



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Pandemic-Related Contract Actions

This is a revised version of the report prepared for public release.




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Memorandum

OCT 12 2021

To: Megan Olsen
Director, Office of Acquisition and Property Management

From: Mark Lee Greenblatt 
Inspector General

Subject: Final Inspection Report – *Pandemic-Related Contract Actions*
Report No. 2021-FIN-010

This memorandum transmits our inspection report on the U.S. Department of the Interior’s Coronavirus Aid, Relief, and Economic Security Act and pandemic-related contract actions.

We provide seven recommendations to help the DOI and its bureaus and offices improve contract oversight and accountability. Based on the responses to our draft report, we consider Recommendations 1 and 2 to be resolved and implemented, Recommendations 3, 4, and 6 to be resolved but not implemented, and Recommendations 5 and 7 to be unresolved. In addition, the bureaus resolved the \$40,530 in funds that could be put to better use and are working to resolve the \$3,848 in questioned costs identified in the report.

We will refer Recommendations 3 – 7 to the Office of Policy, Management and Budget for resolution and implementation tracking and to report to us on their status. In addition, we will notify Congress about our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

If you have any questions, please contact me at 202-208-5745.

Results of Our Inspection

We found the following concerns with the contract actions we inspected:

- Eight of the 80 contract actions, totaling \$775,102, were not fulfilled. Specifically, the BIA did not receive some goods as contracted (\$771,254 in funds that could be put to better use) and received other goods—namely, four computers—with duplicate serial numbers (\$3,848 in questioned costs).¹
- The DOI and its bureaus and offices did not follow guidance regarding use of the COVID-19 NIA code in the Federal Procurement Data System (FPDS), which resulted in \$10.5 million in contract actions not being properly recorded.

In addition, we determined that 24 contracts were awarded to 17 first-time Federal contractors, four contractors were working outside their usual scope of business, and 54 contracts were awarded without competition. We did not develop any recommendations associated with these findings. We provide seven recommendations to help the DOI improve its oversight and accountability related to contract fulfillment and data accuracy. See Attachment 2 for the monetary impact of our findings.

The BIA Did Not Receive Some Contracted Goods

We reviewed 80 high-risk contract actions from the eight DOI bureaus and offices that issued contract actions from March 18, 2020, through October 31, 2020. We found that 72 of those actions were fulfilled, and 8 actions were not fulfilled. Specifically, the BIA did not receive goods valued at \$771,254 as contracted. These are funds that could be put to better use. In addition, some of the goods that the BIA did receive—four computers that were delivered to different schools—had duplicate serial numbers. The BIA incurred charges of \$3,848 for these computers, which constitute questioned costs. See Figure 1 for details by bureau and office of contract actions inspected.

Figure 1: Details of Contract Actions Inspected, by Bureau

Bureau/ Office	CARES Act (\$)	COVID-19 (\$)	All Pandemic Related (\$)	Funds To Be Put To Better Use (\$)	Questioned Costs (\$)
BIA	10,291,055	256,271	10,547,326	771,254	3,848
FWS	–	4,276,308	4,276,308	–	–
BSEE	5,840	812,526	818,366	–	–
BOR	568,581	0	568,581	–	–
OS	265,320	–	265,320	–	–
BLM	30,580	138,733	169,313	–	–
NPS	46,099	49,828	95,927	–	–
USGS	–	50,000	50,000	–	–
Total	\$11,207,475	\$5,583,666	\$16,791,141	\$771,254	\$3,848

Abbreviations: FWS = U.S. Fish and Wildlife Service • BSEE = Bureau of Safety and Environmental Enforcement • BLM = Bureau of Land Management • NPS = National Park Service • USGS = U.S. Geological Survey

¹ According to the Inspector General Act of 1978, “funds that could be put to better use” are funds that could be use more efficiently, and “questioned costs” are costs we question because they allegedly violate a provision, lack support, or are determined to be unnecessary.

Attachment 1: Scope and Methodology

Scope

Our objectives were to determine whether contracts were fulfilled for the 80 high-risk contract actions we selected, to determine whether the U.S. Department of the Interior (DOI) and its offices followed guidance to properly account for contract actions related to Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and pandemic-related contract actions using the appropriate National Interest Action (NIA) code for all contract actions from March 18, 2020, to October 31, 2020, and to provide information sought in a congressional request to the Pandemic Response Accountability Committee (PRAC). The request asked how many contracts were awarded to first-time Federal contractors, how potential contractors were vetted, whether there were any delays due to first-time contractors, and whether the contracts had been fulfilled. The request also sought information regarding Federal contracts related to the COVID-19 pandemic that were awarded to contractors to deliver goods or services that were outside their regular scope of business and what changes could be made to the procurement process to ensure vetted, reputable companies that are able to fulfill the contracts are the recipients of Federal funds.

