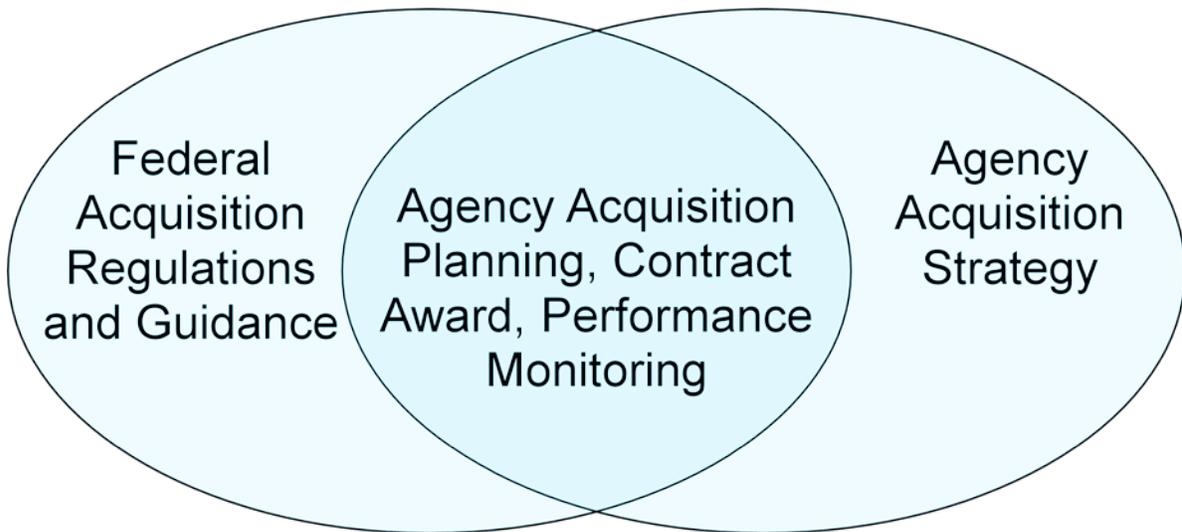




Peace Corps Office of Inspector General

Federal Acquisitions System



Final Audit Report: Peace Corps' Process for Soliciting, Awarding, and Administering Contracts

March 2010



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Peace Corps' Process for Soliciting, Awarding,
and Administering Contracts
IG-10-06-A**

A handwritten signature in blue ink, which appears to read "Gerald P. Montoya". The signature is fluid and cursive.

Gerald P. Montoya
Assistant Inspector General for Audit

March 2010

EXECUTIVE SUMMARY

Background

In fiscal year (FY) 2009, approximately 23% (\$79.7 million) of Peace Corps' budget (\$340 million) was spent for the purchase of goods and services through contracts. The Office of Acquisitions and Contract Management (OACM) is responsible for the policy and operational management of Peace Corps' acquisitions domestically and overseas. The mission of OACM is to provide acquisition support to Peace Corps customers through both operations and policy. OACM also serves as the agency's business liaison with the public and private sectors for contracting matters. Responsibilities of OACM include awarding and administering contracts, Interagency Agreements, Memorandums of Understanding transferring resources or funds, cooperative agreements, personal services contracts, and managing the Government-wide Commercial Purchase Card Program. The office is led by the Peace Corps' Chief Acquisition Officer (CAO). In FY 2009, the CAO managed a staff of 17 with an operating budget of approximately \$1.46 million.

The Federal Acquisition Regulation (FAR) is the primary regulation for use by federal agencies for procuring goods and services. The Office of Management and Budget's (OMB) Office of Federal Procurement Policy (OFPP) frequently issues supplemental guidance such as minimum training requirements for acquisitions professionals in the federal government. Most recently, the OMB issued memorandums in support of the President's initiative for federal agencies to reduce spending and minimize high-risk contracts. OMB also recently issued guidance for increasing competition in federal contracts, for using cost comparisons to determining the most cost-effective solution for meeting contract requirements, and for meeting the growing needs of the civilian agency acquisition workforce. The Peace Corps has issued nine Peace Corps Manual (PCM) sections related to acquisition and other guidance that cover aspects of the contracting process.

The Peace Corps Act (Public Law 87-293), as amended, provides contracting authority to the Director of Peace Corps and permits the delegation of that authority to his subordinates. The Peace Corps Director has partially delegated his contracting authority to the agency's chief acquisition officer (CAO). The Peace Corps Director has also delegated purchase authority to each country director for procurement of goods and services valued at up to \$100,000 at posts worldwide. The CAO is responsible for the policy and operational management of Peace Corps' acquisitions domestically and overseas.

We reviewed the Peace Corps' contracting processes to determine whether it complied with applicable federal laws, regulations, and agency policy and ensured the most effective and efficient use of agency resources.

SUMMARY OF AUDIT RESULTS

Adequacy of OACM Resources

The Office of Acquisitions and Contract Management has achieved improvements in agency contracting practices, but progress has been significantly impacted by resource limitations.

Over the last three years, the Office of Acquisitions and Contract Management (OACM) has made significant progress in improving the overall contracting process and compliance with applicable Peace Corps and federal guidance. However, the pace of this progress has been slowed by a lack of a sufficient number of qualified staff. As a result, initiatives to put a proactive contract surveillance program in place, improve compliance with Peace Corps and federal guidance, and broaden customer support services have not been fully implemented. OACM continues to work on these initiatives with available resources.

Contracting Officer Technical Representative (COTR) Training

Lack of trained COTRs has exposed the Peace Corps to risks including higher or unnecessary costs relating to the acquisition of products or services.

Peace Corps COTRs do not always possess sufficient experience and training for: (1) monitoring of contractors to ensure they are performing effectively within contract terms and conditions and (2) assessing whether contract deliverables are timely and acceptable. Federal policy mandated by OMB requires that COTRs receive the minimum training necessary to meet standards set out in the Federal Acquisition Certification program for COTRs established by the Federal Acquisition Institute (FAI). OACM has recognized this as a critical requirement and is coordinating new agency-wide policy for implementing the training standards. Implementation of the proposed agency COTR guidance is pending final approvals.

Acquisition Planning

Peace Corps requiring activities are not always allowing sufficient time to perform adequate acquisition planning.

Acquisition planning milestones are sometimes missed causing delays in getting contracts awarded in a timely manner. This is because planning efforts are often not initiated soon enough, progress in completing key milestones is not always efficient, and/or the time that Peace Corps staff originally estimated for completing the acquisition planning phase may be insufficient. The FAR and Peace Corps policy provides guidance and mandates that requiring activities perform timely acquisition planning to include defining requirements, conducting market surveys, and

developing independent government estimates. Incomplete or deficient acquisition planning negatively impacts the ability to:

- Develop sufficiently definitive requirements for the Technical Statements of Work (SOW);
- Perform quality market research of potential sources; and
- Prepare useful Independent Government Estimates (IGE).

As a result, unnecessary and costly contract extensions of existing contracts may occur or contracts are awarded that may not be the most cost-effective alternative.

Cost-Reimbursement Contracts

Inappropriate use of cost-reimbursement contracts has caused noncompliance with applicable federal regulations and resulted in Peace Corps assuming greater risks associated with the acquisition process.

Although two separate contracts for commercial services had been in place for over 25 years, the contracts were continuously awarded as cost-plus-fixed-fee (or cost-reimbursement). The FAR provides that if adequate historical cost data is available to develop reliable cost estimates, contracts should be awarded as firm-fixed-price. The FAR also maintains that a contract history informs better defined contract requirements, which allows for transition to a firm-fixed-price contract. Further, the FAR expressly prohibits use of cost-reimbursement contracts for commercial items.

Contracting Authority

Delegation of contracting authority from the Peace Corps Director to country directors has inhibited the CAO's ability to mandate required minimum training and establish effective internal control over posts' contracting process for procurements up to \$100,000.

Finally, we found that delegation of contracting authority from the Peace Corps Director to country directors has inhibited the CAO's ability to mandate required minimum training and establish effective internal control over posts' contracting process for procurements up to \$100,000. The country directors' lack of formal training has led to contracting mistakes, non-compliance with applicable federal and Peace Corps guidance, and placed an unacceptable level of risk on agency resources. Also, progress to establish additional training for overseas staff delegated procurement authority at posts worldwide has been slowed because the CAO lacks authority to impose such training requirements at posts.

Recommendations

Our report contains 17 recommendations, which, if implemented, will improve the Peace Corps' process for soliciting, awarding, and administering contracts and assist in achieving full compliance with relevant federal laws and regulations and agency policy. Additionally, implementation of our recommendations will strengthen OACM's ability to administer contracts in the most economic and efficient manner and meet customer needs.

Table of Contents

EXECUTIVE SUMMARY	i
SUMMARY OF AUDIT RESULTS	ii
INTRODUCTION	1
AUDIT FINDINGS AND RECOMMENDATIONS	3
FINDING A: ADEQUACY OF OACM RESOURCES	3
FINDING B: CONTRACTING OFFICER’S TECHNICAL REPRESENTATIVE TRAINING.....	6
FINDING C: ACQUISITION PLANNING	10
FINDING D: COST-REIMBURSEMENT CONTRACTS.....	14
FINDING E: DELEGATION OF PROCUREMENT AUTHORITY	19
LIST OF RECOMMENDATIONS	23
APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY	
APPENDIX B: COST COMPARISON OF VOLUNTEER TRAINING USING PSCS IN-HOUSE OR MASTER TRAINING CONTRACT	
APPENDIX C: QUESTIONED COSTS AND FUNDS PUT TO BETTER USE	
APPENDIX D: MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT	
APPENDIX E: OIG COMMENTS	
APPENDIX F: AUDIT COMPLETION AND OIG CONTACT	

INTRODUCTION

The Office of Inspector General conducted an audit of the Office of Acquisitions and Contract Management's process for soliciting, awarding, and administering contracts from April 2, 2009 – October 22, 2009. In FY 2009, the federal government awarded contracts valued at more than \$500 billion to over 160,000 contractors for goods and services, according to OMB. Peace Corps' Office of the Chief Financial Officer (OCFO) data indicates that 23.4% (\$79.7 million) of Peace Corps' FY 2009 budget (\$340 million) was used to purchase goods and services through contracting.

