simplified acquisition threshold or was complex in nature. However, we found that the CORs carrying out contract-related activities were not certified and that a COR was not always properly designated. Moreover, we found that CRS does not have any formal policies and procedures to guide its CORs' efforts to administer and oversee contracts, which we believe contributed to deficiencies in the review and payment of invoices for the contracts we reviewed. As previously stated, we were told by a JMD PSS senior official that JMD PSS does not have sufficient resources to also perform necessary oversight duties, and therefore, JMD PSS contracting officers generally do not get involved unless notified of problems by a component's COR. We believe that JMD PSS's passive approach following the award of these contracts, the lack of CRS-specific contract procedures, and CORs who were not certified were causes of the deficiencies we identified. These factors contributed to noncompliance with FAR and DOJ requirements that occurred throughout the life of the contracts and an increased risk of failing to appropriately safeguard the federal government's financial interests.<sup>8</sup>

### **COR Duties and Responsibilities**

According to FAR Subpart 1.602-2, Contracting Officers shall designate and authorize, in writing, and in accordance with agency procedures, a COR on all contracts and orders other than those that are firm-fixed price as appropriate, unless the contracting officer retains and executes the COR duties. The Justice Acquisition Regulation (JAR) also requires that when a COR is designated, the contract is to include the clause at JAR 2852.201-70 that limits a COR's authority to what is set forth in the clause. Based upon our review of contract documentation and discussions with CRS personnel, we determined that a COR was used

---

<sup>8</sup> As with the Acquisition and Procurement Process section of this report, the following sections focus on CRS's contracting efforts and areas needing improvement.

on seven of the nine contracts we reviewed.<sup>9</sup> However, we found that a COR was not properly designated on two of the seven contracts where a COR was used. While it is the responsibility of the JMD PSS contracting officer who awarded the contract to properly designate a COR, CRS should also ensure that none of its personnel are executing the duties of a COR until a proper designation has been made. This will ensure that CRS personnel are performing administrative and oversight responsibilities as a COR in compliance with FAR and JAR requirements.

In addition, the FAR states that a COR shall be certified and maintain certification in accordance with the Office of Management and Budget (OMB) memorandum on the Federal Acquisition Certification for Contracting Officer Representatives (FAC-COR) guidance. The FAC-COR guidance, which is applicable to all executive agencies except the Department of Defense, prescribes three levels for CORs with associated requirements, which are displayed in Figure 2.<sup>10</sup> Despite this requirement, JMD PSS stated that none of the CRS personnel designated as CORs on the contracts we reviewed were appropriately certified in accordance with FAC-COR guidance. This is particularly concerning because Contracts A, C, and D were for complex services with multiple contract deliverables and exceeded \$3 million per year and, therefore, necessitated a COR who met the FAC-COR Level II requirements. A senior official at JMD PSS agreed that these contracts should have had a FAC-COR Level II COR assigned. Further, Contract F involved the creation of a case management system, which was an information technology project, and therefore also necessitated, we believe, the designation of a FAC-COR Level II COR. Without certified CORs, the government cannot ensure that CORs who have been designated have a sufficient level of training and experience to perform their critical role in ensuring contractors provide the required goods and services in accordance with the contract terms and conditions. As a result, CRS needs to ensure that its personnel are appropriately FAC-COR certified before carrying out COR responsibilities.

---

<sup>9</sup> The FAR does not require the designation of a COR on firm-fixed price contracts unless deemed appropriate by the contracting officer. The two contracts we reviewed where a COR was not used were less complex firm-fixed price contracts of lower dollar value, and the JMD PSS Contracting Officer decided not to designate a COR on these contracts.

<sup>10</sup> In addition to the requirements, training, and competencies necessary to obtain FAC-COR certification, the Department requires completion of additional training to be certified as a COR.

Figure 2

Overview of FAC-COR Program Levels



Source: Federal Acquisition Institute

We also found issues with COR involvement in contractor discussions. According to the JAR and the statements of work for the contracts we reviewed, the COR is responsible for providing technical direction to the contractor, coordinating the use of government resources, and acting as a liaison between the agency and contractor. However, we learned from CRS personnel that the COR on certain contracts was often left out of meetings between the contractor and other CRS employees, resulting in the JMD PSS Contracting Officer needing to hold a meeting with CRS personnel to reinforce the roles and responsibilities of the COR and explain the proper flow of information.