The scope of our inspection included contract actions issued March 18, 2020, through October 31, 2020, for the following eight DOI bureaus and offices:

- Bureau of Indian Affairs
- Bureau of Land Management
- Bureau of Reclamation
- Bureau of Safety and Environmental Enforcement
- National Park Service
- Office of the Secretary
- U.S. Fish and Wildlife Service
- U.S. Geological Survey

As of October 31, 2020, the DOI had issued 303 CARES Act contract actions, totaling \$31 million, and 220 COVID-19-related contract actions (not charged to CARES Act funds), totaling \$10.6 million. The DOI has established distinct accounting codes to record whether these purchases are CARES Act or COVID-19-related.

For our inspection, we included purchase orders, delivery/task orders, blanket purchase agreements, and contracts as our contract action universe.

Methodology

We conducted our inspection in accordance with the *Quality Standards for Inspection and Evaluation* as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions and recommendations.

To accomplish our objectives, we:

- Gathered background information to provide a working knowledge of the DOI's contracting practices affecting the scope of this inspection
- Obtained and reviewed relevant prior audit reports for risk factors affecting the scope of this inspection
- Obtained and reviewed Federal acquisition regulations and DOI and bureau policies and procedures related to contracting to determine our inspection criteria
- Obtained the universe of 523 contract actions, totaling \$41,597,064, from March 18, 2020, through October 31, 2020, using the funding code and the NIA code for COVID-19
- Analyzed the 523 contract actions selected to determine the level of competition for each contract and identified 54 were awarded without competition
- Judgmentally selected 80 high-risk contract actions—54 contract actions based on risk (e.g., dollar amount and nomenclature review), 24 contract actions that used 17 first-time contractors, and 2 contract actions that included an administrative modification and a reduction in the total contract award amount—to determine whether goods or services had been provided and whether there were concerns about the contractor or the goods or services received
- Identified 24 first-time vendor contract actions totaling \$513,446 to determine how the contract action was solicited, how the contractor was vetted, and any concerns regarding the contractor or the goods or service received
- Compared the North American Industry Classification System (NAICS) designation on the DOI's 523 CARES Act and pandemic-related contract actions with the contractor information registered in the Government's System for Award Management (SAM) to identify businesses performing work outside their regular scope of business (for both the primary and secondary NAICS information), and compared the contracted goods or services to the contractor's website information to see whether the good or service was mentioned (if the NAICS information was not listed in SAM or was different)
- Compared the universe of DOI contracts awarded from March 18, 2020, to October 31, 2020, to the Federal Procurement Data System (FPDS) documentation to identify contracts related to the COVID-19 pandemic that were not recorded as such in the FPDS

Attachment 2: Monetary Impact

Description	Funds To Be Put To Better Use (\$)	Questioned Costs (\$)
Contract not fulfilled	-	-
First-time vendor items not received	40,530	-
Duplicate product identifier	-	3,848
Total	\$40,530	\$3,848

Attachment 3: Recommendations Summary

The U.S. Department of the Interior (DOI) and the Bureau of Indian Affairs (BIA) provided responses to our draft report. The DOI and the BIA concurred with six of the recommendations and did not concur with one. Based on these responses, we consider two recommendations to be resolved and implemented, three recommendations to be resolved but not implemented, and two recommendations to be unresolved. We summarized the responses below and provided our comments on each recommendation.

1. We recommend that the BIA resolve the \$730,724 that could be put to better use through a mechanism such as deobligating the funds from the contracts.

BIA Response: The BIA did not expressly concur or not concur with our recommendation. BIA stated that each school received the referenced IT hardware; therefore, it stated that the “deobligation of funds is not necessary.” The BIA represented that the hardware was delivered late due to the increased nationwide demand for computers and the shortage of raw materials for the manufacture of computers, which could not have been foreseen at the time of award. According to the BIA, the contracting officer decided it was not in the U.S. Government’s best interest to cancel and reorder from a different vendor. Instead, the BIA stated that its “central contracting office has instituted communication practices” with the contracted vendor (████) and adjusted delivery lead times to “better manage expectations for all BIA and BIE customers.”

OIG Comment: Based on the BIA’s response, we consider this recommendation resolved and implemented. We contacted the schools at issue and confirmed receipt of the IT hardware. Because the contracts were fulfilled, we have removed these funds from the monetary impact of our findings.

2. We recommend that the BIA resolve the \$40,530 that could be put to better use and determine if the contract should be cancelled.

BIA Response: The BIA concurred with the recommendation. The BIA stated that it had terminated Order Nos. 140A2320P0680 and 140A2320P0596.

OIG Comment: Based on the BIA’s response, we confirmed that these orders were terminated and consider this recommendation resolved and implemented.

3. We recommend that the BIA resolve the questioned costs of \$3,848.

BIA Response: The BIA concurred with the recommendation and stated that it had contacted the customers and the vendor (Dell) for Order Nos. 140A2320F0212 and 140A2320F0316 “to determine if the school laptops with duplicate serial numbers have been replaced or issued new serial numbers.” The BIA stated that it expected resolution by July 30, 2021.

OIG Comment: We contacted the BIA’s head of contracting multiple times to determine whether resolution of the duplicate serial numbers had occurred but did not receive a response within the requested timeframe. Based on the BIA’s response to our draft report, we consider this recommendation resolved but not implemented.