Background

The Peace Corps Act provides contracting authority to the Director. The authority to enter into, administer, terminate or otherwise make amendments to contracts is delegated by the Director to the chief acquisition officer (CAO) and country directors at Peace Corps posts worldwide. Under the leadership of the CAO, OACM is responsible for the policy and operational management of Peace Corps' acquisitions domestically and overseas. OACM's staff of 17 provides support to Peace Corps customers through technical assistance, setting policies, and the establishment of internal control over the contracting processes.¹ This includes contract solicitation, award, administration, and termination/close-out services. The Peace Corps Director also delegates contract authority to country directors for procurements of up to \$100,000 made at overseas posts. The OCFO/Office of Global Accounts Payable manages the agency's payment process for domestic and overseas operations.

The Federal Acquisition Regulation (FAR) is the primary regulation for use by all Federal Executive agencies in their acquisition of supplies and services with appropriated funds. It provides for coordination and uniformity in the acquisition process. In addition, OMB has issued a number of significant memorandums that supplements the FAR. Most recently, OMB issued two memorandums in support of the President's initiative for federal agencies to reduce contract spending and minimize high-risk contracts.² In addition, consistent with the Administration's initiatives to improve overall contracting and strengthen the federal acquisition workforce, OMB issued related memorandums recognizing the challenges in growing the capacity and capability of the civilian agency acquisition workforce.³ The memorandums include guidelines for increasing competition in federal contracts, and for using cost comparisons in analyzing whether developing and using existing in-

¹ During FY 2009, OACM's staffing level increased 15 from 17.

² Memorandum for the Heads of Departments and Agencies, M-09-25, "Improving Government Acquisition," July 29, 2009 and Memorandum for Chief Acquisition Officers/Senior Procurement Officials, "Increasing Competition and Structuring Contracts for the Best Results," October 27, 2009.

³ Memorandum for the Heads of Departments and Agencies, M-09-26, "Managing the Multi-Sector Workforce," July 29, 2009 and Memorandum for Chief Acquisition Officers/Senior Procurement Executives/Chief Financial Officers/Chief Human Capital Officers, "Acquisition Workforce Development Strategic Plan for Civilian Agencies – FY 2010-2014," October 27, 2009.

house capabilities can meet requirements and result in a more cost-effective solution. Also worth noting are OMB-mandated minimum training requirements for achieving certification of contracting officers (COs) and COTRs that were established to ensure the development of a competent and professional workforce.⁴ Further, the Peace Corps has issued nine Peace Corps Manual (PCM) sections related to acquisition and other guidance that cover selected aspects of the contracting process.

An effective agency program to support acquisitions involves a qualified and skilled acquisitions' workforce empowered to make decisions within their area of responsibility. In addition, agency customers must be proactive in managing the contracts that support their requirements in ensuring that needs are met through use of the most cost-effective means available. Contracting officers have the authority to enter into and administer contracts. COs may delegate and authorize COTRs to perform certain duties within the CO's authority. Business must always be conducted with integrity, fairness, and openness. Consideration must also be given to timeliness, quality, and cost of delivery of the services and/or products throughout the process to help ensure best value to the government and to maintain the public's trust. Further, everyone in the acquisition workforce must strive to be compliant with applicable laws, regulations, and agency guidance.

Audit Objectives

The objective of our audit was to determine whether Peace Corps contracts were solicited, awarded, and administered in accordance with relevant federal laws and regulations and agency policy. We also assessed whether the agency's acquisition process is meeting customer needs and reviewed the adequacy of internal control with regard to the audit objectives. Appendix A contains a description of the audit objectives, scope, and methodology. We performed this audit in accordance with generally accepted government auditing standards.

⁴ Memorandum for Chief Acquisition Officers/Senior Procurement Executives, "The Federal Acquisition Certification in Contracting Program," January 20, 2006 and Memorandum for Chief Acquisition Officers, "The Federal Acquisition Certification for Contracting Officer Technical Representatives," November, 26, 2007.

AUDIT FINDINGS AND RECOMMENDATIONS

FINDING A: ADEQUACY OF OACM RESOURCES

The Office of Acquisitions and Contract Management has achieved improvements in agency contracting practices, but progress has been significantly impacted by resource limitations.

Over the last three years, OACM has made significant progress in improving the overall contracting process and compliance with applicable Peace Corps and federal guidance. However, the pace of this progress has been slowed by a lack of a sufficient number of qualified staff. As a result, initiatives to put a proactive contract surveillance program in place, improve compliance with Peace Corps and federal guidance, and broaden customer support services have not been fully implemented. OACM continues to work on these initiatives with available resources.

OACM Improvement Initiatives

The CAO developed a process improvement strategy in 2006 using the Government Accountability Office's (GAO) procurement management assessment framework.⁵ Also, a consultant was brought in to perform an independent assessment of selected contract files. The consultant identified such weaknesses as lack of internal control, outdated agency policy, and insufficient resources to track changing federal contracting requirements. OACM has completed some of the improvements recommended by the consultant and other improvements are in-process or planned.

Some of the CAO's planned goals are partially completed:

- The CAO reorganized OACM by creating a policy unit and an overseas contract support unit. Funding was secured in May for an additional part-time staff to provide updates to Peace Corps' contracting policy. However, because of resource limitations, overseas support staff must prioritize their workload by focusing on approving award packages with less time available for surveillance of ongoing contracts.
- OACM has initiated centralized or bulk purchases that have both eased the burden on field staff and increased transparency of large overseas purchases. One example is a program that began in 2008 for the purchase of fleet vehicles for posts through use of blanket purchase agreements. A similar initiative to reduce costs for acquiring medical supplies and pharmaceuticals

⁵ GAO Report, *Framework for Assessing the Acquisition Function at Federal Agencies*, GAO-05-218G (Washington, DC: September 2005).

by establishing international and regional purchase agreements is not yet completed due to resource constraints, according to the CAO.

- The CAO plans to establish a new program for ensuring that all Peace Corps COTRs possess federally required training. A proposed draft policy was circulated to Peace Corps leadership for comment in August. At the same time, he submitted a request for OACM to directly fund COTR training based on his recommendation that classroom training would ensure proper exposure to required information. See Finding B for further discussion of this issue.

Although many improvements are progressing, some of OACM's initiatives to work on planned goals have been postponed or not yet begun due to resource constraints. For example, in September 2009, OACM launched its planned "Surveillance Review Program." The program's purpose is to assist COTRs with establishing a formal proactive internal review process for monitoring contractor performance. OACM resources had been slated to lead the program and monitor COTR compliance. However, two months after initiating the program OACM announced it was suspending the program because of lack of resources to staff it.

OACM Resource Constraints

Many of the CAO's efforts to make needed improvements are constrained due to the lack of funding. As result, implementation of any new initiatives are being assigned to existing staff in addition to their primary duties, increasing OACM's overall workload requirements.

Although OACM has received a modest increase in staff to support an increased workload, there has not been a corresponding increase in OACM's budget. OACM's staff level has increased by only two FTEs, from 13 to 15 between FYs 2006 and 2009, and OACM's budget has remained relatively level, increasing from \$1.41 million in FY 2006 to \$1.46 million in FY 2009. OACM has recognized that significantly greater efforts need to be applied to achieve full compliance with applicable guidance and improve customer service. However, not all budget requests for additional funding to fully implement planned improvements have been approved.

During FY 2009, the CAO requested funding for six additional staff positions and specialized training for headquarters and overseas staff. A request for a part-time staff member to perform updates to contract policy and processes was approved in May 2009. However, the requested additional funding of approximately \$1.37 million over the period FY 2009-2011 is currently awaiting consideration by agency management. To compound its funding challenges, OACM management reported that it faces additional resource-associated obstacles, such as difficulty filling vacant positions at the appropriate grade levels and retaining current staff due to perceived limitations of the five-year term limits required by the Peace Corps Act. The pace of achieving improvements in the contracting process at Peace Corps is slow as a result.

Recent OMB Initiatives to Improve the Federal Contracting Process

The new administration has brought to bear greater emphasis on ensuring the federal government effectively manages its contracts using the most skilled and trained resources available. In a March 4, 2009 memorandum regarding government contracting, the President directed OMB to issue guidance to assist federal agencies in improving the effectiveness of the federal acquisition workforce. OMB responded by issuing two memorandums on addressing weaknesses in the workforce. The most recent guidance was issued in October 2009, and introduced a framework for enhancing the capacity and capability of the civilian acquisition workforce.⁶ This framework, entitled “Acquisition Workforce Development Strategic Plan for Civilian Agencies for Fiscal Years 2010-2014” prescribes additional strategic planning specific to contracting as a more effective means to address challenges in the growth in capacity and capability of the acquisition workforce.

In its 2008 Annual Report, the Federal Acquisition Institute (FAI) found a lack of capacity of the acquisitions workforce. This is in part due to an acquisitions workforce that has struggled to keep pace with significant increases in both contract spending and contracting actions. . In the memo, OMB states that less time is spent on critical contract planning and administration steps and acquisition outcomes are compromised as a result. Also, OMB stated that they found that processes were not in place in federal agencies to support longer-term strategic human capital planning for the acquisition workforce. In particular, OMB encouraged agencies to develop growth and succession plans using an incremental, budget driven approach. OMB’s strategy is in contrast to Peace Corps’ current practice of addressing short-term needs rather than using a strategic approach based on agency performance goals and desired outcomes.

WE RECOMMEND THAT:

A.1 The chief acquisition officer develop and present an updated proposal (resource allocation request) to appropriate Peace Corps decision makers that encompasses increasing OACM staffing and upgrading selected positions. The proposal should be directly linked to the number, type, and grade levels of personnel required for full implementation of programs targeted to provide effective contract surveillance, comply with federal and agency contracting requirements, and improve customer support. In developing the proposal, consideration should also be given to the impact on OACM’s workload as a result of new OMB-mandated requirements related to the federal contracting environment.

⁶ Although Peace Corps is not required to prepare and submit formal reports to OMB as CFO Act agencies are, all civilian agencies are encouraged to use the guidance in their planning.

