



U.S. GOVERNMENT PUBLISHING OFFICE

OFFICE OF INSPECTOR GENERAL

**AUDIT REPORT  
REPORT NUMBER 19-08**

---

**GPO's Management of Simplified Purchase Agreements**

**March 28, 2019**

---



**Date**

March 28, 2019

**To**

Acting Deputy Director

**From**

Acting Inspector General

**Subject:**

Audit Report— Management of Simplified Purchase Agreements  
Report Number 19-08

Enclosed please find the subject final report. The Office of Inspector General (OIG) conducted an audit of Simplified Purchase Agreements (SPA) to determine whether GPO effectively train and supervise SPA participants and ensure they are complying with SPA program requirements.

Management's response has been incorporated into the body of the report. We considered management's comments responsive to two of the three recommendations. The two recommendations are considered resolved but remain open until corrective action has been implemented. Comments for one recommendation was partially responsive; therefore the recommendation remains unresolved.

We appreciate the courtesies extended to the staff during our audit. If you have any questions or comments about this report, please do not hesitate to contact me at (202) 512-1512 or Freddie Hall, Assistant Inspector General for Audits and Inspections at (202) 512-1597.

A handwritten signature in blue ink, appearing to read "J. Ives".

JAMES IVES  
Acting Inspector General

Attachment

cc:

Acting General Counsel, GPO

Acting Chief of Staff, GPO

Managing Director, Customer Services, GPO

## **Contents**

---

Introduction.....	1
Results in Brief.....	2
Background.....	4
Criteria.....	5
Results and Recommendations.....	6
Appendix A – Objective, Scope, and Methodology.....	11
Appendix B – Acronyms and Abbreviations.....	13
Appendix C – GPO’s SPA Customer Agencies Survey.....	14
Appendix D – Management’s Response.....	16
Appendix E – Status of Recommendations.....	17
Appendix F – Report Distribution.....	18
Contributor.....	19

# Office of Inspector General

Report Number 19-08

March 28, 2019

## Management of Simplified Purchase Agreements

### Introduction

GPO established the Simplified Purchase Agreement (SPA) with qualified vendors as an easy method for filling anticipated non-repetitive needs for printing, binding, related supplies, and related services with qualified sources. Using SPA, authorized Federal customers—referred to here as customer agencies—can place orders directly with individual vendors for products or services up to \$10,000. GPO certifies vendors for SPA and notifies both customer agencies and contractors of new participants. GPO pays the vendor and then bills the customer. GPO operates 14 SPAs in its central and regional offices, including DC SPA 960. Each SPA is independently initiated. For Fiscal Year (FY) 2017, GPO's DC SPA 960 revenues amounted to \$6 million. From June 2017 through May 2018, the SPA orders totaled about 8,200.

The Office of Inspector General (OIG) conducted an audit to answer the following question:

Does GPO effectively train and supervise SPA participants and ensure they are complying with SPA program requirements?

To accomplish our objective, we reviewed policies, procedures, and instructions for SPA. We gained an understanding of the SPA requirements and identified roles and responsibilities of GPO officials involved in administering DC SPA 960. We reviewed the workload of the SPA staff, requested for review internal reviews, audits, monitoring reports, self-assessments or other studies related to SPA. We selected three Federal agencies<sup>1</sup> with the largest number of work orders to analyze. We identified frequently used vendors and reviewed training logs and contracting files for those agencies. We also solicited feedback from the agencies about their satisfaction with DC SPA 960. Our audit scope for testing transactions was June 2017 through May 2018.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides 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

---

<sup>1</sup> Department of Commerce, Department of Veteran Affairs and Defense Logistics Agency

based on our audit objective. Appendix A provides details regarding our objective, scope, and methodology.