According to the Government Accountability Office's Federal Internal Control Standards, a smaller entity faces greater challenges in segregating duties because of its concentration of responsibilities and authorities in the organizational structure.<sup>11</sup> Given CRS is a smaller entity, we believe CRS has been challenged with segregating duties and appropriately defining roles and responsibilities, resulting in an internal control deficiency and an increased risk for insufficient oversight of its contracts. To help ensure proper administration and oversight of contracts, we believe CRS needs to ensure a COR is appropriately certified and properly designated prior to performing oversight responsibilities. We further believe that having established contract policies and procedures would help define the COR's roles and responsibilities and guide CRS's CORs to ensure compliance with FAR and JAR requirements. As a result, we recommend that CRS establish and implement policies and procedures to ensure that: (1) a COR is appropriately

<sup>11</sup> U.S. Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, GAO-14-704G (September 2014), [www.gao.gov/assets/gao-14-704g.pdf](http://www.gao.gov/assets/gao-14-704g.pdf) (accessed July 31, 2023), 18.

certified and properly designated before performing administrative and oversight duties on a contract, and (2) contracting-related roles and responsibilities are clearly defined and communication between the contractor and COR is in compliance with federal regulations and the statement of work.

## **Invoice Review Process**

CRS officials stated that CRS's invoice review process involves the COR reviewing and approving the invoice in accordance with FAR requirements and the contract's statement of work and, if necessary, forwarding the invoice to the appropriate technical lead for confirmation that the noted services were provided prior to approval. These officials further stated that after approving the invoice, the COR sends the invoice to CRS's finance office for payment. Despite this noted process, we found that CRS does not have any specific policies or procedures related to reviewing invoices.

To assess CRS's oversight efforts pertaining to invoices, we reviewed a judgmental sample of 30 invoices from 7 of the 9 contracts reviewed.<sup>12</sup> While CRS was able to provide documentation to support the costs charged on the invoices, we identified concerns with the adequacy of CRS's invoice review process, timeliness of payments, and working within the confines of the COR's authority.

### ***Thoroughness of Invoice Review***

According to terms listed in Contracts A, C, D, and E, the COR is responsible for the certification of all labor hours worked and for providing technical direction to the contractor. In addition, FAR Subpart 31.201-3 states that costs are reasonable if they do not exceed that which would be incurred through sound business practices.

During our review of a sample of invoices, we found instances of excessive labor hours charged to Contracts A, C, and D that appeared to be unreasonable. For example, on Contract C we identified three contractor personnel who charged 19-hour workdays during a given month, noting one individual who charged 9 separate 19-hour workdays, including 7 that were consecutive. CRS officials told us that in this instance, the contractor personnel were producing training videos that required travel to multiple cities. However, we noted that the approved invoice for this particular contract did not include any associated travel expenses for the contractor personnel and no other notations to explain the 19-hour workdays.<sup>13</sup> Further, on Contract D, two contractor personnel billed for labor hours that exceeded 200 hours worked during the given month, which included one individual who charged a total of 237 hours when the standard available work hours for that month were only 168 hours.<sup>14</sup>

When asked about the labor hour charges mentioned in the preceding paragraph, the COR told us that they did not recall the contractor working and charging excessive labor hours. While these labor hours were

---

<sup>12</sup> CRS had not yet received an invoice from the contractors for Contracts H and I at the time that our sample was selected.

<sup>13</sup> We subsequently found that an invoice related to a different contract contained the travel-related costs associated with the contractor personnel who were producing the training videos. However, this invoice and the associated travel details did not contain any notations to explain or support 19-hour workdays.

<sup>14</sup> The 168 hours is based upon 21 standard workdays in January 2020, which excludes the 2 federal holidays.

ultimately certified by the COR and approved for payment, we would have expected the COR to be cognizant of the work being performed outside of a standard work schedule and for there to have been documentation in the contract files. We acknowledge that both contracts were Time and Materials contracts, and CRS accepted the services provided; therefore, we are not questioning these costs. However, we believe these examples illustrate the need for CRS to implement a more comprehensive review of invoices that ensures labor charges are reasonable and consistent with the statement of work.