FINDING B: CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE TRAINING

Lack of trained COTRs has exposed the Peace Corps to risks, including higher or unnecessary costs relating to the acquisition of products or services.

Peace Corps COTRs do not always possess sufficient experience and training for: (1) monitoring of contractors to ensure they are performing effectively within contract terms and conditions and (2) assessing whether contract deliverables are timely and acceptable. Federal policy mandated by OMB requires that COTRs receive the minimum training necessary to meet standards set out in the Federal Acquisition Certification program for COTRs established by the FAI. OACM has recognized this as a critical requirement and is coordinating new agency-wide policy for implementing the training standards. Implementation of the proposed agency COTR guidance is pending final approvals.

COTRs are authorized in writing by the CO to perform prescribed administrative and/or technical functions related to government contracts. They are an integral part of the contracting process and COs rely on COTRs to ensure that contracts are managed properly, meet mission requirements, and that delivered goods and services are of acceptable quality. COTRs may also assist in defining contract requirements and performing necessary acquisition planning such as identifying sources of supply through market research and developing independent government estimates of anticipated costs for acquiring specific goods and services. Because they serve in a critical contracting process role, COTRs must possess the necessary standard acquisition competencies to operate effectively and maintain compliance with applicable federal and agency guidance.

Although Peace Corps is moving toward fulfilling the FAI COTR certification requirements, greater emphasis is needed to achieve full compliance. The lack of an adequate cadre of trained COTRs has resulted in a heightened agency exposure to potentially costly errors related to contract administration. Further, this exposure escalates risks associated with the delivery of substandard services and/or goods.

Requirements for COTR Certification

In November 2007, OMB issued a memorandum, "The Federal Acquisition Certification for Contracting Officer Technical Representatives," that defines minimum training requirements for certification of COTRs developed by the FAI. The certification must be completed within six months of appointment. This requirement consists of 40 hours of training in contracting and technical areas among other competencies, as well as 40 hours of continuous training every two years. The OMB memo also requires that the contracting officer document the delegation of duties to a COTR and confirm the individual possesses COTR certification. Further, it states the CAO is responsible for tracking COTR certifications.

OACM has responded to this requirement by drafting a policy guide on COTR certification. The guide was distributed to Peace Corps management in August 2009 for coordination and comments. The proposed guidance establishes minimum requirements for achieving COTR certification, including completing 22 hours of competency-based core and 18 hours of agency-specific training. Maintaining COTR certification as proposed will require completion of 40 hours of continuous learning training every two-year period after initial certification. In addition, it discusses and clarifies the roles and responsibilities of the COTR and how one may be appointed. The draft guide also proposes creation of a new Technical Support Representative (TSR) position. The guide specifies that a small number of staff would perform COTR duties as TSR for service-related contracts up to \$100,000 and up to \$1,000,000 for contracts related to procurement of goods. Staff assigned TSR duties would complete five hours of initial contracting training and five hours of continuous learning training every two years. According to OACM management, this is believed to be sufficient because TSRs would be responsible for performing COTR duties for less complex contracts.

To illustrate current conditions for purposes of documenting the criticality of meeting this requirement, we interviewed assigned COTRs to determine the extent of formal training. Based on our interviews of 17 COTRs, we determined that only two of 17 had COTR training documentation verifying completion of 40 hours of formal training to meet minimum certification requirements. Some COTRs stated in interviews that completing COTR training was less of a priority compared to other work assignments, and that current duties did not allow any extra time to complete formal training. It was clear, based on the interviews, that many of the COTRs did not appear to recognize the relationship of specialized COTR training and possessing the necessary competencies to effectively execute their duties managing contracts and ensuring goods and services are acceptable and consistently meet requirements. While lack of approved time for training may have been cited by COTRs at Peace Corps as the cause training deficiencies, the results of a 2007 government-wide survey conducted by FAI of over 5,400 federal personnel assigned to the acquisition workforce found that employees consistently reported training requests were approved and management authorized dedicated work time to complete online training courses.

COTR Monitoring of Peace Corps Contracts

Our review found that Peace Corps contracts were not always effectively monitored. Inadequate monitoring can lead to costly errors, including receipt of unacceptable contracted goods/services and/or noncompliance with applicable guidance. In addition, insufficient COTR training contributed to the COTR's general lack of understanding of their responsibilities related to monitoring contracts. This conclusion is based on a review of selected contract files and interviews with COTRs and OACM staff. For example:

- A country director that had been designated as COTR on a cost-plus-fixed-fee contract valued at nearly \$3.7 million incorrectly reported in interviews that he was the contracting officer. In addition, we found no evidence that the current or former COTR was performing sufficient monitoring of this contract. However, the COTR routinely signed bi-weekly vouchers to indicate that all contract deliverables had been satisfactorily met for authorizing payment be made to the contractor. On-site audit work confirmed that the post's country director and COTR did not fully understand related COTR responsibilities or how to perform effective contract monitoring.
- A headquarters staff member designated as COTR of an interagency agreement valued at an annual cost of \$7.6 million was not aware that COTR responsibilities included performing periodic reviews of services purchased by Peace Corps to determine if such services were unauthorized. As a result, there is little assurance that Peace Corps is avoiding continuing to pay for duplicative service, which are already performed in-house or not authorized for other reasons.
- A headquarters staff member responsible for a firm-fixed-price contract worth \$1.9 million did not take timely action to address performance requirements unmet by the contractor.
- In a separate recently completed OIG audit review of five information technology contracts, we found that COTRs did not always fulfill their COTR responsibilities, including sufficiently tracking receipt of goods and services. Lack of effective COTR monitoring resulted in paying \$35,000 for unnecessary services and over-expending on some contract line items by \$149,000.⁷

During the course of our audit, we found evidence of inadequate COTR monitoring of 6 of 18 (or 33%) contracts we reviewed. Lack of effective monitoring has caused mistakes that have resulted in some cases of unnecessary or inflated payments for goods and/or services being made to contractors. Such costs could have been avoided if COTRs had ensured contractors were meeting contract terms and conditions, accurately tracked goods and services, and made timely determination of the acceptability of contract deliverables.

OACM's request for additional funding for specialized training of approximately 60 COTRs and plans to implement a program to monitor training certifications and continuous training is commendable. However, we have concerns regarding whether OACM's proposed policy calling for a TSR designation will comply with applicable federal guidance and whether limiting training requirements for those designated

⁷ Final Audit Report: Peace Corps Office of the Chief Information Officer Budget Formulation and Management, January 2010 (IG-10-05-A). The five contracts reviewed consisted of firm-fixed-price, cost-plus-fixed-fee, and delivery/task order awards for procurement of IT-related goods and services.

TSRs will be effective. The FAI Federal Acquisition Certification for COTRs does not specifically provide for the TSR designation. Further, in our opinion, linking the TSR role expressly to dollar thresholds may not necessarily ensure TSRs will be responsible for only less complex contracts or achieve desired results in effective contract administration.

WE RECOMMEND THAT:

B.1 The chief acquisition officer finalize and implement the draft policy requiring that Peace Corps personnel delegated as COTRs receive the minimum technical training necessary to meet the FAI Federal Acquisition Certification (FAC) standards. The policy should also provide for identifying all COTRs; developing an accurate list of active COTRs; continuous tracking to ensure vacated COTR positions are timely filled; and comprehensive documenting of COTR training completed.

B.2 The chief acquisition officer strengthen the draft policy to require all Peace Corps personnel delegated as COTRs and TSRs meet the minimum FAC training standards that require 40 hours of initial technical training and 40 hours of continuous training every two year period.

B.3 The Peace Corps Director formally communicate implementation of the new COTR training policy to Peace Corps management and emphasize that managers be proactive in ensuring its timely compliance.

FINDING C: ACQUISITION PLANNING

Peace Corps requiring activities are not always allowing sufficient time to perform adequate acquisition planning.

Acquisition planning milestones are sometimes missed, causing delays in getting contracts awarded in a timely manner. This is because planning efforts are often not initiated soon enough, progress in completing key milestones is not always efficient, and/or the time that Peace Corps staff originally estimated for completing the acquisition planning phase may not be sufficient. The FAR and Peace Corps policy provides guidance and mandates that requiring activities perform timely acquisition planning to include defining requirements, conducting market surveys, and developing independent government estimates. Incomplete or deficient acquisition planning negatively impacts the ability to:

- Develop sufficiently definitive requirements for the Technical Statements of Work (SOW);
- Perform quality market research of potential sources; and
- Prepare useful Independent Government Estimates (IGE).

As a result, unnecessary and costly contract extensions of existing contracts may occur or contracts are awarded that may not be the most cost-effective alternative.

We selected a judgmental sample of nine active contracts that were scheduled to expire in one year or less to determine to what extent follow-on contracts are awarded and administered according to federal and agency guidance. Our review of acquisition planning of the selected contracts revealed that four were behind schedule, and that historical contract data was not used consistently in considering planning for follow-on contracts as recommended by the FAR. Rushed and compressed acquisition planning can lead to poorly defined technical SOWs, inadequate market research, and inaccurate IGEs. In addition, we found that acquisition planners were not always diligent in exploring other options for fulfilling requirements.

Timeliness and Quality of Acquisition Planning

OACM management indicated that in practice they stress that acquisition planning begin at least six months ahead of planned contract award and that a checklist developed by OACM be employed to document and track milestones. The checklist includes milestone events related to conducting market research, drafting contract requirements, preparation and release of solicitation packages, evaluation of proposals, and contract award, among others. Milestone target dates are approved by the contracting officer.