## **Results in Brief**

Although GPO generally trained and supervised SPA participants, additional actions should have been taken for full compliance. GPO did not provide sufficient documentation related to key components of SPA, which included a Memorandum of Agreement (MOA), training completion and procurement authority. Specifically—

- 1 of 6 MOA's we requested for review could not be located
- 8 of 53 SPA training completions could not be support
- 2 of 43 individuals on the authorized user list without purchase authority documentation

GPO did not properly execute one of its MOAs. Additionally, of 43 customer agency personnel with authorizations, 3 were not on the authorized user list. GPO uses the SPA authorized user list to track customer agency officials approved to use SPA vendors and determine if a user is authorized to submit the order. SPA vendors use the list to confirm that SPA users soliciting bids from their company are authorized as well as ascertain the purchasing limit for the user. We attributed the deficiencies to poor management oversight.

According to GPO's Printing Procurement Regulation (PPR)<sup>2</sup>, MOAs, training completion and procurement authority are requirements for authorizing Federal Agencies to use SPAs. Yet GPO did not demonstrate that it consistently met those tenets. As a result, GPO should strengthen controls and oversight for SPAs.

GPO's lack of documentation precludes the agency from demonstrating full compliance with the SPA initiative. Furthermore, one the customer agency without a fully executed MOA may have been improperly participating in the program, casting doubt on the validity of its transactions.

We obtained feedback from selected customer agencies' personnel using DC SPA 960. Overall, the responses rated GPO's administration of SPA as excellent or good. Appendix C provides the Responses to our questionnaire.

## **Recommendations**

We recommend that the Managing Director, Customer Services develop controls to for ensuring that Memorandums of Agreement are properly executed prior to customer agencies participating in the Simplified Purchase Agreement program,

---

<sup>2</sup> GPO Publication 305.3 (Rev. 4-14), *Printing Procurement Regulation*, April 2014

ensure adequate documentation is maintained and readily available for external reviews and implement controls for updating the authorized user list for the Simplified Purchase Agreements in a timely fashion.

### **Management's Response**

Management concurred with the recommendations. The complete text of management's response is in Appendix D.

## Background

Section 501, Title 44 mandates that printing requirements for the executive branch be procured by or through the Government Publishing Office (GPO). As part of GPO's efforts to simplify filling non-repetitive needs for printing, binding, related supplies, and related services with qualified sources, GPO established the Simplified Purchase Agreement (SPA) in 1999. A SPA is an agreement between GPO and suppliers/vendors capable of providing the products or services. SPAs can be used for individual work orders that do not exceed \$10,000. GPO certifies vendors for inclusion in the SPA program.

GPO authorizes Federal customers (sometimes referred to as customer agencies) to use the SPA when certain conditions are met. Customer agencies must submit a letter of procurement authority,<sup>3</sup> Standard Form (SF-1),<sup>4</sup> and sign a Memorandum of Agreement (MOA).<sup>5</sup> Agency officials can solicit from at least one vendor for orders up to \$2,500 but must solicit from three vendors for order over \$2,500. GPO notifies customer agencies and contractors of new participants.

According to GPO guidance, SPA benefits include the following—

- **Convenience.** Customer agency officials have access to a database of SPA certified, local vendors. By placing orders directly, time delays are eliminated. GPO SPA officials are available to answer questions and provide administrative and technical assistance for complex job modifications.
- **Savings.** Customer agencies save money as a result of GPO's large volume buying position.
- **Three Payment Options.** SPA accounts can be financed by credit card, GPO deposit account, or Intra-governmental Payment and Collection billing methods.

GPO pays the vendor and recovers costs for commercially procures work through an 8-percent surcharge and a flat charge of \$7.50 for all work orders. GPO operates 14 SPAs in its central and regional offices, including DC SPA 960. Each SPA is independently initiated. For Fiscal Year 2017, DC SPA 960 revenues for GPO totaled \$6 million. From June 2017 through May 2018, DC SPA 960 orders totaled about 8,200.

---

<sup>3</sup> A letter of procurement authority is for individuals being granted contracting authority under a SPA. The letter lists each individual, their email address, phone number, and the dollar level (up to and including \$10,000), for which the individual may place orders.

<sup>4</sup> Standard Form 1, *Printing and Binding Requisition to the Public Printer of the United States*.

<sup>5</sup> A GPO Contracting Officer furnishes the originating office an MOA, which is a signed document between GPO and a Federal customer that establishing what each activity will be responsible for under the SPA.

