



AUDIT OF THE UNITED STATES MARSHALS SERVICE'S PROCUREMENT ACTIVITIES

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EXECUTIVE SUMMARY

The United States Marshals Service (USMS) purchases products and services to conduct its mission through various procurement actions. Such procurement actions include micro-purchases less than \$3,000, simplified acquisitions of \$150,000 or less, and major contracts greater than \$150,000. According to its records, the USMS made purchases of about \$430 million in FY 2010, \$592 million in FY 2011, and \$415 million in FY 2012 through May 2012.

The USMS's procurement actions are made at various levels throughout the USMS. The USMS's 94 district offices have delegated procurement authority of at least \$25,000, with some up to \$100,000. The USMS's 12 division offices also have separate procurement operations. Five of the 12 division offices have unlimited procurement authority and the remaining division offices have limited procurement authority of at least \$100,000. The USMS Procurement Office in the Financial Services Division is responsible for the centralized procurement of national supplies and services including district office and division requirements that exceed the procurement authority in the districts and divisions. The USMS's procurement actions are governed by the Federal Acquisition Regulation (FAR), the Justice Acquisition Regulation, and internal USMS policies and procedures.

The objectives of this audit were to determine whether: (1) the USMS complies with the FAR, Department of Justice (DOJ) policies, and internal USMS policies in its award and administration of procurement actions; (2) USMS internal controls ensure adequate oversight of procurement actions; and (3) the USMS ensures that procurement requirements are met and contractor billings are accurate and complete.

Our audit work at the USMS Headquarters Procurement Office, other division offices, and two district offices identified problems in the USMS's practices for:

- approval of purchases,
- certification of availability of funds,

- obtaining receiving reports for items purchased,
- maintaining receipts for fleet card purchases,
- justification for non-competitive procurements,
- monthly purchase card and fleet card reconciliations,
- purchase of firearms,
- payment of hotel cancellation fees for cancelled conferences,
- use of vehicles assigned to staff and primarily used to commute to and from their assigned office,
- recording accountable property in the property inventory system, and
- consolidation of multiple small purchases with similar requirements into fewer large purchases.

Most of the problems resulted from insufficient training for contracting personnel and ineffective management and inspection of USMS procurement activities.

We conclude that the: (1) USMS has not fully complied with the FAR, DOJ policies, and internal USMS policies in its award and administration of procurement actions; (2) USMS's internal controls are not fully effective at ensuring adequate oversight of procurement actions; and (3) USMS's management of vendor purchases did not ensure vendor billings are accurate. To help improve the USMS's procedures and controls over its procurement activities, we made 12 recommendations including re-emphasizing the policies and procedures that must be followed; developing a tracking system to monitor the training completion of all procurement staff; and establishing a process in the USMS's Office of Inspection - Compliance Review for following up on issues identified during the office's reviews.

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INTRODUCTION

In accomplishing its mission, the United States Marshals Service (USMS) purchases products and services through various types of procurement actions. Procurement actions may include acquisitions under the micro-purchase threshold (\$3,000 for products, \$2,500 for services), purchases under the simplified acquisition threshold of \$150,000, or major purchases greater than \$150,000. According to records provided by the USMS, it made purchases of about \$430 million in FY 2010, \$592 million in FY 2011, and \$415 million in FY 2012 through May 2012. The USMS made 455,000 purchases totaling more than \$521 million during the audit period covering October 1, 2009, through March 31, 2011.

The USMS's procurement actions are made at various levels throughout the USMS. The USMS's 94 district offices have delegated procurement authority of at least \$25,000, with some up to \$100,000, depending upon the training and certification level of the district procurement officials. A map showing the USMS's 94 district offices is included as Appendix II. The USMS also has 12 division offices (shown in Appendix III), each with separate procurement operations. Five of the 12 division offices have unlimited procurement authority and the remaining division offices have procurement authority of at least \$100,000.¹ The USMS Procurement Office in the Financial Services Division is responsible for the centralized procurement of national supplies and services, including district office and division requirements that exceed the procurement authority of the districts and divisions.

The USMS uses the Government Purchase Card as the primary means of making micro-purchases, while purchase orders and contracts are used for larger procurements.² The Government Purchase Card also may be used to pay invoices for purchases above the micro-purchase threshold when the vendor accepts the card for payment. However, these purchases must be made using the appropriate purchasing procedures contained in the Federal Acquisition Regulation and by a procurement official having the appropriate level of procurement authority to make the purchase.

¹ The five divisions with unlimited procurement authority are the Judicial Security Division, Asset Forfeiture Division, Information Technology Division, Witness Security Division, and the Justice Prisoner and Alien Transportation System.

² The Government Purchase Card is a purchase card, similar in nature to a commercial credit card, issued to authorized agency personnel and used to acquire and pay for supplies and services.

From October 1, 2009, through March 31, 2011, the USMS made 135,390 purchases using purchase cards totaling about \$81.9 million and 312,430 purchases using fleet cards totaling about \$15.5 million. More than 98 percent of USMS purchase transactions were paid for using a government purchase card or a fleet card, which is used for fuel and related services for USMS vehicles; yet these transactions make up only 19 percent of the USMS purchase amounts.

Audit Objectives and Scope

The objectives of our audit were to determine whether: (1) the USMS complies with the Federal Acquisition Regulation (FAR), Department of Justice (DOJ) policies, and internal USMS policies in its award and administration of procurement actions; (2) USMS internal controls ensure adequate oversight of procurement actions; and (3) the USMS ensures that procurement requirements were met and contractor billings were accurate and complete.

We performed audit work in the following USMS offices.

- Financial Services Division, Procurement Office
- Training Division
- Prisoner Operations Division
- Witness Security Division
- Investigative Operations Division
- Office of Inspection
- Office of Public Affairs
- Middle District of Florida
- Northern District of Georgia

To answer the audit objectives, we reviewed the FAR, DOJ, and USMS guidance on contracting, simplified acquisitions, micro-level purchases, and the use of Government Purchase Cards. We identified the USMS's controls to ensure the procurement policies and procedures were followed. We interviewed USMS procurement officials at various Headquarters and district

level offices to determine the procedures actually followed for procurement actions. We obtained data for the USMS's procurement actions from October 1, 2009, through March 31, 2011, and selected samples of the procurement actions to test whether the appropriate policies and procedures were followed when making the purchases. Finally, we interviewed USMS officials regarding management and inspection to ensure procurement actions comply with established policies and procedures.

Details about our audit objectives, scope, and methodology for evaluating USMS procurement actions are contained in Appendix I.

Prior Office of the Inspector General Audits

In February 2004, the Office of the Inspector General (OIG) issued an audit report on the USMS's prisoner medical care.³ The USMS's Office of Program Review was responsible for performing reviews of district operations, and the audit report found that this office had suspended such reviews in April 2000 at the direction of the USMS Deputy Director. Prior to the suspension of district reviews, Program Review staff conducted about 30 district reviews annually, allowing for reviews of each of the 94 districts every 3 years. The suspension was initially intended to be a short-term solution to critical staffing shortages in the field, which required that Program Review staff be detailed to district offices in need of administrative support. In the 3 years following the initial suspension of the district reviews, the functioning of the Office of Program Review was unclear. The staff was restricted to performing property management reviews and did so only in response to special requests. According to USMS officials, reviews remained suspended because the USMS planned to reorganize its internal review function.

Given the pervasiveness of the internal control weaknesses encountered at the district level during the 2004 audit, the audit report noted that it was difficult to justify the effective dismantling of the USMS's internal review function. The OIG recommended that the USMS management reconsider its decision to suspend detailed district reviews.

³ U.S. Department of Justice Office of the Inspector General, *United States Marshals Service's Prisoner Medical Care*, Audit Report 04-14, (February 2004).

In November 2010, the OIG issued an audit report on the USMS's oversight of its judicial facilities security program.⁴ The audit found that the USMS's management of its court security officer contracts needed improvement. The USMS's Office of Security Contracts awarded a contract worth about \$300 million to a court security officer contractor with a history of fraudulent activities. This contract was awarded despite a fraud alert issued by the Department of Justice OIG. This OIG fraud alert was a written communication informing the USMS that there had been multiple fraud convictions and civil judgments against the contractor's Chief Financial Officer, including criminal convictions for mail fraud, submitting false insurance claims, and bank fraud, as well as six fraud-related civil judgments totaling more than \$1.4 million. Ultimately, the contractor went bankrupt, leaving many court security officers temporarily without payment for their services.

⁴ U.S. Department of Justice Office of the Inspector General, *United States Marshals Service's Oversight of Its Judicial Facilities Security Program*, Audit Report 11-02, (November 2010).

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH PROCUREMENT POLICIES AND PROCEDURES

The USMS did not fully comply with the FAR, DOJ policies, or internal USMS policies in its award and administration of procurement actions. We found procurement officials did not always maintain appropriate and necessary documentation in acquisition files to support purchases made in the USMS District and Headquarters Division offices we reviewed. Specifically, about 20 percent of the procurement requests we reviewed did not reflect the required advance approvals and about 17 percent did not reflect the required certifications that funds were available to make the purchase. The acquisition files for about 31 percent of the purchases we reviewed did not include receiving documents. Procurement files did not always include justifications for sole source awards or limited competition. In addition to these recurring weaknesses, we noted isolated instances of weaknesses that, while not systemic, reflected a lack of effective oversight. The problems we identified resulted from: (1) inadequate training of contracting personnel making purchases, and (2) ineffective management and inspection of USMS procurement activities. As a result, the USMS's management of vendors was not effective to ensure procurement requirements were met in the most economical manner and vendor billings were accurate.

Policies and Procedures Not Followed

As authorized by the Federal Acquisition Regulation, the USMS makes extensive use of government purchase cards for micro-purchases and other payments. The USMS also issues government fleet cards for use by operators of official government vehicles to purchase fuel and related services, parts, towing, and minor repairs in amounts not exceeding \$1,000, as approved by local management.

From October 1, 2009, through March 31, 2011, the USMS made 135,390 purchases using purchase cards totaling about \$81.9 million and 312,430 purchases using fleet cards totaling about \$15.5 million. We judgmentally selected procurement files for 307 purchase card transactions and 331 fleet card purchase transactions. The transactions we selected consisted of 409 purchase and fleet card transactions in USMS district offices

and 229 purchase and fleet card transactions in USMS Headquarters divisions. As discussed in the following sections, our review of these transactions found incomplete support in procurement files for purchase request approvals, certifications of fund availability, receiving documentation, and justifications for non-competitive awards.⁵ USMS policy requires that procurement officials maintain complete, accurate, and up-to-date records to support purchase activity.

Advance Approval of Purchases and Certification of Availability of Funds

As shown in Exhibit 1, we reviewed a sample of 638 purchase transactions at various USMS Headquarters and district offices and found that 125 purchase transactions (20 percent), valued at more than \$230,000, were made without the appropriate advance approval for the purchase or certification of availability of funds. USMS Policy Directive 6.2, *Acquisition Processing*, requires that prior to each purchase an authorized approving official must approve the purchase request and an authorized certifying official must certify that funds are available to make the purchase. The purchase request is formalized in the Requisition for Supplies (Form USM-157). In this report, the term “purchase request” is used to refer to the Form USM-157.

⁵ The discussion of policies and procedures that follows proceeds by type of problem identified. Some individual transactions exhibit more than one problem and are counted as deficient in multiple sections.

EXHIBIT 1: Advance Purchase Approvals and Certifications of Fund Availability

USMS Office Reviewed	Payment Method	Transactions Reviewed		Transactions Questioned for Lack of Appropriate Advance Approval or Certification of Available Funds		
		Number	Dollar Value	Approvals	Certifications	Dollar Value
Training Division	Purchase Card	129	\$864,520	19 (15%)	5 (4%)	\$220,688 (26%)
	Fleet Card	12	\$717	2 (17%)	2 (17%)	\$68 (9%)
Investigative Operations Division	Purchase Card	47	\$311,827	14 (30%)	14 (30%)	\$3,847 (1%)
Prisoner Operations Division	Purchase Card	18	\$901	0	0	\$0
Witness Security Division	Purchase Card	14	\$40,685	1 (7%)	1 (7%)	\$1,000 (2%)
Office of Public Affairs	Purchase Card	9	\$10,501	0	0	\$0
Middle District of Florida	Purchase Card	46	\$69,028	0	0	\$0
	Fleet Card	56	\$3,080	0	0	\$0
Northern District of Georgia	Purchase Card	44	\$87,253	0	0	\$0
	Fleet Card	263	\$30,701	89 (34%)	89 (34%)	\$4,716 (15%)
Totals		638	\$1,419,213	125 (20%)	111 (17%)	\$230,319 (16%)

Source: OIG testing of USMS transaction files

Training Division

In the Training Division, five purchase card purchases and two fleet card purchases were made without evidence of advance approval and certification of availability of funds. In addition, for 14 purchase card transactions for firearms totaling \$183,885, the advance approval by the Training Division was made using a rubber-stamp signature. The Training Division is responsible for purchasing firearms for all USMS district and division offices. The Assistant Director of the Training Division is the designated approving official for all USMS firearms purchases. Requisitions submitted by a district office require approval by the district Chief Deputy, but must also be approved by the Assistant Director of the Training Division or his designee. The Assistant Director delegated the approval authority to the Deputy Assistant Director of the Training Division, whose signature was stamped. The 14 procurement requests for firearms did contain signed district office approvals. However, a rubber signature stamp could be used

by someone other than the designated approving official. While we found no evidence to show the designated approving official did not review these purchases, we believe the use of a rubber stamp by the Training Division does not provide the assurance of an actual review and approval by the designated approving official, and is therefore inappropriate.