A review of acquisition planning documentation for the nine contracts disclosed that four of nine were behind schedule. We learned from interviews of COs and COTRs that requiring activity personnel involved in the acquisition planning process, including the COTRs themselves, have been challenged to complete market research and definition of requirements within established timeframes indicated on checklists. As a result, acquisition planning schedules become compressed leaving insufficient time for completing the various planning components and milestones inevitably slip. Quality of acquisition planning products used in the contract solicitation and award process also suffers. Some of the COTRs we interviewed indicated they did not believe they were fully proficient in completing the acquisition planning tasks. For example, some of the COTRs were unsure what details they could share with vendors for defining contract requirements or determining whether a particular vendor could meet the customer's needs while conducting market research. Both COTRs and agency management stated that most Peace Corps COTRs and other requiring activity personnel involved in the acquisition planning process lack training and/or experience related to completing detailed statements of work. OACM has struggled due to a lack of sufficient resources to make improvements necessary to ensure statements of work and other acquisition planning products are adequate and completed in a timely manner. OACM's proposed COTR Policy Guide, discussed in Finding B above, includes training on developing statements of work. The formal training should help in addressing COTRs' concerns that they lack knowledge to prepare detailed statements of work.

Using Contract Historical Data

We also found that contract files containing data about similar goods and services obtained in prior awards were not consistently used as an information source for follow-on awards. This conclusion is based on our analysis of acquisition plans and supporting documentation. In addition we interviewed COs and COTRs responsible for acquisition planning to gain their perspective. Although we acknowledge that planners may have had discussions about such data, we found no documentary evidence that contract histories were used specifically as an information source in acquisition planning for follow-on awards. The FAR maintains that a complete documented contract history should be used as a basis for informed decisions at each step in the acquisition process. For example, past contractor performance information is relevant and useful for future selection purposes. FAR Part 7 on acquisition planning requires that the written plan contain a summary of the technical and contractual history of the acquisition as it relates to current needs and weighing alternative acquisition options.⁸ Of the nine files containing the acquisition plans and related supporting documentation we reviewed, none contained sufficient FAR-required contract history information such as the contractor's record of conforming to requirements and adherence to schedules. This is particularly important because Peace Corps generally lacks the institutional knowledge of acquisitions due to high turnover rates related to five-year term assignments. As a result, it is a common

⁸ FAR 7.105(a).

occurrence to find that staff members who may have participated in the acquisition planning of a contract will have left the Peace Corps before it is time to start the planning process for a follow-on contract.

Consideration of In-House Capabilities

We also found that Peace Corps staff performing acquisition planning did not sufficiently consider whether the agency could benefit from discontinuing the outsourcing of certain services by developing or using existing in-house capabilities. Longstanding federal and agency guidance requires that a cost comparison be made of performing services in-house versus contractor performance for analysis and consideration during acquisition planning. This guidance further requires that the comparison be included with the acquisition planning documentation. Such a cost comparison was documented in only two of the nine files we reviewed. PCM section 738: Performance of Commercial Activity, states that it is Peace Corps policy to rely on the private sector for obtaining goods and services whenever available, unless in-house performance is demonstrated to be more economical. The policy also mandates that determination of which option is most cost-effective is accomplished at least 12-months prior to scheduled contract review.

Federal contracting initiatives recently issued by OMB indicates that over-reliance on contractors may result in losing capabilities that exist within an organization.⁹ Further, the Omnibus Appropriations Act of 2009 requires:¹⁰

. . . . special consideration to be given to using federal employees to perform any functions that is performed by a contractor and (i) has been performed by federal employees at any time during the previous 10 years, (ii) is a function closely associated with the performance of an inherently governmental function, (iii) has been performed pursuant to a contract awarded on a non-competitive basis, or (iv) has been performed poorly, as determined by a contracting officer during the 5-year period preceding the date of such determination, because of excessive costs or inferior quality.

In our opinion, Peace Corps lacks assurance they are receiving the best value for money spent on some services that are being outsourced. This has resulted because requiring activities do not adequately consider in-house options.

WE RECOMMEND THAT:

C.1 The chief acquisition officer revise PCM section 730: Acquisition Plans to strengthen internal control over the agency's acquisition planning phase of the contracting process. The revision must establish guidance on identifying

⁹ OMB Memorandum, M-09-26, "Managing the Multi-Sector Workforce." July 29, 2009.

¹⁰ Public Law 111-8, Section 736.

prospective contracts that because of value, contract complexities, and other factors, may require more time to complete the acquisition planning phase. Further, specific minimums of time for completing acquisition planning should be set based upon the guidance established.

C.2 The chief acquisition officer increase surveillance over contracts to ensure Peace Corps' requiring activities are following applicable guidance and allowing sufficient time to perform adequate acquisition planning.

C.3 The chief acquisition officer ensure that required contract historical data is maintained in the contracting files and such data is used to the extent practical during the acquisition planning phase of follow-on contracts.

C.4 The Peace Corps Director formally communicate to staff the requirements for comparing and documenting the cost of outsourcing services to performance in-house a minimum of 12-months prior to contract termination dates.

FINDING D: COST-REIMBURSEMENT CONTRACTS

Inappropriate use of cost-reimbursement contracts has caused noncompliance with applicable federal guidance and resulted in Peace Corps assuming greater risks associated with the acquisition process.

Although two separate contracts for commercial services had been in place for over 25 years, the contracts were continuously awarded as cost-plus-fixed-fee (or cost-reimbursement). The FAR provides that if adequate historical cost data is available to develop reliable cost estimates contracts should be awarded as firm-fixed-price. The FAR also maintains that a contract history informs better defined contract requirements which allows for transition to a firm-fixed-price contract. Further, the FAR expressly prohibits use of cost-reimbursement contracts for commercial items. This condition occurred because the requiring Peace Corps activity:

1. Failed to follow federal regulations restricting use of such contracts, and
2. Did not fully consider the cost-benefit of other contracting options.

As a result, Peace Corps was not compliant with the FAR; there are no assurances of best value for money spent; and agency contracting practices have caused it to assume greater risks than would have otherwise been necessary when using appropriate contracting vehicles.

The Peace Corps post in Paraguay has decided to train Volunteers using PSCs in-house starting in January 2010. Inter-America and Pacific (IAP) regional management and PC/Dominican Republic are currently assessing options for training by firm-fixed-price contract or in-house.

Master Training Contracts in Paraguay and the Dominican Republic

The purpose of the two contracts, commonly referred to as Master Training Contracts, is to provide professional services to train Volunteers in Paraguay and the Dominican Republic. The contract in Paraguay was initially awarded in 1978 followed by the Dominican Republic contract which began in 1982. Both contracts have been continuously awarded to the same contractors over the past several years as cost-plus-fixed-fee. The contracts were for a maximum period of five-years (base plus four option years). Summary data for the Master Training Contracts are presented in the below table:

Table 2: Contract Values of Peace Corps Training Contracts and Award Year

Contract	Total Contract Value	Base Year of Award
PC/Paraguay Training	\$3,807,559	2005
PC/Dominican Republic Training	\$3,612,707	2007

Source: OACM data.

FAR Requirements for Cost Reimbursement Contracts

FAR 16.301-2 specifies that cost-reimbursement contracts should only be used when there are uncertainties in contract performance that would not allow the government to develop sufficiently accurate estimates of costs. Further, FAR 16.301-3(b) prohibits use of cost-reimbursement contracts in acquisition of commercial items. The FAR defines a commercial item as any item which is customarily used by the general public or by non-governmental entities, including services sold competitively in the commercial marketplace. We conclude that the Peace Corps did not comply with FAR provisions because (1) both contracts had been in place for more than 25 years and as a result contract historical data were readily available for developing contract requirements and sufficiently accurate estimates of costs, and (2) such services are generally available in the commercial marketplace.

The basis for this federal guidance is to ensure best value, and in this regard, it strongly advises government entities to procure such services through use of fixed-price contracts. Use of cost-reimbursement contracts places the greater burden of risk on the government. As a result, contracting officers, working closely with COTRs, must place greater emphasis on monitoring performance, scrutinizing contract deliverables, and performing more detailed review of invoices to assist in ensuring costs are reasonably contained. Conversely, fixed price contracts provide greater incentive to contractors to control costs because they are contractually required to acceptably perform for a negotiated price.

During our December 2009 close-out audit of the Master Training Contract at PC/Dominican Republic, we found that the COTR failed to conduct sufficient performance monitoring, adequately scrutinize contract deliverables, and perform detailed review of invoices as required under the FAR's provisions for cost reimbursable contracts. As discussed in Finding B, neither the country director nor the COTR fully understood COTR responsibilities or how to effectively monitor contract performance.

Questionable Contract Requirements

During our review of the current statements of work for the two contracts, we noted that both required the contractor to perform inherently governmental functions and additional questionable practices. First, both statements of work contain a requirement that the contractor provide a staff resource to directly disburse living allowance funds to trainees and also for disbursing payments to host families with whom the trainees live. The FAR lists the disbursement of public funds as an inherently governmental function that may only be performed by a federal employee.¹¹ Also, the government is subject to paying indirect costs associated with the services in addition to the direct-incurred costs. Such indirect costs increases the overall cost to the agency.

¹¹ FAR 7.503(c).

Both statements of work also contain requirements for medical staff to be provided by the contractor for performing health training and for the medical care of trainees. However, these services are similar to those already performed by the post's medical staff. Like the cashier example discussed above, the post must pay related indirect costs in addition to direct costs incurred for payment of salaries and benefits for those positions.

We also question some services that were not directly related to the primary purpose of the contracted services. For example, in the Dominican Republic other services under the contract included janitorial, exterior grounds maintenance, and drivers. Although the services were indirectly related to training of Volunteers, such services may have been more cost-effectively awarded as separate contracts or by modifying and expanding existing contracts. In this case, achieving competitive pricing when multiple commercial services are consolidated under one contract is unlikely. Such arrangements may create impediments to open competition in the marketplace because fewer potential vendors are likely capable of effectively bidding each requirement competitively. This also means that other vendors would less likely be in a position to effectively deliver all required services to the government. Ultimately, the requirements discussed above could result in less competition and higher costs to government.

OMB Initiatives to Reduce High-Risk Contracts at Federal Agencies

Initiatives to improve the overall government acquisition process by reducing use of cost reimbursement and other high-risk contracts was recently issued by OMB. In a memorandum dated July 2009,¹² OMB mandated that federal agencies “. . . reduce by 10 percent the share of dollars obligated in FY 2010 under new contract actions that are awarded with high-risk contracting authorities.” In a related memorandum issued three months later,¹³ OMB's Office of Federal Procurement Policy (OFPP) established guidelines to assist senior procurement officials at federal agencies evaluate the effectiveness of their competition practices and processes for selecting contract type. Central to the guidelines are three key questions:

1. How is the agency maximizing the effective use of competition and choosing the best contract type for the acquisition?
2. How is the agency mitigating risk when noncompetitive, cost-reimbursement, or time-and-materials/labor-hour contracts are used?
3. How is the agency creating opportunities to transition to more competitive or lower risk contracts?