## **Criteria**

We primarily used the following sources as criteria during this audit:

- 44 USC § 501.
- GPO Publication 305.3 (Rev. 4-14), *Printing Procurement Regulation*, April 2014.
- GPO Instruction 825.18A, *Internal Control Program*, May 28, 1997.



## Results and Recommendations

Although GPO generally trained and supervised SPA participants, additional actions were needed for complete compliance. GPO officials could not provide sufficient documentation related to MOAs, training, and procurement authority. Officials also did not properly execute one of its MOAs. While it identified MOAs, training, and procurement authority as requirements for authorizing customer agencies to use SPAs, GPO did not demonstrate that those tenets were consistently met.

To assess customer satisfaction with DC SPA 960, we queried personnel from three Federal agencies that use the DC SPA 960 program. All of the customer we contacted rated the content and quality of the SPA training as excellent or good. Furthermore, the overall rating for DC SPA 960 was also excellent or good.

### **GPO Did Not Maintain Required Documentation to Fully Demonstrate Compliance with the SPA Requirements**

GPO's PPR identified conditions under which customer agencies can use SPAs. Those conditions included an executed MOA between the customer agencies and GPO, and training for customer agency personnel on the proper usage of a SPA. Documentation issues existed, however, those areas. In addition, documentation was missing for customer agency personnel granted contracting authority under SPA.

### **MOA Between Customer Agencies and GPO**

Based on review of six customer agencies and sub-agencies<sup>6</sup> with MOAs, two (33 percent) were not properly signed or could not be located.

**Table 1. Agencies/Sub-agencies Reviewed by OIG**

Agency/Sub-Agency	MOA Deficiency?	
	Yes	No
Department of Commerce	X	
Defense Logistics Agency		X
Department of Veteran Affairs		X
National Institute of Standards and Technology (NIST)*	X	
National Oceanic and Atmospheric Administration*		X
Patent and Trademark Office*		X

\*Sub-Agency to the Department of Commerce

GPO's PPR requires that a contracting officer furnish the originating office an MOA, which is a signed document between GPO and the Federal agency. The MOA establishes what each activity will be responsible for under the SPA. GPO could not provide a properly executed copy of the MOA for Department of Commerce

<sup>6</sup>Sub-agencies that chose to participate separately from the parent customer agency could do so if they complied with GPO's SPA requirements.

(Commerce). GPO officials stated that although Commerce’s MOA was signed when the program was initiated, the original had been filed and sent to the GPO basement for storage. Without a copy of the MOA, we could not determine whether SPA requirements were met or what activities agreed to.

GPO officials did not sign the MOA for NIST until August 23, 2018— after our request. The officials could not explain why the MOA was not previously signed. NIST officials attempted to comply with the MOA requirement by signing the agreement on January 22, 2010 and re-signing the same document again on February 9, 2011. However, because both parties did not sign the MOA, NIST was not an official SPA participant until August 23, 2018. The MOA states that SPA use begins when mutual agreements are established and training and certification completed. Therefore, NIST was not properly participating in the program, which casts doubt on the validity of its past transactions.

**Training for Customer Agency Officials with Procurement Authority**

The PPR requires that each customer agency identify individuals with procurement authority who must receive training on the proper use of the SPA. GPO documents the training upon completion. Of the 53 personnel in our sample, 8 did not have sufficient documentation to support training. Table 2 reflects agency officials without documentation of training completion.

**Table 2. Officials Using SPAs without Documentation of Training Completion**

<b>Authorized Personnel</b>	<b>Federal Agency</b>	<b>Date of Authorization</b>
Participant 1	Department of Commerce	October 24, 2007
Participant 2	Department of Commerce	October 24, 2007
Participant 3	Department of Commerce	October 24, 2007
Participant 4	Department of Commerce	October 24, 2007
Participant 5	Department of Commerce	May 9, 2000
Participant 6	Department of Commerce	May 9, 2000
Participant 7	Department of Commerce	May 9, 2000
Participant 8	Department of Commerce	May 9, 2000

Note: Because of privacy concerns, specific names were provided to GPO as a separate document.