In addition to the potentially unreasonable labor hours charged, we identified additional concerns that point to the need for a more thorough invoice review process. For example, on Contracts A, C, D, and E we found instances where CRS approved invoices despite discrepancies existing between personnel listed on the invoices, including their titles and labor rates, and what was reflected in the Statements of Work and other provided documentation. Moreover, on Contracts B and D, the COR approved invoices for payment that we found included unallowable travel costs. The COR told us that they overlooked these differences during their review of the invoices. Because the costs associated with these concerns were nominal, we are not questioning them. Nonetheless, these identified issues further demonstrate the need for greater attention and scrutiny of invoices prior to approval.

### ***Timeliness of Invoice Payments***

FAR Subpart 52.232-25 provides acquisition regulations based on the Prompt Payment Act requiring that an agency automatically pay an interest penalty, without request from the contractor, if payment is not made by the later of 30 days after receiving a proper invoice from the contractor or the 30<sup>th</sup> day following government acceptance of the services performed. According to this guidance, the interest penalty is to be computed in accordance with the Office of Management and Budget's prompt payment regulations. We identified several instances where CRS did not pay invoices on Contract D within the 30-day requirement. Based upon our review of payment information in DOJ's Unified Financial Management System, we determined that CRS had paid the contractor nearly \$1,500 in interest as a result of the late payments.

### ***COR's Authority Over the Review of Invoices***

According to Contract D's statement of work, the COR does not have the authority to disapprove invoiced costs. Instead, only the contracting officer has the authority to disapprove costs submitted for payment. During discussions with CRS personnel, we asked whether any invoices had been rejected. CRS personnel told us that certain travel-related costs on one invoice had been disapproved for payment. We reviewed the supporting documentation and confirmed that the COR had disapproved certain costs. However, we did not find any evidence that the COR notified or discussed the disallowance of these costs with the JMD PSS Contracting Officer, and the COR confirmed that such a discussion did not occur. Therefore, in this instance, the COR was not executing their duties in accordance with the contract's statement of work.

We believe that CRS's existing practices for reviewing and approving invoices lacks an in-depth, comprehensive review process, which lends itself to an increased risk that CRS may not appropriately review and approve invoices for payment. As mentioned, CRS does not have formal, written procedures to guide the invoice review process and ensure CORs are carrying out their responsibilities in accordance with FAR requirements and contract terms and conditions. Therefore, we recommend that CRS establish and implement formal invoice review policies and procedures to ensure that invoices and payments for labor charges comply with the FAR and contract terms and conditions. These procedures should include guidance on: (1) contracting officials performing a comprehensive review of charges to determine whether they are

reasonable, allocable, allowable, and in line with the statement of work; (2) ensuring invoices are approved and paid in a timely manner; and (3) ensuring COR duties are performed in accordance with the statement of work.

### Agency-Directed Purchases

During our review of a sample of invoices, we noted that in addition to labor charges, several invoices also included charges for other direct costs (ODC). According to CRS officials, some of the ODCs were for purchases that CRS directed the contractor to make. We were able to confirm that the ODCs we reviewed were supported by documentation, such as receipts or vendor invoices for goods purchased. However, we believe that certain ODCs were not tied directly to contract deliverables or task requirements. Following are examples of such charges:

- On Contract D, the contractor billed CRS \$1,582 for 20 CRS employee award devices and related shipping costs. CRS officials told us that the contractor was tasked with assisting on the CRS employee awards process and that it was easier and quicker to have the contractor purchase the award devices rather than CRS. However, CRS officials were unable to identify a specific contract deliverable or requirement to which these costs were associated.
- On Contract D, the contractor billed CRS \$3,475 for the purchase of 50 headphones for all CRS employees and shipped the headphones to each CRS employee's home address. CRS was unable to identify a specific contract deliverable or requirement under which these costs were associated.
- On Contract C, the contractor billed CRS \$93 for 45 postcards for CRS staff. CRS officials stated that the postcards were used as part of CRS's staff development training. Despite this explanation, we do not believe this purchase matches any of the work requirements contained within the statement of work.