¹² OMB Memorandum for Heads of Departments and Agencies, M-09-25, “Improving Government Acquisition,” July 29, 2009.

¹³ OMB Memorandum for Chief Acquisition Officers/Senior Procurement Executives, “Increasing Competition and Structuring Contracts for the Best Results,” October 27, 2009.

Included in the OFPP guidance is a related set of considerations for each key question intended to assist procurement officials in addressing the questions. Agencies subject to the CFO Act were directed to develop plans in accordance with the July memorandum and submit them to OMB by November 2, 2009. Smaller agencies, including Peace Corps, were encouraged to consult with OMB and take appropriate steps regarding the requirements. It is unclear at this time to what extent Peace Corps and the other smaller agencies will be required to participate in the process for improving their acquisition program. However, it is our opinion that as a minimum, all federal agencies will be held accountable for striving to reduce their reliance on high-risk contracts and demonstrating progress in that endeavor.

According to the CAO, the Program and Contracts Surveillance Program will provide the necessary increased oversight of the pre-award process. The most appropriate award type will likely be chosen when requirements in the acquisition planning phase are reviewed in monthly Surveillance Program meetings attended by CAO, COs, COTRs, and other staff. The CAO initiated the Program in September 2009 but temporarily placed a hold on it in November 2009 due to insufficient resources.

Status of Efforts to Provide for Training in Paraguay and the Dominican Republic

As discussed above, we learned recently that the IAP region plans to replace their Master Training Contract in Paraguay with personal services contract (PSC) personnel. This is due in part to the results of a cost-benefit analysis on using PSC resources in comparison to use of a Master Training Contract that was performed by IAP and the PC/Paraguay country director. In summary, the analysis showed that significant cost savings would be achieved by using PSC resources. The post estimated it will cost \$437,718 to provide training in-house using PSCs during FY 2010. This would result in an annual savings of \$323,794 (or 43%). For further information, see Appendix B. Based on the analysis results, IAP is in the process of recruiting and awarding PSC contracts in Paraguay. The PC/Paraguay Master Training Contract expired December 31, 2009.

Based on information provided by IAP and OACM, IAP and PC/Dominican Republic are exploring an option for awarding a fixed-price contract in place of the current cost-reimbursement, among other potential solutions. A consultant has been engaged by IAP to assist the post to research options. We were informed that the current plan is to exercise option year 3 of the Master Training Contract and continue through the end of the option (December 31, 2010) as a stop gap measure while determining what action to take. According to OACM, this will allow enough time to complete work on the requirements, prepare a technical statement of work, perform sufficient acquisition planning, and award a new fixed-price contract. A cost-benefit analysis was not performed to support the current award in Dominican Republic. In the absence of this, we compared the costs of training for three other similar posts,

PC/Guatemala, PC/Honduras, and PC/Panama.¹⁴ For further information, see Appendix B. Briefly, none of these posts spent more than an average of \$571,158 over fiscal years 2007-2009 to train Volunteers in-house using PSCs. This is compared to a three-year average of \$709,421 spent by PC/Dominican Republic to train its Volunteers under a Master Training Contract from January 1, 2007 through December 31, 2009. While we did not perform an in-depth analysis, we believe cost savings could result through replacement of the Master Training Contract with PSCs. The current Master Training contract in PC/Dominican Republic will expire on December 31, 2011.

WE RECOMMEND THAT:

D.1 The associate director of global operations direct that Inter-America and the Pacific Operations comply with the FAR by discontinuing use of cost-reimbursement contracts for training services at PC/Dominican Republic and ensure that IAP take the necessary steps to implement Recommendations D.2 through D.4 below.

D.2 The IAP regional director require that a cost-benefit analysis of contracting options be accomplished for PC/Dominican Republic that results in determining which training option will provide effective delivery of services, best value to the Peace Corps, and achieve compliance with applicable agency and federal guidance.

D.3 The IAP regional director ensure that the IAP region determine requirements for training services at PC/Dominican Republic and develop a detailed and comprehensive technical statement of work that addresses its specific requirements.

D.4 The IAP regional director direct that sufficient market research be performed, an independent government estimate is developed, and region staff work closely with OACM in the acquisition planning phase to ensure sufficient preparation and timely contract award.

D.5 The chief acquisition officer increase surveillance over high-risk contracts to ensure that acquisition planning is timely, sufficient, and adequate consideration is given to exploring contracting options that will reduce risks.

¹⁴ For comparison purposes, posts were selected based on: number of Trainees per year, number of programming sectors at post, number of languages taught, and post operational budget amounts. See Appendix B for additional information.

FINDING E: DELEGATION OF PROCUREMENT AUTHORITY

Delegation of contracting authority from Peace Corps Director to country directors has inhibited the CAO's ability to impose appropriate minimum training and establish effective internal control over posts' contracting process for procurements up to \$100,000.

Procurement authority to approve contracts valued up to \$100,000 has been delegated to country directors through the Peace Corps Director. The FAR provides that under certain circumstances a relatively small number of high level officials can be designated as contracting officers solely by virtue of their positions.¹⁵ Although Peace Corps country directors may approve procurements up to \$100,000, they presently receive very limited training in the contracting discipline. Also, it is common practice by country directors to further delegate this contracting authority to others, often compounding contracting problems at posts. At the present time, because the delegation is through the agency's Director, the chief acquisition officer does not have the necessary authority to establish and enforce an adequate level of internal control over posts' contracting processes or mandate minimum training for country directors as a part of the Peace Corps acquisition workforce. As a result, a lack of formal training has led to contracting mistakes, non-compliance with applicable federal and Peace Corps guidance, and placed an unacceptable level of risk on agency resources.

Questionable Contracting Practices at Posts

During our audit, we found instances where errors in the contracting process were made by country directors or other post staff. For example, at two Africa Operations posts oral PSC contracts were awarded without establishing a written contract. Both the FAR 2.101(b) and PCM section 732 require that contracts be written. In one of these cases, use of an oral contract resulted in exposing the Peace Corps to legal issues after the post decided to discontinue the personal services contract services due to performance problems. Subsequently, the issue was resolved by making a severance payment to the PSC even though there was no written contract in place.

A separate issue related to a potentially noncompliant contracting practice at posts was brought to our attention by the CAO. This issue involves post staff committing the government to various cash purchases without first preparing a written contractual obligating document. This practice has also been noted in past OIG audit reports. Numerous instances of such procurements caused concern among Peace Corps Headquarters staff and resulted in discussions between OACM and the Office of the Chief Financial Officer (OCFO) regarding the disposition of the transactions. The question of the legality of this practice was ultimately brought to the attention of an Associate General Counsel (AGC) in Peace Corps Office of General Counsel. The AGC provided an informal email response regarding the practice to the Director,

¹⁵ FAR 1.601.

Office of Global Accounts Payable, OCFO. In her email response, the AGC indicated that post purchases under \$3,000 would be categorized as micro-purchases, which do not require preparation of a written contractual obligating document in advance of the purchase. Further, she cited FAR 13.302-2, Unpriced Purchase Orders as applying to the purchases in question. FAR 13.302-2 specifies:

- (a) An unpriced purchase order is an order for supplies or services, the price of which is not established at the time of issuance of the order.
- (b) An unpriced purchase order may be used only when: (1) It is impractical to obtain pricing in advance of issuance of the purchase order; and (2) the purchase is for: (i) Repairs to equipment requiring disassembly to determine the nature and extent of repairs; (ii) Material available from only one source and for which prices are known to be competitive, but exact prices are not known (e.g., miscellaneous repair parts, maintenance agreements).
- (c) Unpriced purchase orders may be issued on paper or electronically. A realistic monetary limitation, either for each line item or for the total order, shall be placed on each unpriced purchase order. The monetary limitation shall be an obligation subject to adjustment when the firm price is established. The contracting office shall follow up on each order to ensure timely pricing. The contracting officer or the contracting officer's designated representative shall review the invoice price and, if reasonable (see 13.106-3(a)), process the invoice for payment.

Based on our discussions with the CAO and OCFO staff, there is general disagreement regarding the applicability of FAR 13.302-2. OCFO has taken the position that such purchases can be routinely made without preparation of written contractual obligating documents based on the AGC interpretation of specific FAR requirements. However, CAO disagrees, indicating that most of the purchases in question do not fall within the category of unpriced purchase orders as defined by the FAR. In our opinion, due to the significant number of these types of transactions being made at posts and conflicting opinions among Peace Corps management, further review of applicable guidance is necessary to determine compliance and establish commensurate policy.

Minimum Training Requirements for Contracting Personnel

New country directors and administrative officers receive very limited training on the federal contracting process during formal orientation prior to arriving at their posts for duty. Peace Corps' practice of providing only limited training falls into conflict with federal requirements that mandate minimum training for all federal contracting professionals. These requirements, set out in an OMB Memorandum,¹⁶ require that

¹⁶ OMB Memorandum for Chief Acquisition Officers/Senior Procurement Executives, "The Federal Acquisition Certification in Contracting Program," January 30, 2006.

all contracting officers obtain certification as established by the Federal Acquisition Certification in Contracting (FAC-C) program. The FAC-C program stresses the importance of a well-trained acquisition workforce and sets the training curriculum. To further illustrate the criticality of having well-trained personnel in-place to manage the agency's contracting process, in October 2009 OMB's Office of Federal Procurement Policy issued guidance¹⁷ on the growth and development of the federal acquisition workforce. This guidance sets a strategic framework to increase the capability and capacity of the civilian agency acquisition workforce over the next five years. Country directors are delegated authority, and as such, must be considered as an integral part of the Peace Corps acquisition workforce.

The CAO has recognized the Peace Corps training program is insufficient and that there is a general experience and training gap regarding the contracting discipline among country directors and other post staff. However, progress to establish a more robust training program has been slowed because the CAO lacks authority to mandate minimum training requirements at posts.