4. We recommend that the DOI and its bureaus and offices review the Federal Procurement Data System (FPDS) and correct any COVID-19 pandemic-related procurement actions missing the COVID-19 National Interest Action code (NIA).

DOI Response: The DOI concurred with the recommendation and stated it would perform a Federal Procurement Data System – Next Generation (FPDS-NG) review to ensure contract actions are properly coded in alignment with the Office of Management and Budget (OMB) Memorandum M-20-27. The DOI provided a target completion date of March 30, 2022.

OIG Comment: Based on the DOI’s response, we consider this recommendation resolved but not implemented.

5. We recommend that the DOI and its bureaus and offices hold bureau procurement chiefs, managers, supervisors, and contracting officers accountable for data accuracy in accordance with the data quality control plans they have developed pursuant to the DOI Acquisition, Assistance, and Asset Policy (DOI-AAAP) 0042.

DOI Response: The DOI concurred with the recommendation. The DOI stated that the Office of Acquisition and Property Management will issue an Acquisition Flash reminding the DOI acquisition workforce of the “appropriate uses” of DOI-AAAP-0042 and will also “have a formal discussion with the head of contracting activities at the Acquisition Management Partnership meeting.” The DOI provided a target completion date of March 30, 2022.

OIG Comment: Based on the DOI’s response, we consider this recommendation unresolved. We recognize that the Acquisition Flash and the formal discussion are important for reminding staff of requirements, but we require further details as to how staff will be held accountable for data accuracy. Although this could be accomplished in various ways, we note that mechanisms such as adding additional high-level reviews or formal data accuracy internal controls may be potential approaches.

6. We recommend that the DOI and its bureaus and offices review contract actions coded with the COVID-19 NIA code for accuracy.

DOI Response: The DOI concurred with the recommendation and will perform a FPDS-NG review to ensure contract actions are properly coded in alignment with the OMB Memorandum M-20-27. The DOI provided a target completion date of March 30, 2022.

OIG Comment: Based on the DOI’s response, we consider this recommendation resolved but not implemented.

7. We recommend that the DOI confer with and seek additional guidance from the OMB regarding proper COVID-19 NIA code use and clarify guidance to procurement officials as appropriate.

DOI Response: The DOI did not concur with the recommendation and stated that guidance permits COVID-19 NIA coding for “all contract actions impacted by the pandemic even if the action was not originally awarded as a COVID-19 action.” Specifically, the DOI referenced the Office of Federal Procurement Policy guidance, *Update to Guidance on Application of National Interest Action (NIA) Code to Increase Transparency*, issued on April 6, 2020, and OMB Memorandum M-20-27, *Additional Guidance on Federal Contracting Resiliency in the Fight Against the Coronavirus Disease (COVID-19)*, issued on July 14, 2020, which both state:

Agencies should assign this NIA code to all procurement actions reported into FPDS that are issued in response to the pandemic. This includes new awards for supplies and

services as well as modifications that are issued to address COVID-19, irrespective of whether the contract being modified was originally awarded to address COVID-19.

Using this guidance, the DOI concluded that the two contract actions addressed in the report and other similar actions were properly coded based on the aforementioned guidance.

OIG Comment: We considered DOI’s response above referring to OMB Memorandum M-20-27 in light of communications from OMB staff to us in January 2021, which stated that the guidance is “intended to cover de-obligation of funds that were obligated for COVID-19, irrespective of whether the contract under which the funds were obligated was originally awarded to address COVID-19. It does not cover de-obligation of funds that were not previously obligated for COVID-19.”

We also confirmed the DOI did not seek any additional information from the OMB. While we understand that the OMB’s guidance cited by the DOI in its response included the general language “all procurement actions,” the information we received from OMB staff leads us to conclude that it would be prudent for the DOI to seek additional guidance to ensure that its own actions align with OMB’s intent.

In addition, classifying all contract actions using the COVID-19 NIA code could lead to confusion or inaccuracies because actions such as deobligating funds or extending the period of performance of contract are not actions to prepare, prevent, or recover from coronavirus. While these actions could be deemed necessary because of the pandemic, they do not specifically address COVID-19 and are instead performed as administrative actions. To include these types of actions could overstate or understate pandemic procurement data.

We revised our original recommendation for the DOI, which stated that the agency should “clarify in writing the OMB guidance to procurement officials regarding the use of the NIA code for deobligation of funds or nonpandemic actions,” to a recommendation that the DOI seek additional guidance from the OMB regarding the COVID-19 NIA code and clarify guidance as appropriate.

Based on the DOI’s response, we consider this recommendation unresolved.

Attachment 4: Status of Recommendations

Recommendations	Status	Action Required
1 and 2	Resolved and implemented	No action is required.
3, 4, and 6	Resolved but not implemented	We will refer these recommendations to the Office of Policy, Management and Budget for implementation tracking.
5 and 7	Unresolved	We will refer these recommendations to the Office of Policy, Management and Budget for resolution.

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