After we brought this matter to the attention of Training Division officials, the officials told us that they stopped the practice of using rubber stamps to indicate approvals for purchases. In October 2012, Training Division officials told us that the division is complying with USMS Policy Directive 6.2, *Acquisition Processing*, which requires signatures of the appropriate approving official. Because the USMS policy does not specify that rubber stamp signatures are not acceptable, and because the USMS policy was not followed for some transactions we reviewed, we believe it is essential that the USMS instruct all approving and certifying officials that the use of rubber stamp signatures is not appropriate.

Investigative Operations Division

In the Investigative Operations Division's Technical Operations Group, we found 14 purchases for which the purchase cardholder did not submit individual purchase requests for purchases. For 13 of these purchases, the cardholder had received "blanket" approval from the Approving Official to make small purchases under \$1,000 without preparing a purchase request and without identifying the item to be purchased. Because individual purchase requests were not prepared, the cardholder did not have a certification regarding availability of funds for each purchase. USMS policy requires that all procurement actions include an approved and certified Requisition for Supplies (Form USM-157). Without identification of the item to be purchased, the Approving Official cannot meet the requirement to make an informed approval of the purchase. We believe that unspecified obligations and payments through the use of blanket pre-approvals violate the requirement to justify the need for specific purchases and circumvent the requirement for advance approval of even low-dollar purchases.

The USMS's Purchase Card Coordinator is assigned to the Procurement Office and is responsible for management and oversight of the agency Purchase Card Program. We asked the Purchase Card Coordinator about the use of blanket approvals. She told us the Technical Operations Group, in the Investigative Operations Division, manages the purchase card approval process by creating an annual Requisition for Supplies (Form USM-157) for each cardholder that establishes a limit of \$1,000 for single purchases, a monthly budget limit, and an annual limit that may not be exceeded without

prior approval. The Requisition for Supplies is then certified by the Administrative Officer and approved by the Chief of Technical Operations Group. All purchases over \$1,000 must receive prior approval with a separate requisition before making the purchase.

The Purchase Card Coordinator provided us a February 7, 2006, memorandum for the file that documented the justification for the blanket approval for the Technical Operations Group. The memorandum explained that the Technical Operations Group is in a unique position with 53 cardholders assigned to 19 offices throughout the country, with no USMS administrative positions in any of the field and regional offices to process and fund certify the requisitions. The memorandum also indicated that purchases by group cardholders are primarily made by criminal investigators in group field offices and regional technical operations centers for items necessary to carry out fugitive apprehension activities. The memorandum concluded that because of the unpredictable nature of the work, large volume of purchases under \$1,000, and lack of personnel to certify the availability of funds, it is virtually impossible to complete a requisition and receive approval for each individual item needed. However, the memorandum did not indicate who approved this exception to policy or identify the authority upon which the exception rested.

For the 13 purchases that we identified that were made under the blanket approval, we do not believe the circumstances warranted use of the alternate procurement procedures. The 13 purchase card transactions that we questioned included 12 purchases of instrument supplies, music, and uniforms to support the Pipes and Drums unit of the Investigative Operations Division during performances at funerals and other special events. These transactions were not for unpredictable needs in the field and did not support criminal investigations conducted outside of normal working hours and on weekends and holidays. The other purchase was a transaction of more than \$53 for pizza that the purchase cardholder told us was probably for division staff during an after-hours meeting. According to the Government Accountability Office's Principles of Federal Appropriations Law, appropriated funds are not available to pay for food for government employees at their official duty stations.

We agree that some situations may require alternate procurement procedures. However, we believe that if such an exception is needed, it should be established as a formal policy exception, approved at the same level of management that approved the relevant policy, and should be specifically limited to items that are necessary when exigent circumstances do not permit a standard approval process.

We also found one purchase in May 2010 for a warehouse club membership for \$45 made by a cardholder in the Investigative Operations Division that was made without approval and without the required certification of availability of funds. The cardholder completed the purchase request and sent it to USMS Headquarters for approval, but did not document confirmation of approval and certification before making the purchase. We reviewed subsequent purchase card bills through February 11, 2012, and did not identify any purchases or a membership renewal at the warehouse club.⁶

Witness Security Division

In the Witness Security Division, we found one purchase card transaction that did not appear to have an appropriate approval. The cardholder made payments totaling \$1,000 to a pre-paid account at a local engraving shop to establish a credit balance that could be used for quick access when ordering awards. USMS policy requires that all procurement actions include an approved Requisition for Supplies (Form USM-157) identifying the items or services to be purchased. While the cardholder had an approved Requisition for Supplies for establishing the credit balance with the vendor, we believe the approval was inappropriate because the requisition did not identify the items to be purchased. Without identification of the items to be purchased, the approving official cannot make an informed approval of the purchase. In addition, unspecified obligations and payments through the use of pre-paid lines of credit are contrary to the requirement that specific purchases be justified and approved.

We asked the USMS Purchase Card Coordinator about the use of pre-paid accounts with vendors. The Coordinator agreed that this practice was not acceptable and is not in compliance with USMS policy. The Coordinator stated that no payment should be made prior to receipt of the product or service purchased.

Northern District of Georgia

In the Northern District of Georgia, we found 89 fleet card purchase transactions for goods and services such as minor automotive repairs, oil changes, and car washes that were made without a Requisition for Supplies (Form USM-157) documenting advance approval for the purchase. District officials told us that this issue was identified in a prior review by the USMS's Financial Services Division. District officials said that as a result of the

⁶ We did not attempt to determine whether the cardholder used the warehouse club membership for personal use.

review, they changed the local practices to comply with USMS policy requiring a Requisition for Supplies with the required advance approval for all fleet purchases other than fuel or emergency maintenance. In addition, the Chief Deputy initiated a new procedure at the end of August 2010 curtailing all expenditures for car washes. As a result of these actions, we found only one instance of a car wash purchase after October 1, 2010, in February 2011.

In October 2012, USMS officials told us that implementation of the new Unified Financial Management System will correct the problems we found regarding the lack of approvals and certification of availability of funds. The USMS began using the system in October 2012.

Receiving Documents

USMS Policy Directive 5.2, *Payments of Obligations*, provides the standards that must be met before payments may be made against obligations. The policy requires that prior to making a payment, goods and services must be received, accepted, and documented as such.⁷ As shown in Exhibit 2, we reviewed a sample of 638 purchase transactions at various USMS Headquarters and district offices and found that 200 purchase transactions (31 percent), valued at more than \$1 million, were paid for without first obtaining a receiving report to confirm that the items had been received. If receiving documents are not maintained, the USMS has little assurance that all the items purchased were received and that the contractor billings are accurate and complete.

⁷ For purchases made with a credit card, the credit card is used to make the payment to the merchant, often before the goods or services are received. However, the USMS Purchase Card Manual requires that before the monthly credit card bill is paid, the USMS should ensure that the goods or services on the credit card bill were received, accepted, and documented.

EXHIBIT 2: Receiving Documents

USMS Office Reviewed	Payment Method	Transactions Reviewed		Transactions Questioned	
		Number	Dollar Value	Not Supported by Receiving Documents	Dollar Value
Training Division	Purchase Card	129	\$864,520	101 (78%)	\$643,414 (74%)
	Fleet Card	12	\$717	0	\$0
Investigative Operations Division	Purchase Card	47	\$311,827	42 (89%)	\$301,893 (97%)
Prisoner Operations Division	Purchase Card	18	\$901	0	\$0
Witness Security Division	Purchase Card	14	\$40,685	3 (21%)	\$1,579 (4%)
Office of Public Affairs	Purchase Card	9	\$10,501	0	\$0
Middle District of Florida	Purchase Card	46	\$69,028	16 (35%)	\$42,704 (62%)
	Fleet Card	56	\$3,080	8 (14%)	\$438 (14%)
Northern District of Georgia	Purchase Card	44	\$87,253	1 (2%)	\$11,214 (13%)
	Fleet Card	263	\$30,701	29 (11%)	\$1,632 (5%)
Totals		638	\$1,419,213	200 (31%)	\$1,002,874 (71%)

Source: OIG testing of USMS transaction files

Training Division

Of the 129 Training Division purchase card transactions we sampled for firearms, lodging, and various supplies and services, the support for 101 purchases (78 percent) did not include receiving documents. Specifically, we found that the procurement files for 38 firearms purchases valued at \$536,910 did not include receiving documents to verify receipt of the firearms prior to payment. A Training Division official told us that orders are placed with a vendor and that when the vendor notifies the Training Division the order is ready to ship, payment is made using the purchase card. Most of the firearms are shipped directly to the requesting district or other USMS office instead of being shipped to the Training Division. Contrary to USMS policy, the Training Division Contracting Officer does not require the receiving office to send him the receiving reports so he can verify receipt of the firearms before paying the monthly credit card bill. The Training Division official told us he relies on the district office to complain if the order is incomplete or does not arrive. However, we noted that some purchases were delivered more than 1 year after the original request from the district with no evidence of any correspondence with the district office during that

time. Under such circumstances, we believe the risk is high that the district could lose track of scheduled shipments and may not know when to complain about undelivered firearms.

Training Division officials told us in February 2012 that the Contracting Officer is now required to provide delivery schedules to the requesting district and to require the districts to report receipt of firearms prior to vendor payment. According to the acting Deputy Assistant Director, payment is not made until confirmation of receipt is verified.

We also found that 38 Training Division purchases, totaling \$41,800, for long-term lodging arrangements for visiting class advisors were not supported by evidence of receipt of the lodging. Payment for each of these transactions was made based solely on an invoice from the lodging establishment. The Training Division Contracting Officer did not require the traveler to provide any voucher or other verification that the charges were for valid incurred expenses before paying the invoice. We believe such support is essential to ensure that payment is made only for lodging received.

For 25 other Training Division purchases, totaling \$64,704 for various supplies and services, the cardholder did not maintain a receiving report to support payments made with the government purchase card. When we discussed this issue with the Training Division contracting officer, he agreed that receiving reports should be a part of the file but offered no explanation for why the receiving reports were not in the files.

Investigative Operations Division

Of the 47 Investigative Operations Division purchases we sampled for various supplies and services, the support for 42 purchases did not include receiving documents. One cardholder made 18 purchases, totaling \$282,186, without maintaining any receiving documents. The 18 purchases included 2 purchases for wireless communication devices totaling \$192,000, and 2 purchases for computer equipment totaling \$56,925. Another purchase cardholder made 24 purchases, totaling \$19,707, without maintaining receiving documents. The 24 purchases included the previously-discussed 12 purchases for instrument supplies, uniforms, and music to support the Pipes and Drums unit, and 1 purchase for pizza for division staff during an after-hours meeting.

Witness Security Division

We found three Witness Security Division purchases for supplies and meals for a training class, totaling \$1,579, that were not supported by receiving documents. The Contracting Officer did not know why the receiving documents were not in the file.

Middle District of Florida

We identified 16 Middle District of Florida purchase card purchases, totaling \$42,704, for various supplies and services that were not supported by a receiving document. The 16 purchases included 4 purchases of vehicle light assemblies totaling \$7,867, and 1 purchase of gym equipment totaling \$10,396. In addition, we found eight fleet card purchases totaling \$438 that were not supported by a receipt, or a verification form for the lost receipt, as required. District officials did not provide a reason for the missing receiving documents, but stated that they are now ensuring that receipts are maintained.

Northern District of Georgia

We identified one Northern District of Georgia purchase card purchase that was not fully supported by receiving documents. The purchase was for various items of USMS apparel delivered in multiple shipments. The file was missing the receiving document for 3 of 368 individual apparel items purchased. The Contracting Officer told us she was unable to locate the receiving document for the last three items. In addition, we found 29 fleet card transactions that were not supported by a receipt, or a verification form for the lost receipt, as required.

Justifications for Non-competitive Awards

The Federal Acquisition Regulation, Part 6, requires that Contracting Officers provide for full and open competition. The FAR provides seven specific exceptions to the requirement for full and open competition and requires documentation justifying the use of any of these exceptions. USMS Policy Directive 6.2, *Acquisition Processing*, also requires the use of full and open competition unless a sole-source justification has been approved. FAR Part 8 and USMS Policy Directive 6.2 provide that Contracting Officers should also attempt to distribute orders among contractors.

The USMS's Training Division often made purchase transactions without full and open competition and without justification for the use of

procedures other than full and open competition. For the 129 purchase card transactions that we reviewed, 50 were for supplies and services, 38 were for lodging expenses, and 41 were for firearms. As shown in Exhibit 3, we found that 91 of the 129 purchase transactions (71 percent), valued at more than \$828,000, were made without full and open competition and without justification for the use of other procedures.