During our audit we learned that OACM is currently developing additional formal training for overseas staff to reduce the risk of errors and noncompliance issues mentioned above. We commend OACM for this effort and urge Peace Corps management's support in improving the contracting skills of post personnel.

WE RECOMMEND THAT:

E.1 The Peace Corps Director formally delegate authority that provides for designating country directors with procurement authority to approve contracts valued up to \$100,000 to the chief acquisition officer.

E.2 The chief acquisition officer develop and implement a policy establishing minimum training requirements for country directors. This training requirement must include a framework of core competencies that align with the country directors' procurement authority and responsibilities and comply with applicable federal and agency guidance.

E.3 The chief acquisition officer develop and implement policy that limits further delegation of procurement authority to the administrative officer. In addition, such delegation may be made in writing and only if the administrative officer meets minimum training requirements discussed in the recommendation E.2 above.

¹⁷ Acquisition Workforce Development Strategic Plan, Fiscal Years 2010-2014, "A Framework for Enhancing the Capacity and Capability of the Civilian Agency Acquisition Workforce," October 27 2009.

E.4 The Peace Corps Office of General Counsel review the applicability of FAR 13.302-2 (and other applicable federal and agency guidance) and issue a formal legal opinion regarding whether posts are compliant in making purchase commitments prior to establishing written obligating documentation.

LIST OF RECOMMENDATIONS

WE RECOMMEND THAT:

- A.1** The chief acquisition officer develop and present an updated proposal (resource allocation request) to appropriate Peace Corps decision makers that encompasses increasing OACM staffing and upgrading selected positions. The proposal should be directly linked to the number, type, and grade levels of personnel required for full implementation of programs targeted to provide effective contract surveillance, comply with federal and agency contracting requirements, and improve customer support. In developing the proposal, consideration should also be given to the impact on OACM's workload as a result of new OMB-mandated requirements related to the federal contracting environment.
- B.1** The chief acquisition officer finalize and implement the draft policy requiring that Peace Corps personnel delegated as COTRs receive the minimum technical training necessary to meet the FAI Federal Acquisition Certification (FAC) standards. The policy should also provide for identifying all COTRs; developing an accurate list of active COTRs; continuous tracking to ensure vacated COTR positions are timely filled; and comprehensive documenting of COTR training completed.
- B.2** The chief acquisition officer strengthen the draft policy to require all Peace Corps personnel delegated as COTRs and TSRs meet the minimum FAC training standards that require 40 hours of initial technical training and 40 hours of continuous training every two year period.
- B.3** The Peace Corps Director formally communicate implementation of the new COTR training policy to Peace Corps management and emphasize that managers be proactive in ensuring its timely compliance.
- C.1** The chief acquisition officer revise PCM section 730: Acquisition Plans to strengthen internal control over the agency's acquisition planning phase of the contracting process. The revision must establish guidance on identifying prospective contracts that because of value, contract complexities, and other factors, may require more time to complete the acquisition planning phase. Further, specific minimums of time for completing acquisition planning should be set based upon the guidance established.
- C.2** The chief acquisition officer increase surveillance over contracts to ensure Peace Corps' requiring activities are following applicable guidance and allowing sufficient time to perform adequate acquisition planning.

- C.3** The chief acquisition officer ensure that required contract historical data is maintained in the contracting files and such data is used to the extent practical during the acquisition planning phase of follow-on contracts.
- C.4** The Peace Corps Director formally communicate to staff the requirements for comparing and documenting the cost of outsourcing services to performance in-house a minimum of 12-months prior to contract termination dates.
- D.1** The associate director of global operations direct that Inter-America and the Pacific Operations comply with the FAR by discontinuing use of cost-reimbursement contracts for training services at PC/Dominican Republic and ensure that IAP take the necessary steps to implement Recommendations D.2 through D.4 below.
- D.2** The IAP regional director require that a cost-benefit analysis of contracting options be accomplished for PC/Dominican Republic that results in determining which training option will provide effective delivery of services, best value to the Peace Corps, and achieve compliance with applicable agency and federal guidance.
- D.3** The IAP regional director ensure that the IAP region determine requirements for training services at PC/Dominican Republic and develop a detailed and comprehensive technical statement of work that addresses its specific requirements.
- D.4** The IAP regional director direct that sufficient market research be performed, an independent government estimate is developed, and region staff work closely with OACM in the acquisition planning phase to ensure sufficient preparation and timely contract award.
- D.5** The chief acquisition officer increase surveillance over high-risk contracts to ensure that acquisition planning is timely, sufficient, and adequate consideration is given to exploring contracting options that will reduce risks.
- E.1** The Peace Corps Director formally delegate authority that provides for designating country directors as contracting officers to the chief acquisition officer.
- E.2** The chief acquisition officer develop and implement a policy establishing minimum training requirements for country directors. This training requirement must include a framework of core competencies that align with the country directors' procurement authority and responsibilities and comply with applicable federal and agency guidance.

- E.3** The chief acquisition officer develop and implement policy that limits further delegation of procurement authority to the administrative officer. In addition, such delegation may be made in writing and only if the administrative officer meets minimum training requirements discussed in the recommendation E.2 above.
- E.4** The Peace Corps Office of General Counsel review the applicability of FAR 13.302-2 (and other applicable federal and agency guidance) and issue a formal legal opinion regarding whether posts are compliant in making purchase commitments prior to establishing written obligating documentation.

OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objective of this audit was to determine if the Peace Corps is complying with applicable federal laws, regulations, and agency guidance related to procurement of goods and services. We also reviewed the acquisition process regarding timely contract award, effectiveness of contract administration, and contract termination and close out. Further, we assessed internal control as it related to our objectives. To accomplish this, we examined selected documentation and interviewed Peace Corps personnel involved in the contracting process. Documentation reviewed included Peace Corps contracting files maintained by OACM and agency COTRs, planning and policy data, and other information associated with the contracting process.

We based some of our conclusions on review of a judgmental sample of active contracts representing all award types and high dollar thresholds. We conducted interviews with Peace Corps management and staff responsible for the contracts we selected for review. This included personnel assigned to OACM, OCFO, OCIO, Office of General Counsel, Office of Management, Office of Volunteer Support, Regional Operations, and post managers. We reviewed whether processes and resources were in place to effectively solicit, award, and administer selected contracts, and reported relevant weaknesses in this report. The Government Purchase Card Program was not included in the scope of this review because OIG completed a separate review of that program in March 2009.¹⁸

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 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.

¹⁸*Final Audit Report: Peace Corps' Purchase Program, March 2009 (IG-09-08-A).*

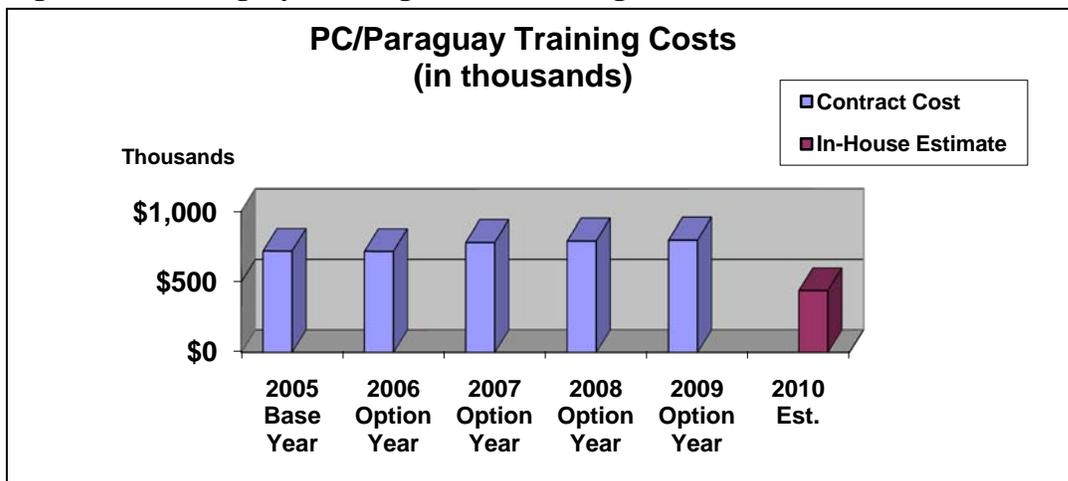
APPENDIX B

COST COMPARISON OF VOLUNTEER TRAINING USING PSCs IN-HOUSE OR MASTER TRAINING CONTRACT

A cost-benefit analysis performed by IAP and PC/Paraguay indicated that a 43% cost savings would be achieved through use of PSC training resources in 2010. A similar cost-benefit analysis has not been completed for the training function in PC/Dominican Republic. However, for comparison purposes, we selected three similar posts in the same geographic region and analyzed training cost data for fiscal years 2007-2009. Based on this comparison and the results of the cost-benefit analysis for PC/Paraguay, we conclude that significant cost savings would result from employing PSC training resources in PC/Dominican Republic. Our analysis appears in the below paragraphs.

The cost-benefit analysis related to PC/Paraguay documented that cost savings would be achieved by using PSC resources. See figure below.

Figure 1: PC/Paraguay Training Master Training Contract and Estimated Costs



Source: IAP and OACM data.

OACM data shows an estimated average of \$761,512 was spent annually over the five-year life of the PC/Paraguay training contract. The contract started in January 2005 and ended on December 31, 2009. The IAP/PC/Paraguay analysis estimated it will cost \$437,718 to provide training through use of PSCs in FY 2010. The figure above shows contract cost data for the base and option years, and post's estimated costs for 2010. Using the five-year average Master Training Contract cost data and post's estimate for in-house training in 2010, the post projects an annual cost savings of \$323,794 (or 43%) by using PSCs.

In the absence of a cost-benefit analysis of training options for PC/Dominican Republic, we compared the costs for training Volunteers at PC/Guatemala, PC/Honduras, and PC/Panama. The three posts were selected because they have

similar programming and are of comparable size. The scope of this comparison included collecting the below listed data elements for fiscal years 2007 to 2009 for the purpose of comparing selected post's three-year averages such as:

- Number of inputs per year,
- Number of programming sectors,
- Number of languages taught in-country,
- Number of Volunteers trained per year, and
- Post's operational budget costs per year.