As evidenced by these particular ODCs, we are concerned with CRS directing contractors to make purchases that are not directly tied to the stated contract work requirements or deliverables. While some of these charges are de minimis, this practice can increase the risk that CRS is using contracts to circumvent CRS's normal procurement process and may result in CRS paying for items at higher prices. Therefore, we recommend that CRS establish and implement policies and procedures to ensure agency-directed purchases charged to a contract are tied to specific contract deliverables or task requirements.

### Contractor Performance and Mission Furtherance

We found that the contractors generally complied with the terms and conditions of the contracts we reviewed and satisfactorily performed those procured services, and that these efforts helped to further CRS's accomplishment of its mission. According to CRS officials, the contracts allowed CRS to update existing and create new training programs for its stakeholders, provide needed training opportunities for its staff, and provide support services for CRS's strategic planning process. For example, on Contracts A, C, and D, the contractor provided human capital support services, which included CRS employee engagement plans, external communications support, as well as social media support and the development and maintenance of the DOJ Hate Crimes website. Additionally, through these contracts, CRS has established various new training programs for law enforcement, such as *Engaging and Building Partnerships with Sikh*

*Americans and Engaging and Building Relationships with Transgender Communities.* In addition, CRS also created the *School-Student Problem Identification and Resolution of Issues Together (School-SPIRIT)* program, which helps schools address tension and conflict related to issues of race, color, national origin, gender, gender identity, sexual orientation, religion, or disability.

While most of the contracts we reviewed resulted in CRS obtaining the services procured and furthering its mission, Contract F, which was for a new case management system, ended with CRS not obtaining a functional case management system. Through our conversations with various officials, we learned about multiple factors that contributed to this unsuccessful contract action, including the immediacy of the contract action, the contract vehicle used, and the designated COR's lack of prior COR experience.

CRS officials told us that CRS worked with the Justice Management Division Office of the Chief Information Officer (JMD OCIO) to procure the new case management system. These officials further told us that because the total cost of the award (\$643,046) exceeded the warrant level of contracting officials at JMD OCIO, CRS had to use a JMD PSS Contracting Officer to award the contract. The JMD PSS Contracting Officer stated that CRS expressed a need for a specific case management system as recommended by the JMD OCIO and that the contract needed to be awarded quickly as a firm-fixed price contract. However, this official stated that he raised concerns to CRS that awarding the contract as time and materials was more appropriate even though it would take longer to ensure the proper procurement actions were completed. The JMD PSS Contracting Officer stated that despite his advice, CRS insisted the contract be awarded as firm-fixed price, and he, therefore, awarded it as such. Upon awarding of the contract, a CRS employee was designated as the COR who had no prior COR experience. According to CRS officials, this inexperience likely led to the late realization that the contractor was behind schedule and was going to require more time and money to complete the job.

In prior sections of this report, we discussed needed areas of improvement for CRS's contracting activities that we believe could have helped prevent this failed contract action. For instance, we believe that proper acquisition planning may have helped determine the correct vehicle for awarding this contract as would have designating a FAC-COR Level II COR to perform monitoring and oversight duties. In addition, we believe that better coordination among all involved parties could have increased the likelihood of a successful contract action. For example, an official from the JMD OCIO told us that the JMD OCIO may have been able to provide a COR to assist on this contract if requested, but according to a senior official at CRS, CRS had not been informed by the JMD OCIO or JMD PSS of this possibility. Therefore, we reiterate our previously stated recommendations that CRS establish and implement procedures to ensure written acquisition plans are completed and documented prior to the award of a contract and that CRS ensure its CORs are appropriately certified and properly designated prior to performing oversight responsibilities on a contract.

## Conclusion and Recommendations

Our review found that CRS's contracting activities generally supported the furtherance of its mission and that the contractors generally provided services in compliance with the terms and conditions of the contracts. However, we identified significant weaknesses in CRS's contract administration, procurement, and oversight processes—resulting in noncompliance with FAR and DOJ requirements and increasing the risk of not properly safeguarding the government's financial interests. For example, we identified instances of noncompliance with FAR and DOJ requirements related to acquisition planning, market research, whistleblower notification, and contract file documentation. We also found that CRS's CORs were not certified and were not always properly designated. In addition, we identified concerns with the adequacy of CRS's invoice review and that CRS had directed a contractor to make certain purchases without the purchases corresponding to a specific contract deliverable or work requirement. Several of the deficiencies we identified are related to a lack of policies and procedures, and we therefore make recommendations that consolidate the individual policy-related issues identified in the report by topic. In total, we make four recommendations to CRS to help improve its acquisition, administration, and oversight of contracts, and we believe that CRS should coordinate with JMD PSS to resolve and close the recommendations.