EXHIBIT 3: Justification for Non-competitive Awards

USMS Office Reviewed	Products Purchased	Transactions Reviewed		Transactions Questioned	
		Number	Dollar Value	No Justification for Non-competitive Award	Dollar Value
Training Division	Supplies	50	\$123,072	12 (24%)	\$87,313 (71%)
	Lodging	38	\$41,800	38 (100%)	\$41,800 (100%)
	Firearms	41	\$699,648	41 (100%)	\$699,648 (100%)
Totals		129	\$864,520	91 (71%)	\$828,761 (96%)

Source: OIG testing of USMS transaction files

Supply Purchases

During the period of October 1, 2009, through March 31, 2011, the Training Division made 548 purchase card transactions totaling \$2,578,850 for supplies. We judgmentally selected for testing 50 of these transactions valued at \$123,072. We found that the files for 12 of the 50 supply purchases did not indicate any competition in the selection of the vendor, and the files did not include a justification for sole source selection. Training Division officials did not offer any explanation for the missing documentation.

Long-term Lodging Purchases

During the period of October 1, 2009, through March 31, 2011, the Training Division made 117 purchase card transactions totaling \$176,188 for long-term lodging arrangements for visiting class advisors.⁸ We judgmentally selected for testing 101 of these transactions valued at \$150,503 based on the merchant code for lodging and a vendor name that indicated resort properties. We reviewed the first 38 of these 101

⁸ Visiting class advisors reside in long-term lodging while participating in training classes, which vary in length. The advisors generally used the lodging from 2 weeks to several months at a time.

transactions and determined that all 38 transactions were made to the same vendor for the same purpose. We discussed these transactions with the Contracting Officer who told us that all 101 transactions were made to the same vendor for the same purpose using the same procedures. Therefore, we limited our review to the 38 transactions reviewed, which totaled \$41,800.

We found the Contracting Officer selected only one vendor for all of the long-term lodging purchases we reviewed. The Contracting Officer did not document any market research or provide a justification for other than full and open competition, nor did he document any indication of an attempt to distribute the orders among other available vendors at the time of purchase. The Contracting Officer told us that at some time in the past he checked prices of other local hotels by telephone inquiry and found the best price. However, he retained no documentation of those calls showing the vendors contacted and the prices quoted. After the original selection, he continued to use the single vendor for future needs. We believe these transactions should have been awarded based on competitive procedures.

In addition, we found that no purchase orders were used to procure these lodgings. Instead, the Contracting Officer processed a series of acquisitions under the micro-purchase threshold based on purchase requests and vendor billings. USMS policy prohibits splitting requirements into multiple purchases in order to use the purchase charge card or to circumvent the procurement regulations. Because of the repetitive need for these services, we believe the Contracting Officer should have consolidated these requirements and considered the establishment of a blanket purchase agreement.

Training Division officials told us in February 2012 that market research in the local area has identified an additional vendor capable of providing the long-term lodging needs at comparable pricing. The officials stated that the USMS had begun to share the long-term lodging between the two vendors and had documented the selection process. The officials also told us the Training Division now uses the appropriate government forms for agreements with the hotels. We did not verify these actions and believe that USMS management should ensure that these actions have been taken.

Firearms Purchases

During the period of October 1, 2009, through March 31, 2011, the Training Division made 163 purchase transactions for firearms totaling

\$1,534,809. We judgmentally selected for testing 41 of these transactions valued at \$699,648.

USMS Policy Directive 2.3, *Firearms*, requires that purchase requests for firearms include:

- purpose or justification for the purchase,
- certification that funds are available,
- identification of the paying office,
- identification of the specific brand and model of firearm sought,
- quantity of firearms sought,
- complete delivery address,
- point of contact, and
- a statement that the district or division has checked with the USMS armorer and that no suitable excess USMS firearms are available.

The policy prohibits processing a firearms purchase request until all of the required documentation is complete. Specifically, we found:

- None of the 41 firearms purchases, valued at \$699,648, that we reviewed were purchased using full and open competition and none were supported by a justification for sole-source selection. Instead of using full and open competition for the purchases, the Contracting Officer regularly used the vendor suggested by the requesting official without documenting any market analysis or determination of price reasonableness. The Contracting Officer for the Training Division told us that the purchases were made as orders against other agency contracts, but had no documentation to support that was the case. The purchase orders we reviewed did not identify the other contracts and did not reflect that the purchases were delivery orders against any other contracts.
- Thirty-seven of the 41 firearms purchases, valued at \$642,330, did not include a statement that the requestor had confirmed that no excess firearms were available to meet the need. Thirty-three of

these 37 firearms purchases, valued at \$445,275, were not supported by a justification of the need for the firearms.

In addition, USMS Policy Directive 6.2, *Acquisition Processing*, provides guidance for making acquisitions under another agency's established contract and states that such procurements are subject to the competition requirements of FAR Part 6 requiring the Contracting Officer to obtain competitive bids or to provide justification for non-competitive procurement, unless USMS requirements were included in the other agency's requirements as a part of the competitive process. The Contracting Officer did not provide any documentation to show any other agency contracts included the USMS's requirements as part of the competitive process.

Training Division officials told us that the USMS plans to conduct a review of firearms purchases in general, including purchases related to open contracts with other agencies.

Monthly Purchase Card and Fleet Card Statement Reconciliations

The Justice Management Division's Charge Card Management Plan requires that purchase cardholders maintain complete, accurate, and up-to-date records that support their purchase activity. Documentation may include a funded and approved purchase request, purchase checklist, packing slips, receiving documentation, monthly statements, and disputes. According to USMS policy, the cardholders are required to verify, reconcile, sign, and forward the monthly credit card Statement of Account, together with relevant documentation, to the cardholder's approving official within 5 days of receiving the statement. The cardholder's reconciliation certifies that goods or services were received and accepted prior to payment and identifies the funding codes to be used for payment.

We found that monthly purchase card statement reconciliations for 20 of the 88 Headquarters purchases we analyzed did not include documentation of any review by an approving official. The value of the 20 purchases totaled \$1,143. One cardholder told us the approving official reviewed the reconciliations but did not sign the statement. We also found that one cardholder was detailed to another agency and was unaware of the identity of his approving official. That cardholder was also unaware of the requirement to submit reconciliations of his monthly credit card statements for review and approval. The USMS Purchase Card Coordinator told us that identifying approving officials is a problem across the USMS and the Procurement Office is trying to find a solution to correct this problem. The coordinator said she had no tool for identifying approving officials or the cardholders for whom approving officials are responsible. The coordinator

told us that the Procurement Office worked with district administrative officers to identify existing approving officials, and as of September 10, 2012, had identified the approving officials for all USMS district offices.

During the period October 1, 2009, through March 31, 2011, the Middle District of Florida made 1,133 fleet card purchases totaling \$54,889. We selected 56 of these transactions valued at \$3,080 for testing. We also reviewed the district's process for reconciling the monthly fleet card statement to the fleet card receipts and found it to be inadequate. The district official responsible for reconciling the statements transmitted the individual statements to the person responsible for each vehicle and requested receipts to verify the purchases shown on the statements. We believe the process should require that the person assigned to each vehicle submit receipts for verification of the statement without prior notice of the transactions. Prior notice of transactions increases the risk that cardholders could create receipts to support transactions.

Unauthorized Firearms Purchase

USMS Policy Directive 2.3, *Firearms*, strictly prohibits the use of fully-automatic firearms by the districts and divisions. An exception to this policy is provided for the Special Operations Group, but only during specially authorized missions. Firearms capable of burst-fire may be authorized at the district level by the U.S. Marshal or Chief Deputy and for Headquarters components by the Associate Director or Assistant Director.⁹

We found one purchase order that, subsequent to the approval of the original requisition, had been modified to convert a request for two semi-automatic firearms with the capability for burst-fire into a request for firearms capable of fully-automatic fire. There was no documentation of subsequent approval for the modified purchase order. In this instance, the original requestor was the Chief Inspector for a regional office of the Witness Security Division. The original request for two firearms capable of 2-round burst-fire was approved by the division's Assistant Director. After the requisition was submitted to the Training Division, the Chief Inspector sent an e-mail to the Training Division Contracting Officer requesting a change from the firearms requested to firearms capable of fully-automatic fire. The

⁹ Burst-fire capability is an intermediate firing mode between semi-automatic and fully automatic. Semi-automatic mode allows the firearm to shoot a single round each time the trigger is pulled until all the rounds loaded in the firearm have been fired. Fully-automatic mode allows the firearm to continue to shoot all the rounds loaded in the firearm with a single pull of the trigger until the trigger is released. Burst-fire mode allows the firearm to shoot a pre-determined number of rounds (usually two or three) with each pull of the trigger.

Contracting Officer made the change and ordered the fully-automatic firearms from the vendor. The vendor's government sales representative identified the discrepancy and requested confirmation that the order was for the correct firearm type, noting the USMS policy against fully-automatic firearms. The procurement file contained no subsequent approval for the change from either the original approving official or the Deputy Assistant Director of the Training Division. The Contracting Officer noted in an e-mail to the vendor that he confirmed the desired firearm type with the requestor and verified the order. The purchase of firearms, especially firearms that are specifically prohibited, without obtaining the required approvals, is a serious internal control failure.

After discussing this issue with Training Division officials, in June 2012 the officials told us that the two unauthorized firearms had been located and secured. In October 2012, Training Division officials stated that actions had been taken to convert the firearms to an appropriate trigger group that did not allow fully-automatic fire. The Training Division officials also stated that they had implemented a new internal process where both the armorer and Deputy Assistant Director will review all firearms purchase requests. The officials also told us that the purchasing officer will be instructed to not make any changes to a purchase after it has gone through the approval process and that any changes to an approved purchase must go through an internal review prior to being made. We believe that senior USMS management officials should ensure that these actions have been completed.

Conference Lodging

As shown in Exhibit 4, we identified: (1) seven training conferences for USMS employees scheduled from June 2010 through July 2011, of which five were cancelled and two were held with fewer USMS employees attending than estimated; and (2) one training conference that was rescheduled for a later date. For four of the five cancelled conferences, the USMS Training Division paid \$79,570 in hotel cancellation fees. For the other cancelled conference, the hotel waived the cancellation fee. For the two conferences with fewer attendees than estimated, the Training Division paid \$10,119 in attrition fees because fewer hotel rooms were ultimately booked than agreed to.

EXHIBIT 4: Conference Cancellation and Attrition Fees

Conference Scheduled	Conference Cancelled	Cancellation Fee	Attrition Fee
06/06/10 - 06/11/10			\$1,495
06/28/10 - 07/01/10			\$8,624
10/03/10 - 10/08/10	09/09/10	\$29,770*	
10/17/10 - 10/22/10	09/09/10	Waived	
10/31/10 - 11/05/10	Rescheduled	None. Conference was rescheduled for 11/14/10 - 11/19/10	
05/15/11 - 05/21/11	04/05/11	\$16,600	
06/12/11 - 06/18/11	04/05/11	\$16,600	
07/24/11 - 07/29/11	04/05/11	\$16,600	
Totals		\$79,570	\$10,119

* Of the \$29,770, the USMS recouped \$29,324 in the form of hotel credits.

Source: USMS Training Division records

For the October 3, 2010, conference that incurred a \$29,770 cancellation fee, the hotel allowed the USMS to recoup \$29,324 through credits for subsequent training conferences held in March 2011. The remaining \$446 was not recouped. For the \$49,800 in cancellation fees incurred for the May through July 2011 conferences, the hotel would not allow the USMS to recoup the fees against future conferences. Therefore, the USMS paid \$50,246 in cancellation fees that were not recouped. The USMS was also not allowed to recoup the \$10,119 in attrition fees incurred for the two conferences in June 2010.

We further determined that a purchase request was not prepared for any of the conferences. The Contracting Officer told us that he did not prepare purchase requests for the hotel costs for conferences because the individual attendees were to pay the hotel costs using their travel charge cards and those travel costs were to be approved through the travel authorization process. Although the Contracting Officer told us that the conference agreements were made using the hotels' standard group sales agreements, he could not provide copies of the hotel agreements signed for the conferences scheduled in October and November 2010. However, according to the USMS's Office of General Counsel, the hotel agreements should not have been used in place of a written USMS contract, such as an Order for Supplies or Services (OF 347) including the appropriate contract clauses as required by the FAR.

We also found that the Contracting Officer paid the \$29,770 cancellation fee before an approved purchase request, with an approved

certification of availability of funds, was prepared. The \$29,770 cancellation fee was paid on September 16, 2010, but the creation and approval of the purchase request, as well as the certification of availability of funds, was not made until September 17, 2010. The Contracting Officer also paid the \$1,495 attrition fee before an approved purchase request, with an approved certification of availability of funds, was prepared. The \$1,495 attrition fee was paid on June 7, 2010, but the purchase request was not created until June 25, 2010, and was not approved until July 8, 2010. The fund certification was also not made until July 8, 2010. The Contracting Officer did not prepare an appropriate purchase request with the required approval and certification of fund availability for the \$8,624 attrition fee. The fee was paid on July 9, 2010. The Contracting Officer made handwritten changes to a May 10, 2010, purchase request for audio visual equipment for the conference. However, the Contracting Officer did not record the date the changes were made and did not have the changes approved and did not obtain a new certification of fund availability. Paying cancellation and attrition fees before obtaining certifications that funds are available to pay those fees increases the risks that Anti-Deficiency Act violations might occur.