This data appears in Table 3 below:

Table 3: Selected Post Characteristics, Three-Year Averages for FY 2007-2009

3-Year Averages	Number of Sectors	Number of Training Inputs¹	Number of Volunteers Trained	Operational Budget Costs
PC/Dominican Republic	5	2	194	\$3.694m
PC/Guatemala	5	3	185	\$3.941m
PC/Honduras	5	2	181	\$3.765m
PC/Panama	4	2	178	\$3.355m

Source: Peace Corps Congressional Budget Justifications FY08-10 and OCFO data.

¹Number of Training Inputs Requested, FY10.

The posts in our comparison offered an average range of four or five sectors and two or three inputs per year. Also, all four posts located in the IAP region teach Spanish among other local languages.¹⁹ The average range of Volunteers trained between fiscal years 2007 and 2009 was 178 to 194. Also, average operational budgets were within a similar range.

We compared three-year average training costs for the three posts selected to the costs for the PC/Dominican Republic Master Training Contract over a similar period. Cost data was obtained from OCFO, and other prior year data summarized above was reported in the Peace Corps' Congressional Budget Justification, for FYs 2008, 2009 and 2010. The period of the PC/Dominican Republic contract base and option years 1 and 2 is December 31, 2006 to December 31, 2009. The period of training costs for the other three posts is FY 2007-2009, or October 1, 2006 to September 31, 2009. A three-year average cost for training was lower if Volunteers were trained in-house. See Table 4 below.

¹⁹ In addition to Spanish, Kaqchikel is also taught in PC/Guatemala; and Embera, Ngabe, Naso, and Wounaan are also taught in PC/Panama.

Table 4: Comparison of Training Costs for Master Training Contract Costs and Selected Posts' In-House Training

<u>Master Training Contracts</u>	Base Year	Option Year 1	Option Year 2	Total	3-Year Average
PC/Dominican Republic	\$705,114	\$714,077	\$709,072	\$2,128,263	\$709,421
<u>In-House Training</u>	FY07	FY08	FY09	Total	3-Year Average
PC/Guatemala	\$676,296	\$497,570	\$539,608	\$1,713,474	\$571,158
PC/Honduras	\$637,690	\$553,881	\$511,560	\$1,703,131	\$567,710
PC/Panama	\$404,278	\$394,102	\$435,098	\$1,233,478	\$411,159

Source: OACM and OCFO data.

During FYs 2007-2009, the three selected posts spent no more than an average of \$571,158 per year to train Volunteers using PSCs. This is compared to an average of \$709,421 PC/Dominican Republic spent on the Master Training Contract during a similar period. The difference between the highest three-year average annual cost among posts selected that trained in-house, \$571,158, and the PC/Dominican Republic average for a similar period, \$709,421 is 19% (or \$138,263). Further, if we apply the 43% estimated cost savings estimated by PC/Paraguay to this scenario, savings could reach over \$300,000 in the first year PC/Dominican Republic uses in-house PSCs for training.

While we did not perform an in-depth analysis, it is our opinion cost savings would result if PC/Dominican Republic were to replace the Master Training Contract with PSC resources.

APPENDIX C

QUESTIONED COSTS AND FUNDS PUT TO BETTER USE

We identified questioned costs and funds put to better use during the course of the audit. They are discussed in the accompanying audit report and enumerated below along with the recommendation number in the report.

Questioned Costs and Funds Put To Better Use				
	Recommendation Number	Description	Recurring Yes/No	Amount
Funds Put to Better Use	D.1	Discontinue use of cost reimbursement contracts (PC/Paraguay)	Yes	\$323,794/YR
Questioned Costs	D.1	Discontinue use of cost reimbursement contracts (PC/Dominican Republic)	Yes	\$138,263/YR
Total				\$462,057/YR

APPENDIX D

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT

Management provided consolidated comments under a transmittal memorandum signed by the Chief Acquisition Officer on March 18, 2010. The respondents included the Peace Corps Director, Associate Director for Global Operations, General Counsel, Acting Regional Director/Inter-America and the Pacific Operations, and the Chief Acquisition Officer. Management's responses have been inserted into this report and appear on the next five pages.



Peace
Corps

MEMORANDUM TO THE INSPECTOR GENERAL

TO: Kathy A. Buller

FROM: Carey Fountain, Chief Acquisition Officer 

DATE: March 18, 2010

SUBJECT: OACM Response to the Preliminary Report: Peace Corps Process for Soliciting, Awarding and Administering Contracts

Despite the many improvements that OACM has made to the Peace Corps acquisition system over the past few years, we acknowledge that there are still areas that need improvement. We appreciate OIG's efforts and believe the Peace Corps acquisition system will emerge even stronger as a result of the audit.

We would also like formally to recognize your staff that conducted the audit and thank them for the professional and collaborative manner in which the audit was conducted.

OACM concurs or partially concurs with nine of the nine recommendations. Attached is our response to each recommendation. Please feel free to contact me for questions or clarifications.

cc: Stacy Rhodes, Chief of Staff
Kathy Rulon, Senior Advisor
Thomas Bellamy, Acting Chief Financial Officer
Ester Benjamin, Associate Director for Global Operations
Roger Conrad, Acting Regional Director, IAP

LIST OF RECOMMENDATIONS

WE RECOMMEND:

- A.1 The chief acquisition officer develop and present an updated proposal (resource allocation request) to appropriate Peace Corps decision makers that encompasses increasing OACM staffing and upgrading selected positions. The proposal should be directly linked to the number, type, and grade levels of personnel required for full implementation of programs targeted to provide effective contract surveillance, comply with federal and agency contracting requirements, and improve customer support. In developing the proposal, consideration should also be given to the impact on OACM's workload as a result of new OMB-mandated requirements related to the federal contracting environment.**

CONCUR: OACM submitted three Requests for Agency Resources (RAR) in August 2009, during the transition to new senior management, and later updated its top priority RAR (Contract Oversight) in January 2010. One RAR was partially approved (overseas travel) and the remaining RARs are pending approval/disapproval. The Peace Corps Chief of Staff has requested a more detailed staffing plan and a plan is currently being developed by the Chief Acquisition Officer. OACM will work to meet the new OMB requirements with the resources that are allocated.

- B.1 The chief acquisition officer finalize and implement the draft policy requiring that Peace Corps personnel delegated as COTRs receive the minimum technical training necessary to meet the FAI Federal Acquisition Certification (FAC) standards. The policy should also provide for identifying all COTRs; developing an accurate list of active COTRs; continuous tracking to ensure vacated COTR positions are timely filled; and comprehensive documenting of COTR training completed.**

CONCUR: The implementation and management of the new COTR policy and certification program has been postponed due to insufficient resources. The policy will be implemented upon receipt of the necessary resources identified in our Contract Oversight RAR.

- B.2 The chief acquisition officer strengthen the draft policy to require all Peace Corps personnel delegated as COTRs and TSRs meet the minimum FAC training standards that require 40 hours of initial technical training and 40 hours of continuous training every two year period.**

PARTIALLY-CONCUR: OACM agrees that Peace Corps COTRs should meet the minimum FAC training requirements and believes the Peace Corps COTR Certification Policy is consistent with the OFPP Policy Memo dated November 26, 2007. However, it should be noted that the policy memo does not specify when or what types of contracts should warrant COTR involvement and gives the agency's Chief Acquisition Officer the authority for developing workforce policies that apply to FAC-COTR requirements. The TSR position was established in recognition of the fact that not all procurements require the same level of oversight and that the level of training required for COTR certification is excessive for many non-complex requirements. This tiered approach is quite common at other agencies and is consistent with the three level certification approach used for Contract Specialists. In the Peace Corps environment, the main responsibility of the TSR will be to receive and inspect products/supplies, and to review and approve invoices. The requirement to complete 5 hours of training will ensure that the TSR has acquired the basic skills and competencies to effectively accomplish the responsibilities required of a TSR. An argument can be made that the tiered certification approach exceeds the OMB requirement by requiring 5 hours of training that would not otherwise be taken by individuals serving in this capacity.

OIG expressed this same concern during their review of the draft policy. In response, OACM modified the draft policy to restrict the use of the TSR to acquisitions for products/supplies which are usually commercial in nature and have less complexity and risk associated with performance. The TSR will not be permitted to perform surveillance on small/less complex contracts for services as initially envisioned. With these changes, OACM believes the level of training specified in the draft policy is sufficient and appropriate for the TSR's level of responsibility. It should also be noted that the Contracting Officer has the discretion to assign a COTR in cases where a TSR would normally be assigned if deemed appropriate. OACM will also recommend in the Peace Corps COTR policy that offices consolidate the management of their contracting actions with a small number of staff and that these individuals be certified at the COTR level and handle all contracting actions, complex and non complex requirements. However, we will leave it to the office head's discretion to utilize TSRs if they deem this to be the most appropriate and efficient approach for their office.

B.3 The Peace Corps Director formally communicate implementation of the new COTR training policy to Peace Corps management and emphasize that managers be proactive in ensuring its timely compliance.

CONCUR: The Chief Acquisition Officer has developed a draft COTR training policy which will be under review by the Policy Review Board this month. Upon approval, the Peace Corps Director will communicate implementation of the policy to management and emphasize the importance of staff attendance at training sessions as soon as possible to ensure timely compliance.

C.1 The chief acquisition officer revise PCM section 730: Acquisition Plans to strengthen internal control over the agency's acquisition planning phase of the contracting process. The revision must establish guidance on identifying prospective contracts that because of value, contract complexities, and other factors, may require more time to complete the acquisition planning phase. Further, specific minimums of time for completing acquisition planning should be set based upon the guidance established.

CONCUR: OACM developed and published an internal office policy memorandum in 2006 to govern the acquisition strategy planning and business clearance process for Peace Corps acquisitions. The implementation of these new processes and procedures has resulted in improved acquisition strategies and business decisions for Peace Corps acquisitions. While the processes and procedures are consistently being followed by OACM contracting staff, due to resource constraints and employee turnover, PCM 730 has not been updated to incorporate these new practices. Updates to PCM 730 to reflect the new changes will be made and published by the end of 2010.