GPO official provided a sheet of paper with names and email addresses for two of the eight customer agency personnel without training documentation. However, the paper did not contain any headings or annotations describing the purpose of the document. GPO official stated that during the early implementation of the program, a prescribed mechanism or document did not exist for maintaining training attendance. GPO officials also contend that sign-in sheets for Commerce were filed and sent GPO’s basement for storage and could not be located. Without the certificates of training or other documentation available for review, OIG could not validate that each individual identified on the letter of procurement authority was trained on the proper usage of the SPA. On February 4, 2019, a GPO provided a

training for one of the eight customer agency personnel. The training certificate provided was, however, issued December 20, 2018.

### **SPA Authorized User List for Customer Agency Personnel with SPA Contracting Authority**

The authorized user list for SPA identifies the customer agency officials approved to use SPA vendors. GPO uses the lists to determine if a user is authorized to submit the order. SPA vendors use the list to confirm that SPA users are authorized to solicit bids as well as ascertain a user's purchase limit.

GPO's PPR requires that customer agencies provide a letter of authority for personnel granted contracting authority under a SPA. We compared the SPA authorized user list to the authorization forms and found that of 43 personnel on the authorized user list, 2 did not have documentation authorizing them to make purchases. GPO officials acknowledged the documents were missing, but stated that the authorization forms would have had to be on hand in order for the names and procurement amount to be entered in the database. Although the list may identify personnel eligible to procure services, the actual authorization forms are essential to verify the validity of the authorization.

### **GPO Did Not Ensure the SPA Authorized User List was Properly Updated**

We determined that 3 of 43 users had authorization forms but were not on the authorization list. Official stated that one of the users should have been on the list but stated that because GPO did not have documentation of the others completing training, they would not have been on the list until training was completed. However, GPO had previously provided OIG training records for the three individuals.

Although GPO's guidance<sup>7</sup> of internal control states that it shall maintain effective systems of management controls, those controls were not sufficient to ensure that the tracking list was properly updated. SPA vendors use the list to confirm that SPA users soliciting bids from their company are authorized as well as ascertain the user's purchasing limit. Authorized users excluded from the list are, therefore, exposed to unnecessary challenges when executing procurement activities.

### **Customer Agencies Provided Positive Feedback on SPA**

While assessing customer agency satisfaction with their experience with SPA, we selected 15 customer agency personnel<sup>8</sup> using DC SPA 960. Of the 15 customers selected, 6 could not be contacted or did not provide a response. The remaining nine gave GPO an overall rating of excellent or good for SPA training and assistance.

---

<sup>7</sup>GPO Instruction 825.18A, *Internal Control*, May 28, 1997

<sup>8</sup>A non-statistical random sampling of five customer agency personnel from the three Federal agencies reviewed.

Some of the respondents, however, offered suggestions to improve the program. Appendix C provides responses in more detail.

## **Recommendations**

We recommend that the Managing Director, Customer Services:

1. Develop controls to ensure Memorandums of Agreement are properly executed prior to any Federal customer participating in Simplified Purchase Agreement program.

**Management's Response.** Management concurs explaining that Memorandums of Agreement with current customers would be refreshed to ensure that all Memorandums of Agreement are current and properly executed. Also, upon receipt of the new Memorandums of Agreement, copies will be retained in an electronic repository for easy access by Simplified Purchase Agreement officials.

**Evaluation of Management's Response.** Management's actions are mostly responsive to the recommendation. Although we applaud management's plan to refresh all existing Memorandums of Agreement, we believe management's response was absent of plans to develop specific control mechanisms, such as procedures or checklists to ensure future Memorandums of Agreement are properly executed and monitored for completeness. Therefore, this recommendation remains unresolved.

2. Ensure adequate documentation is maintained and readily available for external reviews.

**Management's Response.** Management concurs with this recommendation. Management will store all Simplified Purchase Agreements agency documentation in an electronic repository which will improve accessibility by any Simplified Purchase Agreement official.