In January 2011, the Training Division hired a new administrative supervisor responsible for the procurement activities of the division. In March and April 2011, the new supervisor was heavily involved in an attempt to negotiate a waiver of cancellation fees for three conferences scheduled for May, June, and July 2011. The hotel originally requested cancellation fees of more than \$58,000 for these conferences, but the new supervisor negotiated the fee down to \$49,800.

The supervisor also noted that the hotel had reported the award of reward points to the Contracting Officer for event planning related to similar conferences. The USMS Office of General Counsel opined that the reward points did not belong to the Contracting Officer. We asked the Contracting Officer about the reward points and he denied any knowledge of having received any reward points for arranging the hotel space, stating that he was not eligible for the points since he was not the traveler. However, documentation from the hotel shows that 100,000 reward points were provided to the Contracting Officer for an earlier event. The USMS's Office of Inspection – Internal Affairs conducted an investigation and substantiated the allegation. However, on September 30, 2012, prior to adjudication of discipline, the Contracting Officer retired, resulting in closure of the investigation against the Contracting Officer.

Training Division officials told us that changes have been made regarding how training conferences will be handled in the future. The administrative supervisor told us that she has implemented a policy that no

conference agreements will be issued until receipt of proper allocation, appropriations, and chain of command concurrence. She stated that in the past, these agreements were entered into prematurely and often used vendor paperwork instead of appropriate government purchase orders. She further stated that the Training Division's goal is to negotiate these conferences within a reasonable timeframe to avoid or minimize the risk of cancellations and attrition charges. In addition, she told us the Training Division now uses the appropriate government forms and appropriate contract clauses for agreements with the hotels.

Fleet Vehicle Purchases

As of September 30, 2011, the Training Division had a fleet of 45 vehicles, including one GSA-leased vehicle. We found that 30 of the vehicles were assigned to Deputy United States Marshals at the Training Division, 6 were vans used for transport on and around the Federal Law Enforcement Training Center, 5 were maintained for use by visiting advisors, and 4 were unassigned. Many of the Training Division's vehicles were recently purchased 2011 model vehicles.

During our review, the USMS conducted an assessment of vehicle usage and the Director of the USMS ordered more than 100 Headquarters employees to return government-owned vehicles they were using to commute to work. The purpose of fleet vehicles is to provide investigators or supervisors a vehicle that they can use at any time to conduct investigative or protective missions. The use of such vehicles should be rare at the agency Headquarters because most of the Headquarters employees are managers and office workers rather than case investigators or supervisors of case investigators.

The staff members at the Training Division are in non-investigative positions similar to those at the Headquarters offices. We asked the Deputy Assistant Director if the vehicles assigned to the Training Division were essentially commuter vehicles for the staff and should be turned in considering the ongoing assessment of vehicle usage. The Deputy Assistant Director told us that the Training Division had not been included in the assessment. However, subsequent to our review and as a part of the USMS review and assessment of government vehicle assignment and utilization, the Training Division conducted a study and proposed to the Management Support Division a 35-percent reduction in the vehicle fleet, leaving 29 available vehicles on hand with only four assigned to Deputy United States Marshals. The proposal justified the vehicles as essential for Training Division support of the Florida Regional Fugitive Task Force, Southeast

Regional Fugitive Task Force, Technical Operations, and local district office operations. The proposal noted that the Training Division remains available for 24-hour operational response in support of these USMS operations. The proposal also indicated the Training Division provides a source of immediate response to federal detention and escape matters involving the Federal Correctional Institution in Jesup, Georgia. The Training Division study concluded that the assigned vehicles are necessary for compliance with USMS policy that requires all USMS Deputies are properly equipped and available for duty.

The Training Division's proposal established three categories for fleet vehicles: Training, Motor Pool, and Leadership. The proposed vehicle allocation included 11 vehicles in the training category and 18 vehicles in the motor pool. No vehicles were allocated to the leadership category. A Training Division official told us that vehicles needed for leadership support would be met on an as-needed basis from vehicles assigned to the motor pool. Such leadership support includes Duty Officer Response on a rotational basis for the Training Division Duty Officer, Class Supervisors, Advanced Class Supervisors, and a duty Branch Chief, as needed to support of training activities. Vehicles deemed as "Training Vehicles" would support Training Division training exercises, surveillance, other operational scenario exercises, and classes taught at the academy. "Motor pool" vehicles would support external training requests, other law enforcement agency initiatives, employee training travel, and other activities as needed. The proposal indicated these vehicles would be assigned out from the motor pool, in support of each particular assignment and returned as required.

We believe the Training Division's proposal is sound in its approach to eliminate unneeded vehicles and limit vehicles on-hand to those necessary to meet mission requirements. After submitting the proposal to the Management Support Division, the Training Division began implementing the proposal in late 2011. According to Training Division officials, as of August 28, 2012, the Training Division had completed its implementation of the proposal, except for disposal of the vehicles to be excessed.

In reviewing USMS procurement data in the Federal Procurement Data System and associated documentation, we determined that in 2010 the USMS also purchased four sport utility vehicles for \$70,150 each, another such vehicle for \$69,000, and another such vehicle for \$71,840. The General Services Administration (GSA) is responsible for purchasing vehicles for federal agencies, unless the federal agency is given statutory authority or a waiver to make vehicle purchases. We interviewed the USMS Assistant Chief for Fleet Management to determine the purpose and authority for

these purchases. The Assistant Chief told us that a waiver was obtained from the GSA to purchase five of the six vehicles, and he provided us a copy of the GSA waiver. The Assistant Chief told us he could not locate any evidence showing that a GSA waiver was obtained for the vehicle purchased for \$71,840. However, the Assistant Chief confirmed that the vehicle without a waiver was assigned to the Investigative Operations Division office in San Diego and was being used for mission-related work. The USMS's Chief of Procurement confirmed that no documentation of a GSA waiver for this vehicle could be found and that the contracting official who made the purchase is no longer employed by the USMS. Unless the required waivers are obtained to directly purchase vehicles, there is increased risk that the vehicles purchased may not be justified or may not be obtained at the best price.

Accountable Property

USMS Policy Directive 7.1, *Management of Personal Property*, requires accountable property be managed using a continuous record of accountability. The policy requires that property be recorded in the Property Management System at the time of its initial acquisition and that the inventory record is maintained until final authorized disposal is complete. The policy defines accountable property as non-expendable property with an expected useful life of 1 year or longer that has an original acquisition value of \$1,000 or more, or has been specifically designated as accountable property. In addition, regardless of original acquisition value, firearms and automated data processing equipment having data storage capability are accountable property. The policy requires classification and recording of the property within 10 business days of receipt.

We found accountable property items purchased on two purchase card transactions in the Middle District of Florida valued at \$9,914 that were not recorded on the property inventory records. In one transaction, the District purchased six Global Positioning System (GPS) units totaling \$1,275 in May 2010. In its March 2011 review, the USMS Office of Inspection, Office of Compliance Review also identified that these six GPS units and six other GPS units were not recorded in the property inventory system.¹⁰ In a second transaction, the District purchased wireless video equipment totaling \$8,639 in September 2010. During our review in the District, the items from these two purchase transactions had not been recorded on the property inventory records. District officials told us there was some confusion about whether the equipment was purchased for the District or for the Florida

¹⁰ In April 2012, the USMS's Office of Inspection, Office of Compliance Review became the Office of Inspection – Compliance Review.

Regional Task Force. Subsequent to our review at the District, a USMS official told us the GPS units were determined to belong to the District and the video equipment was determined to belong to the Task Force. Both the GPS units and the video equipment were then recorded in the Property Management System. Unless accountable property is recorded in the property records in a timely manner after purchase, there is an increased risk that the property could be lost or stolen without detection.

Strategic Sourcing

In 2005, the Office of Management and Budget implemented an effort toward strategic sourcing. Strategic sourcing is the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently. Agencies are responsible for the development and implementation of a strategic sourcing effort, which begins with an analysis of the spending and an identification of commodities for which strategic sourcing should be implemented.

We discussed strategic sourcing efforts with an official in the USMS Procurement Office. The official told us the strategic sourcing emphasis for purchase card activity has been to establish agreements with several vendors for office supplies that could be purchased more effectively and efficiently. She told us that the Procurement Office does not conduct a spend analysis or coordination or consolidation of requirements for central purchasing. She also told us the USMS has no established mechanism for sharing strategic sourcing information with the districts for coordinating best value decisions. In October 2012, USMS officials told us that other strategic sourcing vehicles are used, such as agreements for wireless equipment and services, General Services Administration leased vehicles, law enforcement equipment, copiers, and express mail services.

We found one purchase card transaction in the Middle District of Florida for a high-end brand of sunglasses that we considered excessive. The district purchased four pairs of range sunglasses that meet certain safety and impact standards for \$90 per pair. We found that other, less expensive sunglasses are available that also meet the same safety and impact standards as the range sunglasses. For example, we found that the Training Division purchased another brand of range sunglasses for \$56 per pair that met the same safety standards as the sunglasses purchased in the District. Because this purchase of sunglasses appeared to be expensive, we analyzed the universe of all USMS purchases during October 1, 2009, through March 31, 2011, and found that the USMS district and division

offices made 250 purchases totaling \$116,804 from the manufacturer used by the Middle District of Florida. That manufacturer sells sunglasses and sunglass accessories and, consequently, some of these purchases may have been for accessories and not sunglasses. Because we found that another brand of similar sunglasses could be purchased for 38 percent less than the brand purchased, significant savings may be available if the USMS were to use strategic sourcing and require purchasing more moderately priced sunglasses that meet the safety and impact standards. The Middle District of Florida purchasing official told us that market research at the time resulted in the purchase of the four sunglasses and that she did not have access to the research conducted by other offices. However, because this was a micro-purchase, the purchasing official did not maintain documentation of the market research conducted.

Factors Contributing to Procurement Weaknesses

We identified two major factors that contributed to the USMS's procurement weaknesses — insufficient training of USMS procurement officials and ineffective management and inspection of procurement activities. These causal factors are discussed in the following sections.

Insufficient Training

The USMS Acquisition Career Management Handbook states that effective October 1, 2007, contract personnel involved in procurements, specifically contract specialists, purchasing agents, and Contracting Officers making purchases above the micro-purchase threshold, must receive a minimum of 80 hours of Continuous Learning Points every 2 years. The first 2-year period for the requirement began October 1, 2007. However, any training completed after January 1, 2007, could be applied toward the 80 hours for the first 2-year cycle. The handbook also states that Contracting Officer delegations of procurement authority and Federal Acquisition Certification in Contracting will expire if the 80 hours are not earned every 2 years.¹¹ The USMS did not consistently meet the training requirement.

¹¹ The Federal Acquisition Certification in Contracting Program establishes the minimum education, training, and experience requirements for contracting professionals in civilian agencies. It was established by the Office of Federal Procurement Policy's Policy Letter 05-01; and Office of Management and Budget Memorandum, The Federal Acquisition Certification in Contracting Program, dated January 20, 2006. The intent of the program is to ensure that all contracting professionals throughout the government are properly trained and qualified to effectively conduct the acquisition business of the government.

Contracting Officer Training

Training Division. We reviewed the training records for the Contracting Officer at the Training Division and found that he had met the 80-hour training requirement for the FY 2008/FY 2009 training cycle. This training requirement was newly established in FY 2008 and training from the beginning of January 2007 was allowed to count for the FY 2008/FY 2009 training cycle. We found all but 10 hours of the Training Division Contracting Officer's training for the FY 2008/FY 2009 training cycle were completed prior to October 1, 2007. The Training Division Contracting Officer completed only 2 hours for the FY 2010/ FY 2011 training cycle, so he did not meet the 80-hour training requirement for that cycle. Consequently, the Contracting Officer had completed only 12 hours of training during the 4 years covering FY 2008 through FY 2011.

According to the administrative supervisor, the Contracting Officer's scheduled training in April 2011 was cancelled at the direction of the Deputy Assistant Director as a result of the Attorney General guidance to suspend or restrict non-essential training. She also told us the Procurement Office informed the district and division offices that no warrants or certifications would be suspended solely for failure to complete mandatory refresher training. We believe the Contracting Officer's lack of training contributed to the numerous procurement concerns we found at the Training Division.

Other Headquarters Divisions. Three of the six purchase cardholders at the other Headquarters division offices we reviewed were also Contracting Officers. We reviewed the training records for the three Contracting Officers and found that two had met the 80-hour training requirement for the FY 2008/FY 2009 training cycle. The third Contracting Officer did not have a contracting warrant during FYs 2008 and 2009, and therefore did not have to meet the training requirement for this period. However, only two of the three Contracting Officers met the 80-hour training requirement for the FY 2010/FY 2011 training cycle. The other Contracting Officer had only completed 2 hours of the 80-hour training requirement for the FY 2010/FY 2011 training cycle. The Contracting Officer did not provide an explanation for not meeting the training requirements.

Middle District of Florida. We reviewed the training records for the two Contracting Officers in the Middle District of Florida and found that neither met the 80-hour training requirement for the FY 2008/FY 2009 training cycle. Both had completed only 24 hours of training. Despite not completing the required 80 hours of training, the delegated procurement authority for the two Contracting Officers was not revoked. We also found

that neither of the two Contracting Officers met the 80-hour training requirement for the FY 2010/FY 2011 training cycle. One had completed 40 hours of training while the other had completed 38 hours. A district official told us the training was not completed because of scheduling conflicts. We believe the Contracting Officers' lack of training contributed to the procurement concerns we found at the district.