C.2 The chief acquisition officer increase surveillance over contracts to ensure Peace Corps' requiring activities are following applicable guidance and allowing sufficient time to perform adequate acquisition planning.

CONCUR: OACM developed and published an internal office policy memorandum in FY09 to improve Peace Corps focus on contract management and oversight. This policy in combination with COTR training and certification will ensure better acquisition planning and contract surveillance. New processes and procedures to improve contract surveillance will be implemented upon receipt of the required resources as outlined in OACM Contract Oversight RAR.

- C.3 The chief acquisition officer ensure that required contract historical data is maintained in the contracting files and such data is used to the extent practical during the acquisition planning phase of follow-on contracts.**

CONCUR: OACM contract file management system has undergone significant improvement in recent years. We are currently using historical data during the acquisition planning phase when available. However, some of the older contract files contain very limited historical data. Better documented contract files (facilitated by improvements in OACM contract file management system) will make the use of more readily available historical data possible.

- C.4 The Peace Corps Director formally communicate to staff the requirements for comparing and documenting the cost of outsourcing services to performance in-house a minimum of 12-months prior to contract termination dates.**

CONCUR: The Peace Corps Director will instruct the Chief Financial Officer to provide guidance to all staff on the requirements for conducting a cost-benefit analysis when considering outsourcing services at least 12 months prior to the scheduled contract review date (i.e., contract termination dates) as prescribed in MS 738.7.2.

- D.1 The associate director of global operations direct that Inter-America and the Pacific Operations comply with the FAR by discontinuing use of cost reimbursement contracts for training services at PC/Dominican Republic and ensure that IAP take the necessary steps to implement Recommendations D.2 through D.4 below.**

CONCUR: The IAP Region and the post in the Dominican Republic have determined that the ENTRENA contract will be terminated at the end of the 2010 option period, one year short of the full term of the contract. Completion Date: December 31, 2010.

- D.2 The IAP regional director require that a cost-benefit analysis of contracting options be accomplished for PC/Dominican Republic that results in determining which training option will provide effective delivery of services, best value to the Peace Corps, and achieve compliance with applicable agency and federal guidance.**

NOT CONCUR: The Director of OACM has determined that the cost reimbursement model of contract is inappropriate for the type of training contracting required in the Dominican Republic. For this reason, the IAP Region has determined to stop the current contract at the end of the 2010 contract period and replace institutional contract services with Personal Services Contracts. The IAP Region determined that the nature of the training in the Dominican Republic using PSCs would provide the Peace Corps with the most effective training because of the ability to directly supervise the PSCs to deliver training following Peace Corps practices.

- D.3 The IAP regional director ensure that the IAP region determine requirements for training services at PC/Dominican Republic and develop a detailed and comprehensive technical statement of work that addresses its specific requirements.**

CONCUR: The Dominican Republic will use similar PSC technical statements of work as used in all other countries. These other countries do not used a comprehensive technical statement of work for the PSC training model.

D.4 The IAP regional director direct that sufficient market research be performed, an independent government estimate is developed, and region staff work closely with OACM in the acquisition planning phase to ensure sufficient preparation and timely contract award.

CONCUR: The IAP Region will work with OACM to conduct market research to attract suitably qualified PSCs and to develop an independent government estimate.

D.5 The chief acquisition officer increase surveillance over high-risk contracts to ensure that acquisition planning is timely, sufficient, and adequate consideration is given to exploring contracting options that will reduce risks.

CONCUR: OACM developed and published an internal office policy memorandum in FY09 to improve Peace Corps focus on contract management and oversight. This policy in combination with COTR training and certification will ensure better acquisition planning and contract surveillance. New processes and procedures to improve contract surveillance will be implemented upon receipt of the required resources as outlined in OACM Contract Oversight RAR.

E.1 The Peace Corps Director formally delegate authority that provides for designating country directors with procurement authority to approve contracts valued up to \$100,000 to the chief acquisition officer.

CONCUR: The Peace Corps Director will delegate authority to the Chief Acquisition Officer to designate who at Post will have procurement authority to approve contracts valued up to a specified amount. The Chief of Staff to the Director, the Chief Acquisition Officer, and the General Counsel agree that more robust acquisition training must be planned and implemented for overseas contracting staff and that this is best overseen by the Chief Acquisition Officer. However, it should be noted that the agency is assessing whether the Country Directors are the best suited employees to perform acquisition functions at Post given the totality and nature of their responsibilities. As part of this assessment, the CAO is developing a plan to phase in training of Administrative Officers at Post systematically. Administrative Officers, rather than Country Directors, would then have primary responsibility for Post acquisitions. A transition to a new model would be accomplished in phases by first shifting the delegation authority from the Director to the CAO and then later shifting the ensuing warrant authority from Country Directors to Administrative Officers. This should result in minimal disruption in the acquisition activities at Posts. At the same time, the Chief Acquisition Officer will reconsider the limit on procurement authority for the holder of the warrant authority at Post. In the future, there may be different limits depending on the nature of the contract to be approved.

E.2 The chief acquisition officer develop and implement a policy establishing minimum training requirements for country directors. This training requirement must include a framework of core competencies that align with the country directors' procurement authority and responsibilities and comply with applicable federal and agency guidance.

CONCUR: OACM agrees that minimum training standards should be established for Country Directors and others that are authorized to sign contracts at Post. With the Peace Corps Director's decision to concur with OIG's Recommendation E.1, the Chief Acquisition Officer will now have the authority or mandate to effect such changes. The Chief Acquisition Officer has also addressed the resource requirements needed to establish and maintain a training/certification program as part of OACM's staffing plan. Upon issuance of the required policy change by the Peace Corps Director and allocation of required resources, the Chief Acquisition Officer will develop and implement a training and certification program for the overseas contracting staff.

E.3 The chief acquisition officer develop and implement policy that limits further delegation of procurement authority to the administrative officer. In addition, such delegation may be made in writing and only if the administrative officer meets minimum training requirements discussed in the recommendation E.2 above.

CONCUR: OACM agrees that the policy needs to be changed to restrict and/or control re-delegations. With the Peace Corps Director's decision to concur with OIG's Recommendation E.1, the Chief Acquisition Officer will now have the authority or mandate to effect such changes. Upon issuance of the required policy change by the Peace Corps Director, the Chief Acquisition Officer will develop and issue policy to limit or eliminate further delegation of procurement authority.

E.4 The Peace Corps Office of General Counsel review the applicability of FAR 13.302-2 (and other applicable federal and agency guidance) and issue a formal legal opinion regarding whether posts are compliant in making purchase commitments prior to establishing written obligating documentation.

CONCUR: The Office of the General Counsel will review the applicability of FAR 13.302-2 and draft a formal legal opinion.

OIG COMMENTS

Of the 17 recommendations made in our report management fully concurred with 15, partially concurred with one, and non-concurred with one.

In our opinion management comments were generally responsive. We consider management's response for one of the recommendations (C.3) as sufficient evidence of adequate corrective action and have closed it. The other 16 recommendations will remain open pending confirmation from the Chief Compliance Officer that evidence has been received that appropriate corrective actions have been taken. Such evidence must include the following:

- A.1: Management's official response to OACM's three RARs and milestones for implementation of decided actions in response to the requests.
- B.1: Issued policy related to training and certification of Agency COTRs.
- B.2: Written justification regarding TSR training, signed by the Chief Acquisition Officer, waiving minimum COTR training and certification established by OMB, Office of Federal Procurement Policy (OFPP). The written justification is cited as a requirement in OMB/OFPP Memorandum for Chief Acquisition Officers, November 26, 2007, Section 4 [Applicability] of the attachment.
- B.3: Peace Corps Director's communication to Peace Corps management regarding ensuring timely compliance with COTR training and certification requirements.
- C.1: Issued updates to Peace Corps Manual 730 regarding strengthening internal control over the Agency's acquisition planning phase.
- C.2: Issued policy on OACM's contract surveillance program.
- C.3: Closed.
- C.4: Issued policy guidance on preparation of cost benefit analysis related to all in-house vs. out-sourcing decisions.
- D.1: Notice to terminate Entrena contract.
- D.2: Our purpose in making this recommendation was premised on the Region's plan to evaluate whether it would be cost effective to award a firm-fixed price contract to replace the existing cost-reimbursement contract. At the conclusion of our audit the Peace Corps had engaged a consultant to

evaluate contracting options. We assume the decision to convert to PSC contractors was based on the consultant's results and other related management analysis. Although we agree that in this case an in-depth cost-benefit analysis is unnecessary, some level of analysis is appropriate. Both the Federal Acquisition Regulation and Peace Corps policy require that such decisions be based on some form of analysis leading to selection of the most cost-effective option and such analysis should be documented.

- D.3: We agree that existing statements of work for Peace Corps PSCs performing similar services at other posts can be utilized as a model for planned PSC contracts at PC/Dominican Republic. However, a level of effort will be necessary to determine requirements associated with converting the current cost-reimbursement contract to PSC contractors. As a result, the related planning documentation would be appropriate evidence that the organization is sufficiently prepared for the transition to PSC contractors.

- D.4: Market research results and Independent Government Estimate related to converting to PSC contractors at PC/Dominican Republic.

- E.1: Peace Corps Director's delegation of authority to the Chief Acquisition Officer for designation of contracting authority to country directors.

- E.2: Issued policy regarding the contracting training and certification program for country directors.

- E.3: Issued policy related to limiting country directors' authority regarding who they may delegate contracting authority to at post.

- E.4: Issued legal opinion on applicability of FAR 13.302-2 regarding certain procurements at posts.

APPENDIX F

AUDIT COMPLETION AND OIG CONTACT

Audit Completion

Mr. Jeffrey Lee and Ms. April Thompson performed the audit under the supervision of Mr. Gerald P. Montoya, Assistant Inspector General for Audit.

OIG Contact

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please email Gerald Montoya, Assistant Inspector General for Audit, at gmontoya@peacecorps.gov, or call him at 202.692.2907.

REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

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