We recommend that CRS:

1. Establish and implement policies and procedures to ensure: (1) written acquisition plans are completed and documented prior to the award of a contract; (2) adequate market research is conducted and documented in accordance with FAR requirements; and (3) a complete history of the contract acquisition process and administration is documented in the contract file in accordance with the FAR.
2. Establish and implement policies and procedures to ensure that: (1) a COR is appropriately certified and properly designated before performing administrative and oversight duties on a contract, and (2) contracting-related roles and responsibilities are clearly defined and communication between the contractor and COR is in compliance with federal regulations and the statement of work.
3. Establish and implement formal invoice review policies and procedures to ensure that invoices and payments for labor charges comply with the FAR and contract terms and conditions. These procedures should include guidance on: (1) contracting officials performing a comprehensive review of charges to determine whether they are reasonable, allocable, allowable, and in line with the statement of work; (2) ensuring invoices are approved and paid in a timely manner; and (3) ensuring COR duties are performed in accordance with the statement of work.
4. Establish and implement policies and procedures to ensure agency-directed purchases charged to a contract are tied to specific contract deliverables or task requirements.

# APPENDIX 1: Objectives, Scope, and Methodology

## Objectives

The objectives of this audit were to: (1) assess CRS's contract administration and oversight efforts; (2) assess contractor performance and compliance with contract terms, conditions, laws, and regulations; and (3) evaluate CRS's contracting activities in the furtherance of accomplishing its mission.

## Scope and Methodology

This was an audit of CRS's contracting activities. To accomplish the objectives of the audit, we focused on CRS's use of nonrecurring contracts during FY 2018 to FY 2021. Of the 17 nonrecurring contracts awarded or active during the scope of our audit, we judgmentally selected a sample of 9 nonrecurring contracts to review, totaling over \$31 million, including the top 8 highest dollar contracts. We reviewed the contract documentation and a sample of invoices associated with these contracts. In addition, we reviewed various federal regulations contained within the FAR and JAR, as they apply within the scope of the contracts we reviewed. We also interviewed CRS and JMD employees, including the CRS Deputy Director, JMD PSS contracting officers, and CRS staff—some of whom were designated as CORs. Additionally, we interviewed one contractor involved in the performance of the contracts we reviewed.

## Statement on Compliance with Generally Accepted Government Auditing Standards

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

## Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of CRS to provide assurance on its internal control structure as a whole. CRS management is responsible for the establishment and maintenance of internal controls in accordance with the FAR and JAR. Because we do not express an opinion on CRS's internal control structure as a whole, we offer this statement solely for the information and use of CRS.<sup>15</sup>

We reviewed the effectiveness of CRS's internal controls related to the administration and oversight of nonrecurring contracts. Specifically, we reviewed the designated responsibilities of CRS staff to determine if those responsibilities were adequate and appropriate to administer and oversee the contract; prevent payment of unsupported and unallowable invoices; and prevent the misuse of government funds.

The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles

---

<sup>15</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.

that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

## Compliance with Laws and Regulations

In this audit we tested, as appropriate given our audit objectives and scope, selected transactions, records, procedures, and practices, to obtain reasonable assurance that CRS's management complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. Our audit included examining, on a test basis, CRS's compliance with the following laws and regulations that could have a material effect on CRS's operations:

- FAR Subpart 1.602-2: Responsibilities
- FAR Subpart 3.908-9: Contract Clause
- FAR Part 6: Competition Requirements
- FAR Part 7: Acquisition Planning
- FAR Part 10: Market Research
- FAR Part 11: Describing Agency Needs
- FAR Part 16: Types of Contracts
- FAR Subpart 31.201-3: Determining Reasonableness
- FAR Subpart 52.203-17: Contractor Employee Whistleblower Rights and Requirement to Inform Employees of Whistleblower Rights
- FAR Subpart 52.232-25: Prompt Payment
- JAR Part 2801.604: Contracting Officer's Representative
- JAR Part 2852: Solicitation Provisions and Contract Clauses

This testing included analyzing contract documents, interviewing CRS and JMD PSS personnel, and reviewing invoices and available supporting documentation. As noted in the Audit Results section of this report, we found that CRS did not comply with federal regulations related to: (1) acquisition and procurement and (2) contractor oversight and monitoring.