Northern District of Georgia. We reviewed the training records for the three Contracting Officers in the Northern District of Georgia and found that only one of the three had met the 80-hour training requirement for the FY 2008/FY 2009 training cycle. The other two had completed 75 hours and 66 hours, respectively. Despite not completing the required 80 hours of training, the delegated procurement authority for the two Contracting Officers was not revoked. In addition, none of the three Contracting Officers met the 80-hour training requirement for the FY 2010/FY 2011 training cycle; however, one Contracting Officer had completed 79 hours. The other two Contracting Officers had completed 54 and 28 hours of training, respectively. The Contracting Officer that received only 28 hours of training subsequently cancelled her procurement warrant in anticipation of retirement.

Given that many of the Contracting Officers we reviewed did not meet the 2-year training requirements, we asked the USMS's Acquisition Career Manager whether he tracked the training completion of USMS Contracting Officers. The manager told us that he kept a file of training completion of Contracting Officers but he did not have a consolidated mechanism for easily identifying the training status of Contracting Officers. The file system requires a manual review of each Contractor Officer's file to determine the status of their training. The manager told us that he was new to the position and to identify Contracting Officers with training shortfalls he assigned a contract employee to prepare a list of Contracting Officers through inspection of the hard-copy files in the Procurement Office. In addition, the manager told us he used each Contracting Officer's date of contracting warrant as the beginning date of the 2-year training cycle. As a result, many of the USMS's Contracting Officers were being tracked using different 2-year training cycles. We explained to the manager that the USMS Acquisition Career Management Handbook established the beginning of the first 2-year training cycle as October 1, 2007, and we asked the manager why he did not use the same 2-year cycle for all Contracting Officers. The manager told us that the Procurement Office does not follow the Handbook and does not use the established training cycle date, but instead uses the warrant date for each individual Contracting Officer. The manager said that

he has been in the position since July 2011 and the use of the individual warrant dates was the practice when he arrived.

The Acquisition Manager also told us that the Procurement Office relies on each Contracting Officer to be aware of his or her own individual training needs. In addition, the manager stated that he did not consider his training status list to be completely reliable because the Contracting Officers do not always provide copies of their training certificates.

The manager provided us with his records for tracking training completion for USMS Contracting Officers. As shown in Exhibit 5, the records showed that less than 20 percent of the USMS's Contracting Officers had met their training requirements as of September 30, 2011, the end date for the 2010/1011 training cycle.

**EXHIBIT 5: USMS Contracting Officer Training
as of September 30, 2011**

	Training Requirements Met	Training Requirements Not Met	Totals
Number of Contracting Officers	58	237	295
Percentage of Contracting Officers	19.7%	80.3%	100%

Source: OIG Review of USMS Procurement Office Records of Training

We did not validate the training data provided by the USMS's Acquisition Career Manager, but the data was consistent with our results for the Contracting Officers in the USMS offices we reviewed. Overall, for the nine Contracting Officers that we tested, only two (22.2 percent) had met the training requirements as of September 30, 2011.

For the 237 Contracting Officers whose training files did not show training requirements had been met, 147 had no documented training since FY 2009. These 147 Contracting Officers accounted for almost 50 percent of the USMS's 295 Contracting Officers, as shown in Exhibit 6.

**EXHIBIT 6: USMS Contracting Officer Training
Time Since Last Training
as of September 30, 2011**

Training Status	Number of Contracting Officers	Percentage of Contracting Officers	Cumulative Percentage of Contracting Officers
Last training in or before FY 2006	52	17.6%	17.6%
Last training in FY 2007	29	9.8%	27.5%
Last training in FY 2008	28	9.5%	36.9%
Last training in FY 2009	38	12.9%	49.8%
Totals	147		49.8%

Source: OIG Review of USMS Procurement Office Records of Training

Ninety other Contracting Officers were not documented as meeting training requirements. Of these, 52 had documentation for some training in the FY 2010 through FY 2011 training cycle but they had apparently not met the required 80 hours. For 38 Contracting Officers, the Procurement Office had no training records and consequently could not show that these Contracting Officers had met the training requirements.

We also asked the Acquisition Career Manager about the Acquisition Career Management Handbook requirement for termination of procurement authority and Federal Acquisition Certifications in Contracting when training requirements are not met. The Acquisition Career Manager told us that the USMS relies heavily on the on-line courses available through the Defense Acquisition University. The manager stated that during the period of July through November 2011 the university website was not available for training courses while the system was being repaired after experiencing a cyber-attack. The manager told us that he informed USMS Contracting Officers they did not need to complete the training while the university system was unavailable. Because of this restriction on access to training with the university, the manager decided not to revoke warrants for delinquent training. In March 2012, the manager sent an e-mail to all the USMS Contracting Officers informing them of the need to catch up on their training in a reasonable time once the university system was again available. We believe that the USMS Contracting Officers should have ensured they met the 2-year training requirement regardless of whether the university system was available.

After we discussed the training concerns with the Acquisition Career Manager, the Financial Services Division issued guidance in May, June, and July 2012 to USMS staff: (1) clarifying that the current 2-year training cycle for all procurement officials is October 1, 2011, through September 30,

2013; (2) requiring procurement officials to submit all training completion certificates to his office; and (3) indicating that procurement officials who do not complete the 80-hour training requirement within the training cycle will have their procurement certifications and warrants terminated. We believe this guidance, if followed, should help ensure that USMS procurement officials receive the required training. In addition, in October 2012, USMS officials told us that the USMS is working to ensure that all contract professionals are registered in the Federal Acquisition Institute Training Application System and that the contract professionals update the system periodically with their training information.¹²

Approving Official Training

The Justice Management Division Charge Card Management Plan requires that Approving Officials receive training prior to their appointment. This training should include the same training required of cardholders. Training certificates are to be maintained by the Approving Official and copies are to be submitted to the Agency Program Coordinator who oversees the Purchase Card Program for the USMS and establishes guidelines for program users.

The Procurement Office is responsible for reviewing and approving applications for Approving Officials and for maintaining a central file of all cardholder and Approving Official applications. We asked the Agency Program Coordinator if she could identify the status of training for Approving Officials in the USMS. The coordinator told us that identification of Approving Officials is a problem across the USMS and the Procurement Office is trying to find a solution. The coordinator stated that she had no way of knowing who the Approving Officials are, how many there are, or the cardholders assigned to each Approving Official for the purpose of approving purchases. The coordinator told us that the Procurement Office worked with district administrative officers to identify existing Approving Officials, and as of September 10, 2012, had identified the Approving Officials for all USMS district offices.

The USMS Purchase Card Manual requires that Approving Officials view the Approving Official Instructions and Ethics video and sign a training requirement certification. We asked the Chief Deputy in the Middle District of Florida and the Chief Deputy in the Northern District of Georgia what

¹² The Federal Acquisition Institute Training Application System is a system for federal civilian agency employees to electronically submit training applications and manage their career development. The system also monitors and manages workforce certification requirements.

training they had as Approving Officials. Neither was able to provide support showing that he had viewed the Approving Official Instructions and Ethics video or signed the training requirement certification. The Agency Program Coordinator told us that the Approving Official video had been lost and she is changing the requirements for training for Approving Officials. Approving Officials will no longer be required to view the video. Instead, the coordinator stated that she intends to require all Approving Officials to take the cardholder training (General Services Administration Smartpay). The coordinator also told us that the General Services Administration refresher training for all cardholders and approving officials should be completed every 3 years and will be included in the new guidance.

Ineffective Management and Inspection of Procurement Activities

We believe that the USMS's decentralized management of procurement and the ineffective inspections of procurement activities by the USMS's Office of Compliance Review also contributed to the procurement weaknesses we found.

Decentralized Management of Procurement

The USMS's procurement actions are made at various levels throughout the organization. Each of the USMS's 94 district offices has local Contracting Officers with delegated procurement authority of at least \$25,000, with some up to \$100,000. The USMS also has 12 division offices with separate procurement operations. Five of the 12 division offices have unlimited procurement authority and the remaining division offices have procurement authority of \$100,000 or more. The USMS Procurement Office in the Financial Services Division is responsible for the centralized procurement of national supplies and services including district office and division requirements that exceed the procurement authority in the districts and divisions. However, the USMS Procurement Office does not have central procurement authority over the Contracting Officers in the division and district offices.

The former Procurement Chief told us that the organization for acquisition officials in the USMS is not centralized under the Procurement Office, and therefore he had no supervisory role over the procurement officials in the division and district offices. USMS Policy Directive 6.1, *Procurement Authority and Oversight*, and the USMS Acquisition Career Management Handbook established the USMS Contracting Officer Warrant Program. According to this policy, the Procurement Chief is responsible for delegating Contracting Officer authority. The former Procurement Chief told

us his office assigned the warrant levels for all USMS Contracting Officers, including those in the district offices and the other Headquarters divisions. The former Procurement Chief said that while he signed certificates of warrant authority and sent out letters of certification, the Headquarters procurement office did not have direct supervisory authority over purchasing officials in the district and other division offices to help ensure the purchases were properly made.

According to the former Procurement Chief, procurement activities in the district offices operate independently from the Procurement Office for micro-purchases and most simplified acquisitions. However, he told us that purchases over the warrant authority of the Contracting Officer in the district and division offices are processed through the Procurement Office. He also told us that the Procurement Office reviewed all procurement actions of \$300,000 or more for the division Contracting Officers with the authority to award larger contracts. The former Procurement Chief also told us that procurement actions of \$500,000 or more were forwarded to the legal office for review.

A USMS acquisition official told us that the Contracting Officers in the district offices are generally administrative staff members performing the procurement function as a collateral duty and are supervised by the Chief Deputy in the district. We believe that the lack of a central authority for Contracting Officers contributed to the numerous concerns we identified in the district and division offices.

During our review, the Deputy Director established a Procurement Study Committee for the purpose of improving the USMS acquisition processes and procedures. The plans for establishing this committee were underway before we started the audit. The former Procurement Chief told us that the USMS contracted with a nonprofit research organization to perform a study on consolidating procurement activities. The purpose of the study was to improve USMS acquisition processes and procedures while maintaining compliance with applicable rules, regulations, and law. The study report identified multiple impediments to the USMS's procurement operations including:

- lack of a central acquisition authority,
- lack of uniform procurement procedures,
- insufficient collaboration among procurement and program staff,

- insufficient knowledge, skills, and abilities among procurement staff,
- lack of Federal Acquisition Certification in Contracting for staff members,
- unfilled vacancies in the Headquarters Procurement Office, and
- lack of tools to manage and assess workload or performance.

While our review did not address all of the areas covered by the draft report, the study findings are consistent with what we observed. The draft report also made multiple recommendations to remedy the procurement impediments, including:

- establishing a unified reporting structure for all USMS acquisition professionals under a single acquisition organization;
- establishing a single portal for strategic sourcing information across all divisions and districts that contains information pertaining to the available agency-level contracts, other government-wide acquisition vehicles, or other law enforcement agency acquisition vehicles;
- implementing a policy requiring the use of strategic source options for certain items or services;
- educating personnel (especially Contracting Officers) on the importance of legal counsel's role in the acquisition process;
- establishing a definitive database of active warrants, personnel, and completed training;
- examining the establishment of a mentor program to train and grow new staff members in the areas of acquisition, contracting, and program management;
- assigning all Headquarters Contracting Specialists to report to the Acquisition Executive, providing the Acquisition Executive with more options to provide consistent and accurate advice and guidance to divisions and districts;
- investigating the establishment of regional acquisition offices to serve the district's acquisition needs; and

- clearly defining all acquisition functions for Contracting Officers and other acquisition-related roles.

The USMS Procurement Chief stated that the study was lacking district office perspective and only provided suggestions for headquarters functions. In October 2012, the Procurement Chief told us that a contractor is performing a study to gather information from the district office perspective to help in developing a comprehensive approach to handling acquisitions throughout the USMS. That study is planned for completion in FY 2013. We believe the USMS should implement a comprehensive strategy for managing USMS acquisitions across the organization using information gathered from the procurement study completed in FY 2012, along with information gathered during the district office study continuing in FY 2013.

Reviews by the USMS's Office of Inspection - Compliance Review

As discussed previously, the procurement-related concerns we identified are partly attributable to the lack of required training by USMS personnel making the procurements and the lack of supervision of contracting personnel by procurement officials. We also believe that the concerns are partly attributable to lack of an effective inspection system by the USMS's Office of Inspection as discussed below.

Previous OIG Audit. In a 2004 OIG audit report on the USMS's Prisoner Medical Care, the OIG found that the internal review function within the USMS fell under the jurisdiction of the Management and Budget Division, Office of Program Review. Organizationally, the Office of Program Review consisted of an eastern office, located at USMS Headquarters; a central office, located in Houston, Texas; and a western office, located in Denver, Colorado. Historically, the Office of Program Review's primary area of responsibility had been the performance of detailed reviews of district operations. The reviews were comprehensive in scope and covered nearly all aspects of district activity, including: (1) prisoner transport, (2) asset forfeiture, (3) contract and Intergovernmental Agreement billings, (4) judicial security, and (5) general management and administration. The inspection reports, signed by the USMS Director, contained findings and recommendations, and required a formal resolution process, documenting that necessary corrective actions had been taken.