**Evaluation of Management's Response.** Management's actions are responsive to the recommendation. The recommendation is resolved but will remain open until implementation of the proposed corrective action.

3. Implement controls for updating in a timely fashion the authorized user list for Simplified Purchase Agreement.

**Management's Response.** Management concurs with this recommendation. Management will develop a standard operating procedure on processing SPA documents that will address updating the SPA database. The standard operating procedure will also indicate how the Simplified Purchase Agreement user list will be periodically monitored to ensure adherence to the updating procedure.

**Evaluation of Management's Response.** Management's actions are responsive to the recommendation. The recommendation is resolved but will remain open until implementation of the proposed corrective action.

The complete text of management's response is in Appendix D.

## **Appendix A – Objective, Scope, and Methodology**

---

We performed fieldwork from June 2018 through February 2019 at the GPO Central Office in Washington, DC. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **Objective**

Our objective was to answer the following question: Does GPO effectively train and supervise SPA participants and ensure they are complying with SPA program requirements?

### **Scope and Methodology**

The scope of the audit included SPA activities for Commerce, VA, and DLA in the DC SPA 960 office. The scope for transaction testing was June 2017 to May 2018.

To meet our audit objective, we:

- Reviewed policies, procedures, and instructions for SPAs.
- Gained an understanding of SPAs.
- Identified roles and responsibilities of GPO officials involved in SPAs.
- Reviewed program requirements and staff workload to determine if staff resources are properly allocated.
- Identified the three customer agencies with the largest volume of work orders using GPO's Procurement Information Control System (PICS) electronic report (Commerce, VA and DLA).
- Reviewed all the MOAs, Standard Form SF-1s, customer agency authorization forms, and training certificates for the three customer agencies selected.
- Obtained training logs for completed training for GPO employees and customer agencies.
- Requested internal reviews, audits, monitoring reports, self- assessments or other studies related to the SPA program.

- Identified frequently used vendors by specific customer agencies in the SPA program.
- Obtained contracting files pertaining to SPAs.
- Obtained a non-statistical sample of customer agency personnel for the 3 selected customer agencies with procurement authority under the SPA and sent them questionnaires. Of the 43 customer agency personnel, 5 individuals were selected from each of the 3 customer agencies—a total 15 customer agency personnel.

### **Management Controls Reviewed**

We determined that the following internal controls were relevant to our objective:

Program Operations – Policies and procedures that GPO management implemented to reasonably ensure that process met GPO’s objectives.

Validity and Reliability of Data – Policies and procedures management implemented designed to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.

Compliance with Laws and Regulations – Policies and procedures that management implemented to reasonably ensure that resource use is consistent with laws and regulations.

The details of our examination of management controls, the results of our examination, and noted management control deficiencies are contained in the report narrative. Implementing the recommendations in this report should improve those management control deficiencies.

### **Computer-Generated Data**

To achieve the objective, we used reports extracted from PICS and Oracle.<sup>9</sup> Although we did not independently verify the reliability of all of the information from PICS or Oracle, we compared that information with other available supporting documents to determine data consistency and reasonableness. From those efforts, we believe the information obtained was reliable to meet our audit objective.

---

<sup>9</sup> Oracle Corporation is an American multinational computer technology corporation.

## **Appendix B – Acronyms and Abbreviations**

---

Commerce	Department of Commerce
DLA	Defense Logistics Agency
GPO	Government Publishing Office
MOA	Memorandum of Agreement
NIST	National Institute of Standards and Technology
OIG	Office of Inspector General
PICS	Procurement Information Control System
SPA	Simplified Purchase Agreement
VA	Department of Veteran Affairs