## **Sample-Based Testing**

To accomplish our audit objectives, we performed sample-based testing of invoices. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the areas we reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

## **Computer-Processed Data**

During our audit, we obtained information from DOJ's Unified Financial Management System. We did not test the reliability of this system as a whole; therefore, any findings identified involving information from this system were verified with documentation from other sources.

# APPENDIX 2: The Community Relations Service's Response to the Draft Audit Report



U.S. Department of Justice  
Community Relations Service  
Washington, DC 20530

---

## MEMORANDUM

**FROM:** Justin Lock  
Acting Director  
Community Relations Service

**TO:** Jason R. Malmstrom  
Assistant Inspector General for Audit  
Office of Inspector General

**SUBJECT:** Response to Draft Audit Report  
Community Relations Service Contracting Activities

**DATE:** July 7, 2023

## OVERVIEW

The Department of Justice (DOJ) Office of the Inspector General (OIG) audited the Community Relations Service's (CRS) contracting activities conducted during fiscal year (FY) 2018 to FY 2021. According to the OIG, the objectives of this audit were to: (1) assess CRS's contract administration and oversight efforts; (2) assess contractor performance and compliance with contract terms, conditions, laws, and regulations; and (3) evaluate CRS's contracting activities in the furtherance of accomplishing its mission. Below are OIG's recommendations and CRS's responses, including CRS's plan to hire a procurement liaison as part of its Headquarters Executive Office to serve as a central point of contact between DOJ Justice Management Division (JMD) Procurement Services Staff (PSS), CRS Contracting Officer's Representative (COR)s, CRS Budget/Finance, and CRS Management. This will ensure that all OIG audit recommendations are addressed, and all planned actions set forth below are fully developed and implemented.

### Recommendation 1

Establish and implement policies and procedures to ensure: (1) written acquisition plans are completed and documented prior to the award of a contract; (2) adequate market research is conducted and documented in accordance with Federal Acquisition Regulations (FAR) requirements; and (3) a complete history of the contract acquisition process and administration is

documented in the contract file in accordance with the FAR and DOJ regulations. CRS agrees with this recommendation.<sup>1</sup>

**Planned Action(s)**

To comply with this recommendation, CRS will create Standard Operating Procedures (SOPs) that include partnering with the Contracting Officer (CO) to create policies and processes for future contract acquisitions and market research in accordance with the FAR and DOJ regulations. CRS will also hire a procurement liaison to oversee and manage all contracts and ensure compliance with these policies and procedures. CRS plans to develop this action plan and implement it by December 31, 2023. Additional oversight of this procurement liaison will be provided by the Executive Officer and the CRS Deputy Director. CRS will conduct this oversight immediately upon hiring the procurement liaison.

**Recommendation 2**

Establish and implement policies and procedures to ensure that: (1) a Contracting Officer Representative (COR) is appropriately certified and properly designated before performing administrative and oversight duties on a contract; and (2) contracting-related roles and responsibilities are clearly defined, and communication between the contractor and COR is in compliance with federal regulations and the statement of work. CRS agrees with this recommendation.<sup>2</sup>

**Planned Action(s)**

To comply with this recommendation, CRS will:

- 1) Create an SOP related to the administration, oversight, and management of contracts that includes policies and procedures to annually review COR training and ensure course registration and compliance. This will include policies that create a transition plan when a COR leaves the component, and another COR assumes their role. CRS plans to develop this SOP by December 31, 2023, and implement it immediately thereafter.
- 2) Hire a procurement liaison to oversee all COR activities and training requirements and ensure compliance with these aforementioned policies and procedures. This position will be overseen by the CRS Executive Officer and Deputy Director.