The OIG report noted that on April 19, 2000, the USMS Deputy Director issued a memorandum directing the Office of Program Review to suspend its reviews of USMS district operations. Prior to the suspension of district reviews, Office of Program Review staff conducted about 30 district

reviews annually, allowing for reviews of each of the 94 districts every 3 years. The action was defined as a short-term solution to critical staffing shortages in the field, which required that Office of Program Review staff be detailed to district offices in need of administrative support.

In the 3 years following the initial suspension of these district reviews, the Office of Program Review existed in an uncertain state. The staff was restricted to performing property management reviews, and did so only on a special request basis. Staffing levels at the eastern office had dropped from six to two analysts. The staff assigned to the western office in Denver, Colorado, had been reduced from six to four analysts, with staff detailed to the Witness Security Program. The central office in Houston, Texas, was closed.

Given the pervasiveness of the internal control weaknesses at the district level encountered throughout the 2004 audit, the audit report noted that it was difficult to justify the effective dismantling of the USMS's internal review function. The OIG recommended that the USMS management reconsider its decision to suspend detailed district reviews.

Current OIG Audit. Seven years after the 2004 OIG audit, we found that the program review function has not been effectively restarted. In FY 2005, the USMS created the Office of Inspection that included an Office of Internal Affairs and an Audit Office. The Audit Office resumed responsibility for the reviews formerly performed by the Office of Program Review. In FY 2007, the Audit Office was changed to the Office of Compliance Review. An Office of Inspection official told us that compliance reviews of the district offices have not been completed on a regular cycle since prior to 2003, and some districts have not been reviewed since 1999.

In 2007, the Office of Compliance Review modified the compliance review process to strengthen the USMS's internal controls. An official in the Office of Inspection told us that the Office of Compliance Review began using auxiliary team members in 2007. These USMS employees participate in compliance reviews as a collateral duty in addition to their normal assignments. During 2007, the Office of Compliance Review trained about 100 auxiliary staff to assist in compliance reviews.

The Office of Compliance Review issues inspection reports outlining its findings and requires district and division offices to take appropriate corrective actions. Each district and division is also required to annually complete a self-assessment guide and submit the completed self-assessment to the Office of Compliance Review.

The Office of Compliance Review performed 21 district compliance reviews, out of 94 District Offices, from FY 2009 through FY 2011. During FY 2009, the Office of Compliance Review conducted compliance reviews of only 14 of the 94 District Offices. Funding shortages since 2009 have hindered attempts to schedule reviews. In FY 2010, the Office of Compliance Review reviewed the self-assessments of the district offices but did not perform any compliance reviews of district offices. Instead, the Office of Compliance Review developed a plan for reviewing Headquarters division offices. During FY 2011, the Office of Compliance Review completed compliance reviews of only seven district offices and conducted a review of the Financial Services Division, including the Procurement Office. The 21 compliance reviews identified procurement deficiencies for the districts reviewed. Our analysis of these reviews found that some deficiencies identified appeared to be systemic, as demonstrated in Exhibit 7.

**EXHIBIT 7: USMS Office of Compliance Review
Most Common Deficiencies Identified in District Offices**

Deficiency Identified	Number of Districts
District did not maintain proper procurement files for each procurement	15
District did not ensure District Security Officer procurement files were properly prepared	15
District did not ensure compliance with the Prompt Payment Act	14
District did not properly record accountable property	13
District did not follow Certified Invoice Procedures	10
District did not accurately prepare purchase orders (Form OF-347)	10
District did not accurately prepare purchase requests (Form USM-157)	9
District had unauthorized commitments	9
Invoices were not supported by receiving reports	6
A list of certifying and disbursing officials was not provided to the Financial Services Division as required	6

Source: Office of Compliance Review compliance review reports

As previously noted, during FY 2010, the Office of Compliance Review did not conduct district reviews but issued a summary report on its review of the self-assessments submitted by the 94 district offices. The summary report showed that the districts reported a 92 percent compliance rating. However, based on our assessment of the reviews, a self-assigned compliance rating of 92 percent may be overly optimistic.

Also in FY 2011, the Office of Compliance Review conducted a review of the Financial Services Division, including the Procurement Office. We analyzed the resulting report and found that it identified deficiencies similar to those we found in the districts and other division offices, as shown in

Exhibit 8. The Office of Compliance Review found higher frequency of errors in the Financial Services Division than we found in the districts and other divisions for some deficiencies, and lower frequency of errors than we found for other deficiencies. In one instance, the frequency of errors found by the Office of Compliance Review in the Financial Services Division was about the same as we found in the districts and other divisions.

**EXHIBIT 8: USMS Office of Compliance Review
Deficiencies Identified in the Procurement Office**

Deficiency Identified	Files Reviewed	Files with Deficiencies
The Procurement Office did not maintain copies of Contracting Officer Technical Representative certificates and Contracting Officer warrants	100	9
Purchase request packages were missing documentation	20	8
Purchase files did not include close-out statements or receiving reports	51	51
Cardholder files did not include delegations of purchase authority	130	111
Cardholder files did not contain General Services Administration training certificates	130	63
Cardholder files did not contain Green purchase certificates	130	24
Approving official files did not contain application forms (USM-408)	130	130
The Procurement Office did not track continuing education of Contracting Officers	13	1
Purchase order forms (USM-347) did not include the original signature of Contracting Officers	17	1
Purchase request forms (USM-157) were prepared after purchases were made	30	3
Purchase request forms (USM-157) did not contain signatures	30	4

Source: Office of Compliance Review compliance review report

Although the Office of Compliance Review identified deficiencies, it did not have an effective system for following up to ensure the deficiencies were corrected. Unlike the former Office of Program Review, the Office of Compliance Review does not conduct any follow-up to ensure that district or division corrective action plans are implemented and that identified deficiencies were corrected. Instead, the Office of Compliance Review relies on the districts or divisions to implement the corrective actions identified in their corrective action plans. Confirmation of the corrective actions does not take place until the next full review of that office, which could be years later.

We also found that the Office of Compliance Review does not base its work plan on risk analyses or identification of top concerns by management.

Instead, the work plan provides a rotation of reviews among district offices based on the available staff and the elapsed time since the last review. The FY 2012 work plan for the Office of Compliance Review called for a review of seven district offices and one Headquarters division. During FY 2012, the Office of Compliance Review was granted resources for reviewing 3 additional districts, bringing the total review plan for FY 2012 to 1 Headquarters division office and 10 district offices. Based on this level of resources, it would take about 10 years or more to review all 12 division offices and 94 district offices. In October 2012, the Assistant Director for Inspection told us that the Office of Inspection has created and is implementing a plan that will result in a 4-year review cycle beginning in FY 2013. The Assistant Director told us that the Office of Inspection-Compliance Review has 18 reviews scheduled for FY 2013 and plans to increase its efforts beginning with FY 2014 to 27 reviews each year with follow-up, achieving the level necessary to meet a 4-year cycle. The Assistant Director said that this plan has been briefed to and approved by the Director, and that it has been included in the USMS Strategic Plan. The Assistant Director also said that the Auxiliary Compliance Review Team has been expanded to include more subject matter experts to help meet the 4-year cycle requirement intended by the USMS Director. However, the Assistant Director stated that full implementation of this plan is subject to the availability of funds.

Conclusion

The USMS has established policies and procedures for the proper award and administration of procurement actions. However, we found that the USMS has not ensured that district and division procurement officials comply with the Federal Acquisition Regulation, Department of Justice policies, or internal USMS policies. We found that procurement officials did not always maintain appropriate and necessary documentation in acquisition files to support purchases made in the district and division offices we reviewed. The non-compliance problems we found result from insufficient controls to ensure: (1) adequate training of contracting personnel making purchases, and (2) effective management and inspection of USMS procurement activities. Consequently, the USMS did not fully ensure that procurement requirements were economically met and vendor billings were accurate.

Recommendations

We recommend that the USMS:

1. Re-emphasize to all USMS procurement staff the policies and procedures that must be followed in the areas of:
 - advance approval of purchases,
 - certification of availability of funds,
 - maintenance of receiving documents,
 - justification for non-competitive awards,
 - reconciliation of monthly purchase card and fleet card statements,
 - recording accountable property purchased in the property records, and
 - strategic sourcing.
2. Strengthen the oversight of procurement training by:
 - developing a tracking system to monitor the training completion of all procurement staff including Contracting Officers, purchase and fleet cardholders, and approving officials; and
 - establishing procedures to ensure that procurement staff complete all required training, and to ensure all procurement related training is reported for inclusion in the training tracking system.
3. Strengthen the inspection system over procurement activities by the Office of Inspection - Compliance Review by:
 - ensuring a shorter and consistent cycle for reviewing procurement operations in the district and division offices;
 - ensuring the work plan for performing compliance reviews considers the risks of non-compliance, as well as top management concerns, to focus review resources; and

- establishing a process in the Office of Inspection - Compliance Review for following up on deficiencies identified during its reviews to ensure that corrective actions are implemented to resolve the deficiencies.
4. Strengthen the process for approving and certifying procurement requests by:
 - instructing approving and certifying officials that the use of rubber stamps for signatures for documenting approvals and certifications is not appropriate; and
 - clarifying the appropriate use of any blanket approvals for investigators in remote locations, working on weekends and holidays with immediate needs.
 5. Clarify the requirement for specific identification of the items to be purchased and the impropriety of establishing pre-paid accounts with vendors for ease of future purchases.
 6. Establish policy on the proper methods and procedures for contracting with hotels for conferences and training facilities to include the use of the proper forms, adequate procurement planning to minimize cancellation and attrition fees, and the use of required Federal Acquisition Regulation clauses regarding terminations and contingencies.
 7. Ensure that the requirements for long-term lodging for visiting class advisors are consolidated where practical and that the requirements are competed among qualified vendors.
 8. Strengthen the process for purchasing firearms by:
 - establishing a policy for communicating delivery schedules for firearms purchases with the districts that ordered the firearms and a requirement for the districts to provide evidence of receipt of the firearms to the procurement official;
 - ensuring that the new firearms purchase approval procedures planned by the Training Division are formalized in a written policy; and
 - re-emphasizing to appropriate USMS procurement officials the USMS policy requirements for justifying the purchase of new firearms,

proper review of available excess firearms within the USMS prior to purchases of new firearms, proper approvals for the purchase of firearms, and adequate competition in the procurement of firearms.

9. Ensure that the two fully-automatic firearms purchased in violation of USMS policy have been converted to an appropriate trigger group that does not allow fully-automatic fire.
10. Strengthen the process for ensuring that USMS vehicles are needed and used to meet mission requirements by:
 - monitoring the Training Division implementation of fleet reduction activities to ensure that vehicles that are not needed to meet mission requirements are disposed of; and
 - establishing procedures to ensure that vehicle purchases made directly by the USMS instead of through the General Services Administration are supported by waivers from the General Services Administration.
11. Develop a strategic sourcing information exchange identifying agency excess supplies, best value sources, agency blanket purchase agreements, and other government-wide strategic sourcing options available for use by procurement officials.
12. Implement a comprehensive strategy for managing USMS acquisitions across the organization using information gathered from the procurement study completed in FY 2012, along with information gathered during the district office study continuing in FY 2013.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

As required by the *Government Auditing Standards*, we tested the USMS's processes, controls, and records to obtain reasonable assurance that the USMS complied with laws and regulations that, if not complied with, could have a material effect on the USMS's ability to properly purchase goods and services. Compliance with laws and regulations applicable to the USMS's procurement activities is the responsibility of USMS management. An audit includes examining, on a test basis, evidence about compliance with laws and regulations. The specific laws and regulations we reviewed included the Federal Acquisition Regulation and Justice Acquisition Regulation.

Except for instances of non-compliance identified in the Findings and Recommendations section of this report, the USMS complied with the laws and regulations cited above. With respect to those activities not tested, nothing came to our attention that caused us to believe that the USMS was not in compliance with the laws and regulations cited above.

APPENDIX I

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine whether: (1) the USMS complies with the Federal Acquisition Regulation (FAR), Department of Justice (DOJ) policies, and internal United States Marshals Service (USMS) policies in its award and administration of procurement actions; (2) USMS internal controls ensure adequate oversight of procurement actions; and (3) the USMS ensures procurement requirements are met and contractor billings are accurate and complete. 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. Our audit concentrated on, but was not limited to, the period October 1, 2009, through October 12, 2012.

We performed audit work at USMS Headquarters and the following USMS Headquarters Division and District offices.