### Appendix C - GPO's SPA Customer Agencies Survey

Respondents	Attributes							
	A	B	C	D	E	F	G	H
Respondent 1	Yes	Good	Yes	Often	Excellent	Yes	Excellent	It is an excellent tool for providing savings to the customer.
Respondent 2	Yes	Excellent	Yes	Rarely	Excellent	Yes	Excellent	Since my agency has gone more Nationwide - having more vendors available in other parts of the country. Maybe seek vendors to join the program.
Respondent 3	Yes	Excellent	Yes	Periodically	Excellent	Yes	Excellent	None.
Respondent 4	Yes	Good	Yes	Rarely	Good	Yes	Good	In the past, there was a showcase event where the vendors meet the Government buyers. At the event, we could have some interactions with the vendors, learn lots of things about their services and also learn about trend of the industry. It has been a while that we don't have that event. The vendor list is not quite up to date.
Respondent 5	Yes	Good	Yes	Rarely	Good	Yes	Good	None.
Respondent 6	Yes	Excellent	Yes	Periodically	Excellent	Yes	Excellent	All gov't contracting offices have notification on the program and how this can greatly facilitate and expedite contracting processes for all federal agencies.
Respondent 7	Yes	Good	Yes	Rarely	Good	Yes	Good	None.
Respondent 8	Yes	Good	Yes	Periodically	Excellent	Yes	Excellent	None.
Respondent 9	Yes	Excellent	Yes	Often	Good	Yes	Good	None.

**Attributes:**

- A. Have you taken GPO's SPA training?
  - B. What do you think about the contents of SPA training?
  - C. Was the SPA training helpful?
  - D. How often do you request assistance or have contact with the SPA administrator?
  - E. How would you rate the quality of the technical assistance provided by the SPA administrator?
  - F. Has the SPA Program been useful?
  - G. What overall rating would you give the SPA program?
  - H. What are your suggestions to make the SPA program more beneficial and other comments?
-

# Appendix D – Management’s Response

## MEMORANDUM



SUBJECT Customer Services Response to IG 19-08 Management of SPA DATE 3/13/2019

REPLY TO ATTENTION OF Sandra MacAfee, Managing Director

TO Acting Inspector General

Through: Richard Davis

In response to IG 19-08 Management of Simplified Purchase Agreements (SPA):

**Recommendation 1: Develop controls that ensure Memorandums of Agreement are properly executed prior to any Federal customer participating in the Simplified Purchase Agreement program.**

Response: Concur. In accordance with the recommendation, CS plans to refresh MOAs with current customers. MOAs with an agency do not expire. However, due to the initial start of the SPA nationwide in 1998, CS has decided that a refresh of all MOAs would ensure that all MOAs are current and properly executed. It will also give Customer Services the opportunity to consider whether we would benefit from revising or enhancing the MOA form. Upon receipt of the refreshed/new MOA, copies will be retained in an electronic repository for easy access by any GPO CS Agency Procurement Services team with a SPA.

**Recommendation 2: Ensure adequate documentation is maintained and readily available for external reviews.**

Response: Concur. CS will store all SPA agency documentation in an electronic repository. This will improve accessibility by any GPO CS Agency Procurement Services team with a SPA and reduce the amount of time needed to obtain report data to support enhanced oversight.

**Recommendation 3: Implement controls for updating in a timely fashion the authorized user list for Simplified Purchase Agreements.**

Response: Concur. CS will develop an SOP on processing SPA documents for authorization of agency SPA users which will include an acceptable timeframe from acceptance of a new user request (including proof of training completion) or deletion of an existing SPA user until update of the SPA database. The SOP will indicate how the SPA user list will be periodically monitored to ensure adherence to the updating procedure.

Should you have any questions please contact me at 202-512-0320 or [smacafee@gpo.gov](mailto:smacafee@gpo.gov).

  
Digitally signed by Sandra K MacAfee  
Date: 2019.03.13 09:28:05 EDT  
Sandra MacAfee  
Managing Director, Customer Services

**Appendix E - Status of Recommendations**

---

<b>Recommendation</b>	<b>Resolved</b>	<b>Unresolved</b>	<b>Open/ECD*</b>	<b>Closed</b>
1		X	TBD	
2	X		TBD	
3	X		TBD	

\*Estimated Completion Date.

## **Appendix F – Report Distribution**

---

Acting Chief of Staff, GPO

Acting General Counsel, GPO

Managing Director, Customer Services, GPO

**Contributor to the Report**

Marlene Vega – Senior Auditor