---

<sup>1</sup>To clarify, CRS believes it provided documentation of proper market research to demonstrate its good faith belief that it was performing its duties in compliance with the FAR and DOJ regulations during the performance of its contracts.

<sup>2</sup>To clarify, as documented in the certificates provided by CRS CORs, CRS believed that its CORs were properly certified and trained; and, although the PSS CO did not alert CRS that some of CRS CORs may not have been properly certified to include proper designation with completion of their annual training requirements, CRS accepts the recommendation to ensure that CRS exercises proper administration, oversight and management of both its contracts and CORs to ensure compliance with FAR and DOJ regulations.

- 3) Ensure that existing CORs for CRS contracts are currently in intermediate COR training and/or will register for it. CRS will implement this action plan immediately with plans to have all CORs properly trained to manage existing and future contracts by the end of this fiscal year.
- 4) Ensure that each COR receives specific training that aligns with their individually assigned contract(s) and include this requirement in their Individual Development Plans (IDPs). COR supervisors will then approve COR training through the SF-182 process. See subparagraph 3).
- 5) Ensure CRS's LearnDOJ administrator tracks, monitors, and reports all COR training completed to the procurement liaison and management officials. CRS plans to implement this action plan immediately.
- 6) Management will further ensure that each COR is properly certified and designated for each contract to which they are assigned; and management will ensure that each COR's duties are clearly defined for each respective contract. Finally, CRS will ensure that each contract will receive proper management oversight to ensure compliance with the FAR and DOJ regulations. See above.

### **Recommendation 3**

Establish and implement formal invoice review policies and procedures to ensure that invoices and payments for labor charges comply with the FAR and contract terms and conditions. These procedures should include guidance on: (a) contracting officials performing a comprehensive review of charges to determine whether they are reasonable, allocable, allowable, and in line with the statement of work; (b) ensuring invoices are approved and paid in a timely manner; (c) ensuring COR duties are performed in accordance with the statement of work. CRS agrees with this recommendation.

### **Planned Action(s)**

CRS will create an SOP related to reviewing invoices, and work with DOJ JMDPSS to develop, implement, and follow procedures that will adhere to all FAR and DOJ regulations. CRS will also hire a procurement liaison to ensure compliance with these policies and procedures and provide greater coordination with the CRS financial management team. CRS plans to complete each of these actions by December 31, 2023.

In addition, CRS management will ensure there are checks and balances of contract oversight to ensure controls are in place to properly comply with all noted FAR and DOJ regulations, as well as CRS-developed policies and procedures providing guidance for contract procurements. Finally, CRS will ensure that all contract-related travel costs are in compliance with FAR and DOJ regulations. CRS plans to immediately begin developing these procedures, with plans to implement them for all existing and future contracts.

**Recommendation 4**

Establish and implement policies and procedures to ensure agency-directed purchases charged to a contract are tied to specific contract deliverables or task requirements, and further the CRS mission. CRS agrees with this recommendation.

**Planned Action(s)**

CRS will create an SOP which provides guidance for contract procurement, oversight, management, and administration, to include the requirement that all deliverables be tied to each specific contract deliverables or task requirements, and further the CRS mission. CRS will also hire a procurement liaison to ensure deliverables are being tied to each specific contract or task requirements and further the CRS mission. CRS plans to complete this action by December 31, 2023.

**Summary**

As noted above, CRS will hire a procurement liaison as part of its Headquarters Executive Office to serve as a central point of contact between DOJ JMD PSS, CRS CORs, CRS Budget/Finance, and CRS Management. This will ensure that all OIG audit recommendations are addressed, and all planned actions set forth above are fully developed and implemented.

## **APPENDIX 3: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report**

The Office of the Inspector General (OIG) provided a draft of this audit report to the Community Relations Service (CRS). CRS's response is incorporated in Appendix 2 of this final report. In response to our audit report, CRS agreed with our recommendations and discussed the actions it will implement in response to our findings. As a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### **Recommendations for CRS:**

- 1. Establish and implement policies and procedures to ensure: (1) written acquisition plans are completed and documented prior to the award of a contract; (2) adequate market research is conducted and documented in accordance with Federal Acquisition Regulation (FAR) requirements; and (3) a complete history of the contract acquisition process and administration is documented in the contract file in accordance with the FAR.**

Resolved. CRS agreed with our recommendation. CRS stated in its response that that it will create Standard Operating Procedures (SOP) that will include partnering with the Contracting Officer to create policies and processes for future contract acquisitions and market research in accordance with FAR and Department of Justice (DOJ) regulations. CRS also stated that it intends to hire a procurement liaison to oversee and manage all contracts and ensure compliance with these policies and procedures with the Executive Officer and the CRS Deputy Director providing additional oversight of this position. As a result, this recommendation is resolved.