- Financial Services Division, Procurement Office
- Training Division
- Prisoner Operations Division
- Witness Security Division
- Investigative Operations Division
- Office of Inspection
- Office of Public Affairs
- Middle District of Florida
- Northern District of Georgia

To answer the audit objectives, we reviewed the FAR, DOJ policies, and USMS guidance on contracting, simplified acquisitions, micro-level purchases and the use of Government Purchase Cards. We also identified

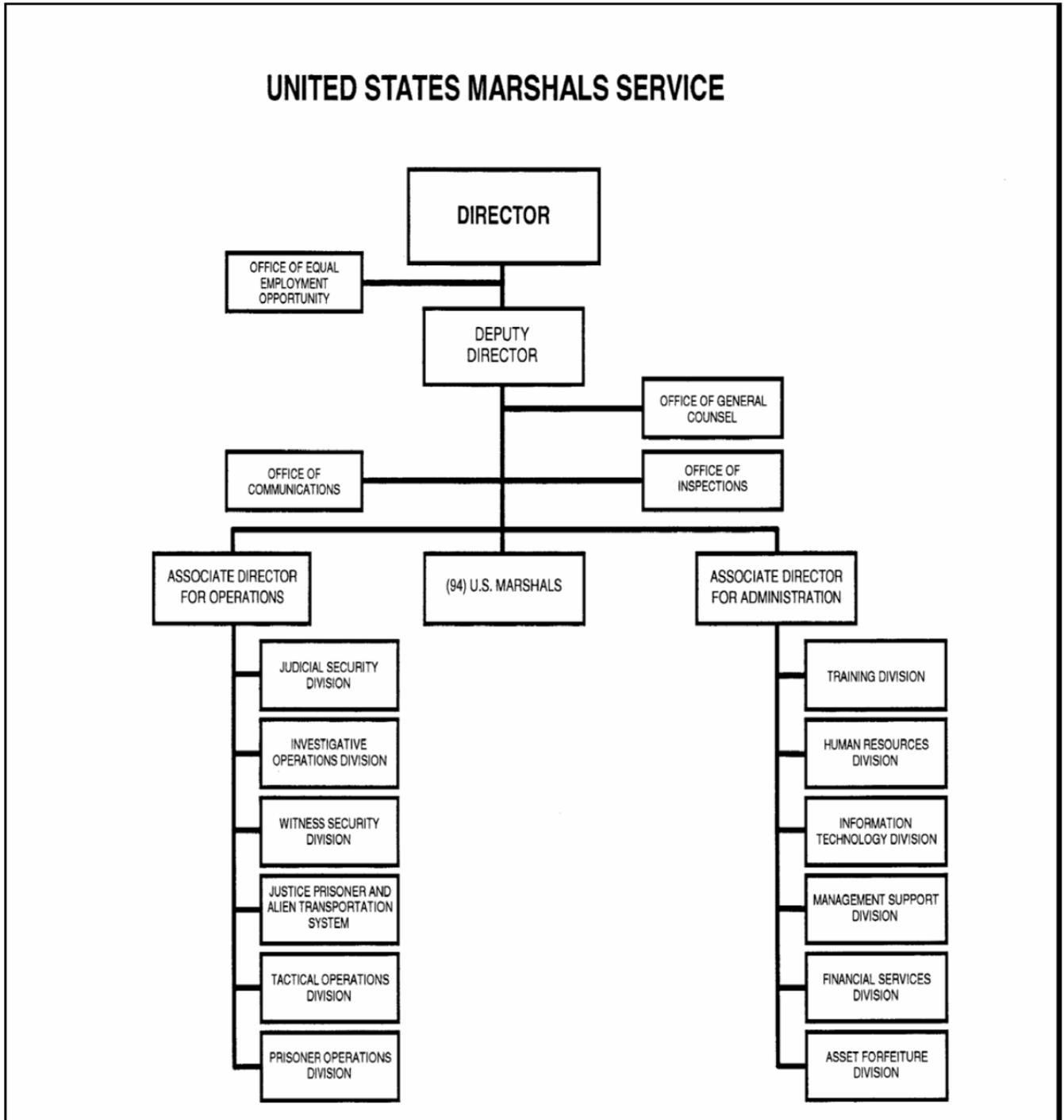
controls the USMS had in place to ensure the procurement policies were followed. In addition, we:

- Interviewed USMS procurement officials about procedures for contracting, simplified acquisitions, micro-level purchases, and the use of Government Purchase Cards and Fleet Cards.
- Obtained the universe of procurement actions during the period October 1, 2009, through March 31, 2011, including those made with purchase cards and fleet cards.
- Selected a judgmental sample of procurement actions at two district offices and five division offices for testing to determine if the procurement policies were followed. The samples were selected to obtain a variety of transactions to include purchase card transactions, fleet card transactions, high-dollar transactions, low-dollar transactions, and potentially at-risk transactions. Because the sample was selected judgmentally, the results of the sample testing cannot be projected to the total universe of purchase transactions.
- Interviewed USMS Office of Inspection - Compliance Review staff about procedures for inspecting the procurement activity in division and district offices, the types of inspections, and how often inspections are conducted.
- Reviewed 21 inspection reports issued in FY 2009 and FY 2011 to identify procurement-related deficiencies and identify trends among the deficiencies identified.
- Interviewed procurement officials at the Middle District of Florida and the Northern District of Georgia to determine purchasing and documentation procedures, and reviewed a sample of purchase card and fleet card transactions at the two district offices.
- Interviewed procurement officials at the Training Division in Glynco, Georgia to determine purchasing and documentation procedures, and reviewed a sample of purchase card and fleet card transactions at the division.
- Interviewed procurement officials at other Headquarters division offices to determine purchasing and documentation procedures, and

reviewed a sample of purchase card transactions at the division offices.

During the preliminary stage of this audit, we obtained information regarding the major contract actions exceeding \$150,000. However, we did not select any of these actions for testing during the audit.

USMS ORGANIZATION CHART



APPENDIX IV

USMS RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

United States Marshals Service

Office of the Associate Director for Operations

Alexandria, Virginia 22301-1025

November 30, 2012

MEMORANDUM TO: Raymond Beudet
Assistant Inspector General for Audit

FROM: ~~Steven Mertens~~ 
Associate Director for Administration

SUBJECT: Response to Draft Audit Report: Audit of the United States
Marshals Service's Procurement Activities

This memorandum is in response to correspondence from the Office of the Inspector General requesting comment on the recommendations associated with the subject draft audit report. Please find attached our response and comments.

Thank you for the opportunity to comment. Should you have any questions or concerns regarding this response, please contact Isabel Howell, Audit Liaison, at 202-307-9744.

Attachments

cc: Louise Duhamel
Acting Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

Isabel Howell
External Audit Liaison
United States Marshals Service

USMS Response to OIG Draft Report
Audit of the United States Marshals Service's Procurement Activities

Recommendation 1: Re-emphasize to all USMS procurement staff the policies and procedures that must be followed in the areas of:

- **advance approval of purchases,**
- **certification of availability of funds,**
- **maintenance of receiving documents,**
- **justification for non-competitive awards,**
- **reconciliation of monthly purchase card and fleet card statements,**
- **recording accountable property purchased in the property records, and**
- **strategic sourcing.**

Response (Concur): The Financial Services Division (FSD) is working to revise all Policy Directives associated with procurement rules and guidelines for the USMS. In October 2012, the Office of Procurement (OOP) issued new Policy Directive 6.8, *GSA SmartPay2 Commercial Credit Card Program*, which states, "... failure to use the purchase card in accordance with the policies contained herein or to reconcile purchase card charges will result in cancellation of the card" (Attachment A). Moreover, training programs are being developed for implementation during FY 2013 to emphasize these important issues and highlight other areas of concentration to the procurement community to include small business procurements, procedures for appropriate technical evaluations, etc. The integration of the Unified Financial Management System (UFMS) will also go a long way to ensure that appropriate procurement procedures are being followed.

Recommendation 2: Strengthen the oversight of procurement training by:

- **developing a tracking system to monitor the training completion of all procurement staff including Contracting Officers, purchase and fleet cardholders, and approving officials; and**
- **establishing procedures to ensure that procurement staff complete all required training, and to ensure all procurement related training is reported for inclusion in the training tracking system.**

Response (Concur): We agree that a strengthened training program is needed to ensure that all USMS procurement officials are versed on the necessary requirements and procedures as defined by USMS Policy Directives, Justice Acquisition Regulations (JAR), and Federal Acquisition Regulations (FAR).

OOP has updated its previous monitoring system to track all procurement officials within the USMS and their associated training. The system has been reviewed and updated, as needed to ensure complete and accurate information. All contracting officers were contacted in September 2012 to verify their registration status in FAITAS (Federal Acquisition Institute Training

Application System). OOP has determined that there are currently a total of 817 USMS FAITAS registrants. OOP is also working to add new Contracting Officers and Contracting Officer's Representatives (CORs) daily.

In terms of purchase and fleet cards, OOP has taken a proactive approach and has completely vetted the review and assignment of Approving Officials and purchase card holders. New Approving Official (AO) assignment letters have been issued to all AOs and Policy Directive 6.8 (Attachment A) was implemented and disseminated to all USMS employees. The policy has been updated and now specifies more stringent annual training requirements to help keep all involved up-to-date on the requirements and appropriate management of the purchase and fleet cards.

In the future, FAITAS will be tracking and providing automated reminders to registrants about their training requirements, and agency Acquisition Career Managers will have user search/lookup capability to provide assistance in managing the system. Until that time, OOP continues to work on these issues. In May and June 2012, the Assistant Director, FSD, issued guidance that outlined the requirement for all procurement officials to complete 80 hours of continuing education no later than September 30, 2013, and advised that warrants would be revoked if the training was not completed. The memo established the recurring 2-year window for training to then move forward as: 10/1/2013-9/30/2015, 10/1/2015-9/30/2017, and so on (Attachment B). OOP continues to periodically send out reminders to warrant holders of their training requirements and due dates.

Recommendation 3: Strengthen the inspection system over procurement activities by the Office of Inspection - Compliance Review by:

- **ensuring a shorter and consistent cycle for reviewing procurement operations in the district and division offices;**
- **ensuring the work plan for performing compliance reviews considers the risks of non-compliance, as well as top management concerns, to focus review resources; and**
- **establishing a process in the Office of Inspection - Compliance Review for following up on deficiencies identified during its reviews to ensure that corrective actions are implemented to resolve the deficiencies.**

Response (Concur): We agree that a strengthened inspection system over procurement activities is needed. The USMS Office of Inspection (OI) has promulgated a plan to increase the number of inspections from 11 in FY 2012 to 18 in FY 2013 (Attachment C). Resources permitting, OI plans to increase the number of inspections to 27 in FY 2014.

A streamlined and risk-based Compliance Review program will enable OI to increase the number of inspections. In order to develop these risk-based compliance reviews, OI engaged the services of Ernst and Young in FY 12 to conduct a risk assessment and make recommendations to incorporate risk into the Compliance Review program. We also believe that this risk

assessment is essential to establish a follow up process and ensure that corrective action is implemented in a timely manner after each review.

Recommendation 4: Strengthen the process for approving and certifying procurement requests by:

- **instructing approving and certifying officials that the use of rubber stamps for signatures for documenting approvals and certifications is not appropriate; and**
- **clarifying the appropriate use of any blanket approvals for investigators in remote locations, working on weekends and holidays with immediate needs.**

Response (Concur): The practice of using "rubber stamps" has ceased. The implementation of UFMS will ensure that the process for approving and certifying procurement requests is completed appropriately. No specific actions are planned, as the practice has ceased and the new procurement system does not allow it. Nonetheless, as the Policy Directives are updated and finalized, strong language prohibiting the use of rubber stamps will be included, and will also be highlighted on the OOP Share Point website.

With respect to simplified acquisitions (including purchase card transactions), FAR 13.101(b)(4) encourages the use of bulk funding to the maximum extent practicable. This provides for lump sum funds to be reserved for a special purpose (such as Technical Operations Group events) rather than obtaining individual obligational authority for each purchase transaction. Clarification on the applicability and procedures for use of blanket purchase card funding will be incorporated into the Policy Directive updates and training materials to provide better guidance to the USMS procurement community, and will be highlighted on the OOP Share Point site.

Recommendation 5: Clarify the requirement for specific identification of the items to be purchased and the impropriety of establishing pre-paid accounts with vendors for ease of future purchases.

Response (Concur): Stronger guidance regarding the requirement for specific identification of items to be purchased and the impropriety of establishing pre-paid accounts with vendors for ease of future purchases will be incorporated into the Policy Directive updates and training curriculum to be completed in FY 2013, and will be highlighted on the OOP Share Point site.

Recommendation 6: Establish policy on the proper methods and procedures for contracting with hotels for conferences and training facilities to include the use of the proper forms, adequate procurement planning to minimize cancellation and attrition fees, and the use of required Federal Acquisition Regulation clauses regarding terminations and contingencies.

Response (Concur): In August 2012, the USMS Deputy Director issued implementation guidance on DOJ Policy Statement 1400.01 entitled "Planning, Approving, Attending and Reporting Conferences." In September 2012, in conjunction with the Office of General Counsel,

FSD issued a memorandum providing guidance on "no cost agreements" for lodging and use of hotel planners (Please see Attachments D and E, respectively). We will incorporate this information into the Policy Directive updates and training curriculum in FY 2013, as well as highlight it on the OOP Share Point website.

Recommendation 7: Ensure that the requirements for long-term lodging for visiting class advisors are consolidated where practical and that the requirements are competed among qualified vendors.