Within its response, CRS stated that it believed it had provided the OIG sufficient documentation that proper market research had been conducted. However, while CRS personnel told us that market research was performed, CRS did not provide sufficient documentation to us during the audit and none of the contracts we reviewed contained evidence of market research in the contract files.

This recommendation can be closed when we received evidence that CRS has established and implemented policies and procedures to ensure: (1) written acquisition plans are completed and documented prior to the award of a contract; (2) adequate market research is conducted and documented in accordance with FAR requirements; and (3) a complete history of the contract acquisition process and administration is documented in the contract file in accordance with the FAR.

- 2. Establish and implement policies and procedures to ensure that: (1) a Contracting Officer's Representative (COR) is appropriately certified and properly designated before performing administrative and oversight duties on a contract, and (2) contracting-related roles and**

**responsibilities are clearly defined and communication between the contractor and COR is in compliance with federal regulations and the statement of work.**

Resolved. CRS agreed with our recommendation. CRS stated in its response that it will create an SOP by December 31, 2023, related to the administration, oversight, and management of contracts. CRS stated that the SOP will include policies and procedures to annually review COR training and ensure course registration and compliance, as well as a transition plan for when a COR leaves CRS and another COR assumes their role. CRS also outlined additional actions to ensure its CORs have received all necessary training and are properly certified and designated. In addition, CRS reiterated that it will hire a procurement liaison who will oversee all COR activities and training requirements and ensure compliance with the new SOP. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that CRS has established and implemented policies and procedures to ensure that: (1) a COR is appropriately certified and properly designated before performing administrative and oversight duties on a contract, and (2) contracting-related roles and responsibilities are clearly defined and communication between the contractor and COR is in compliance with federal regulations and the statement of work.

- 3. Establish and implement formal invoice review policies and procedures to ensure that invoices and payments for labor charges comply with the FAR and contract terms and conditions. These procedures should include guidance on: (1) contracting officials performing a comprehensive review of charges to determine whether they are reasonable, allocable, allowable, and in line with the statement of work; (2) ensuring invoices are approved and paid in a timely manner; and (3) ensuring COR duties are performed in accordance with the statement of work.**

Resolved. CRS agreed with our recommendation. CRS stated in its response that it will create an SOP related to reviewing invoices and will work with the Justice Management Division's (JMD) Procurement Services Staff (PSS) to develop, implement, and follow procedures that adhere to all FAR and DOJ regulations. CRS stated that CRS management will ensure checks and balances are in place to properly comply with all noted FAR and DOJ regulations, as well as CRS-developed policies and procedures providing guidance on contract procurements. In addition, CRS again stated that it will hire a procurement liaison who will help ensure compliance with these policies and procedures and provide greater coordination with the CRS financial management team. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that CRS has established and implemented formal invoice review policies and procedures to ensure that invoices and payments for labor charges comply with the FAR and contract terms and conditions. These procedures should include guidance on: (1) contracting officials performing a comprehensive review of charges to determine whether they are reasonable, allocable, allowable, and in line with the statement of work; (2) ensuring invoices are approved and paid in a timely manner; and (3) ensuring COR duties are performed in accordance with the statement of work.

4. **Establish and implement policies and procedures to ensure agency-directed purchases charged to a contract are tied to specific contract deliverables or task requirements.**

Resolved. CRS agreed with our recommendation. CRS stated in its response that it will create an SOP to provide guidance for contract procurement, oversight, management, and administration, including the requirement that all deliverables be tied to specific contract deliverables or task requirements and further CRS's mission. In addition, CRS again stated that it will hire a procurement liaison to ensure compliance with the SOP. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that the CRS has established and implemented policies and procedures to ensure agency-directed purchased charged to a contract are tied to specific contract deliverables or task requirements.