Response (Concur): The Training Academy (TD) is currently working with FSD to review current procedures and practices. New internal controls are being developed to ensure compliance with regulations and policy. TD has received guidance from FSD not to enter into long-term housing contracts. Instead, travelers will be responsible for making their own travel plans utilizing government travel cards in compliance with the Federal Travel Regulations.

Recommendation 8: Strengthen the process for purchasing firearms by:

- **establishing a policy for communicating delivery schedules for firearms purchases with the districts that ordered the firearms and a requirement for the districts to provide evidence of receipt of the firearms to the procurement official;**
- **ensuring that the new firearms purchase approval procedures planned by the Training Division are formalized in a written policy; and**
- **re-emphasizing to appropriate USMS procurement officials the USMS policy requirements for justifying the purchase of new firearms, proper review of available excess firearms within the USMS prior to purchases of new firearms, proper approvals for the purchase of firearms, and adequate competition in the procurement of firearms.**

Response (Concur): TD has established internal controls to include a review process requiring signatures from the agency armorer and Deputy Assistant Director, Training Division, for every requested firearms purchase. Additionally, TD management has developed a tracking tool for all current/pending purchases and reached out to individual offices to ensure proof of delivery/receipt is provided to TD. Following meetings with FSD (as described below), these new internal controls will be formalized into policy as appropriate.

TD and the Office of Procurement are working jointly to review current Agency-wide firearms procurement practices to determine the most effective way to manage this program in accordance with applicable regulations. Procedures/guidance to ensure current Agency policy is adhered to will be developed, as well as new guidance as necessary. Once guidance is developed as a result of these reviews, it will be distributed Agency-wide. TD and FSD personnel will be meeting at the Training Academy this month to further these discussions.

Recommendation 9: Ensure that the two full-automatic firearms purchased in violation of USMS Policy have been converted to an appropriate trigger group that does not allow fully automatic fire.

Response (Concur): The weapons were converted from fully automatic (0-1-2-5 selector configuration) to the appropriate trigger group (0-1-2 selector configuration). (Please see Attachment F, a June 2012 e-mail chain showing that the matter was being addressed, and Attachment G, a photo of the converted weapons.) We respectfully request that OIG close this recommendation.

Recommendation 10: Strengthen the process for ensuring that USMS vehicles are needed and used to meet mission requirements by:

- **monitoring the Training Division implementation of fleet reduction activities to ensure that vehicles that are not needed to meet mission requirements are disposed of; and**
- **establishing procedures to ensure that vehicle purchases made directly by the USMS instead of through the General Services Administration are supported by waivers from the General Services Administration.**

Response (Concur): TD has taken steps to ensure that vehicles assigned to the Division are used in support of mission requirements and continues to adhere to the proposed reduction plan submitted in 2011. This has included developing a vehicle plan that was submitted to the Management Support Division (MSD) and is referenced in the OIG audit report. As of this date, TD has excessed/transferred out 9 vehicles and will transfer out an additional 8 for a total of 17 vehicles excessed, leaving the TD with 28 vehicles in inventory. TD will excess the remaining vehicles, with MSD's assistance in determining locations where vehicles are most needed. TD ceased all home-to-work vehicle usage, except for the provisions of the vehicle reduction plan, in early 2012. TD management is in the process of developing internal controls for the management and use of USMS/TD property that will include government-owned vehicles. This plan will outline the appropriate use of the vehicles in accordance with USMS policy.

MSD recently provided guidance to all USMS districts and divisions stating that **all vehicle purchases** must be made by the Office of Fleet Management (OFM), MSD (Attachment H). This will ensure that all vehicles purchased are: 1) in line with the USMS vehicle allocation formula and 2) procured through GSA's Autochoice database. In the rare instance in which a vehicle purchase is required using the Express Desk (a method used to purchase vehicles on short notice), OFM will ensure a waiver is received from GSA based on specific justification for the purchase.

Recommendation 11: Develop a strategic sourcing information exchange identifying agency excess supplies, best value sources, agency blanket purchase agreements, and other government-wide strategic sourcing options available for use by procurement officials.

Response (Concur): There have been several efforts in the recent past to enhance contract offerings. For example, GSA implemented a mandatory office supply Blanket Purchase Agreement program, and OOP established other strategic sourcing vehicles such as, BPAs for wireless equipment and services, leased vehicles, law enforcement equipment, copiers, mail services, and administrative support. In FY 2013, the Office of Procurement will make this consolidated information available to procurement officials on its new Share Point website, as well as incorporate this information into the training curriculum being developed for USMS-specific procurement training.

Recommendation 12: Implement a comprehensive strategy for managing USMS acquisitions across the organization using information gathered from the procurement study completed in FY 2012, along with information gathered during the district office study continuing in FY 2013.

Response (Concur): The Office of Procurement has been working with Grant Thornton to gather information by holding specific, pointed discussions with various district offices from across the country (a mix of small, medium, and large offices). These efforts have been undertaken to gather information about how district offices handle their procurement actions, how and what challenges and obstacles impact their ability to be successful, and what feedback and suggestions they have for improvement going forward. At this time, a substantial number of district offices have participated in Lync conference calls with the Deputy Assistant Director for Acquisition and Procurement and representatives from Grant Thornton. Going forward, a survey tool has been developed to reach out to the remaining district offices for their input, which will then be compiled by Grant Thornton to provide specific data about workload, challenges, and trends that will be used to develop a formalized plan with specific target and milestone dates. Next steps will include in-depth review and discussions with Headquarters divisions to learn more about their contracting needs and how to provide greater support. The Office of Procurement plans a three-pronged approach, to include 1) updating and creating needed infrastructure (e.g., training programs, updated policy directives, etc.), 2) developing and formalizing a plan for district office support, and 3) developing and formalizing a plan for Headquarters divisional support.

OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

The OIG provided a draft of this audit report to the United States Marshals Service (USMS). The USMS response is incorporated in Appendix IV of this final report. In attachments to its response, the USMS provided policy and guidance documents and other correspondence in support of statements made in the response. Because of the length of the USMS's attachments, we did not include those in Appendix IV. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation Number:

1. **Resolved.** The USMS concurred with our recommendation to re-emphasize to all USMS procurement staff the policies and procedures that must be followed in the areas of:
 - advance approval of purchases,
 - certification of availability of funds,
 - maintenance of receiving documents,
 - justification for non-competitive awards,
 - reconciliation of monthly purchase card and fleet card statements,
 - recording accountable property purchased in the property records, and
 - strategic sourcing.

The USMS stated in its response that it is revising all policy directives associated with procurement rules and guidelines for the USMS. In October 2012, the Office of Procurement issued new Policy Directive 6.8, *GSA Smartpay2 Commercial Credit Card Program*. Training programs are being developed for implementation during FY 2013 to

emphasize these important issues and highlight other areas of concentration to the procurement community to include small business procurements and procedures for appropriate technical evaluations. The USMS also stated its belief that integration of the Unified Financial Management System will help ensure that appropriate procurement procedures are followed.

This recommendation can be closed when we receive documentation showing that the revisions to policy directives are completed and that the training programs are fully developed and implemented to emphasize the policies and procedures that must be followed in the areas described above.

2. Resolved. The USMS concurred with our recommendation to strengthen the oversight of procurement training by:

- developing a tracking system to monitor the training completion of all procurement staff including Contracting Officers, purchase and fleet cardholders, and approving officials; and
- establishing procedures to ensure that procurement staff complete all required training and that all procurement related training is reported for inclusion in the training tracking system.

The USMS stated in its response that the Office of Procurement has updated its previous monitoring system to track all procurement officials within the USMS and their associated training. All Contracting Officers were contacted in September 2012 to verify their registration status in the Federal Acquisition Institute Training Application System (FAITAS). The USMS stated that in the future, FAITAS will provide automated reminders to registrants about their training requirements, and agency Acquisition Career Managers will have user search and lookup capability to provide assistance in managing the system. In May and June 2012, the Assistant Director of the Financial Services Division issued a memorandum requiring that all procurement officials complete 80 hours of continuing education no later than September 30, 2013, and advising that warrants would be revoked if the training was not completed. The memorandum also established the recurring 2-year window for training. The USMS stated that the Office of Procurement continues to periodically send out reminders to warrant holders of their training requirements and due dates.

For purchase and fleet cards, the USMS stated that the Office of Procurement has taken a proactive approach for reviewing and assigning approving officials and purchase card holders. New approving official assignment letters were issued to all approving officials and the new Policy Directive 6.8, *GSA Smartpay2 Commercial Credit Card Program*, was implemented and disseminated to all USMS employees. The policy specifies the annual training requirements for the use and appropriate management of purchase and fleet cards.

This recommendation can be closed when we receive documentation of the policy describing the tracking system for monitoring the training status of procurement officials and documentation showing the tracking system is being effectively used to ensure that procurement staff complete all required training.

3. Resolved. The USMS concurred with our recommendation to strengthen the inspection system over procurement activities by the Office of Inspection - Compliance Review by:

- ensuring a shorter and consistent cycle for reviewing procurement operations in the district and division offices;
- ensuring the work plan for performing compliance reviews considers the risks of non-compliance, as well as top management concerns, to focus review resources; and
- establishing a process in the Office of Inspection - Compliance Review for following up on deficiencies identified during its reviews to ensure that corrective actions are implemented to resolve the deficiencies.

The USMS stated in its response that the USMS Office of Inspection has promulgated a plan to increase the number of inspections from 11 in FY 2012 to 18 in FY 2013. Resources permitting, the Office of Inspection plans to increase the number of inspections to 27 in FY 2014. In order to develop a risk-based compliance review program, the Office of Inspection engaged the services of an accounting firm in FY 2012 to conduct a risk assessment and make recommendations to incorporate risk into the compliance review program. The USMS also believes the risk assessment is essential to establish a follow-up process and ensure that corrective action is implemented in a timely manner after each review.

This recommendation can be closed when we receive documentation of the policy for incorporating risk assessments in the determination of the annual work plan for the Office of Inspection - Compliance Review and the policy describing the process to be used to follow up on deficiencies identified during reviews to ensure that corrective action is implemented in a timely manner after each review.

4. **Resolved.** The USMS concurred with our recommendation to strengthen the process for approving and certifying procurement requests by:

- instructing approving and certifying officials that the use of rubber stamps for signatures for documenting approvals and certifications is not appropriate; and
- clarifying the appropriate use of any blanket approvals for investigators in remote locations, working on weekends and holidays with immediate needs.

The USMS stated in its response that the practice of using rubber stamps has ceased. The implementation of the Unified Financial Management System will ensure that the process for approving and certifying procurement requests is completed appropriately. The USMS stated that as the policy directives are updated and finalized, strong language prohibiting the use of rubber stamps will be included, and will also be highlighted on the Office of Procurement Share Point website.

In its response, the USMS also stated that the Federal Acquisition Regulation 13.101(b)(4) encourages the use of bulk funding to the maximum extent practicable. This provides for lump sum funds to be reserved for a special purpose (such as Technical Operations Group events) rather than obtaining individual obligational authority for each purchase transaction. Clarification on the applicability and procedures for use of blanket purchase card funding will be incorporated into the policy directive updates and training materials to provide better guidance to the USMS procurement community, and will be highlighted on the Office of Procurement Share Point website.

This recommendation can be closed when we receive:

- documentation of the policies prohibiting the use of rubber stamps, and

- documentation of the updated policies and training materials clarifying the applicability and procedures for the use of blanket funding approval.

5. **Resolved.** The USMS concurred with our recommendation to clarify the requirement for specific identification of the items to be purchased and the impropriety of establishing pre-paid accounts with vendors for ease of future purchases.

The USMS stated in its response that stronger guidance will be incorporated into the policy directive updates and training curriculum to be completed in FY 2013, and will be highlighted on the Office of Procurement Share Point website.

This recommendation can be closed when we receive documentation of the updated policies and training materials regarding the requirement for specific identification of items to be purchased and the impropriety of establishing pre-paid accounts with vendors.

6. **Resolved.** The USMS concurred with our recommendation to establish policy on the proper methods and procedures for contracting with hotels for conferences and training facilities to include the use of the proper forms, adequate procurement planning to minimize cancellation and attrition fees, and the use of required Federal Acquisition Regulation clauses regarding terminations and contingencies.

The USMS stated in its response that in August 2012, the USMS Deputy Director issued implementing guidance on DOJ Policy Statement 1400.01, *Planning, Approving, Attending and Reporting Conferences*. In September 2012, in conjunction with the Office of General Counsel, the Financial Services Division issued a memorandum providing guidance on "no cost agreements" for lodging and use of hotel planners. The USMS stated that it will incorporate this guidance into the policy directive updates and training curriculum in FY 2013, as well as highlight it on the Office of Procurement Share Point website.

This recommendation can be closed when we receive documentation of the updated policies and training materials regarding methods and procedures for contracting with hotels for conferences and training facilities.

7. **Resolved.** The USMS concurred with our recommendation to ensure that the requirements for long-term lodging for visiting class advisors are consolidated where practical and that the requirements are competed among qualified vendors.

The USMS stated in its response that the Training Academy is currently working with the Financial Services Division to review current procedures and practices. New internal controls are being developed to ensure compliance with regulations and policies. The Training Division has received guidance from the Financial Services Division to not enter into long-term housing contracts. The USMS stated that instead, travelers will be responsible for making their own travel plans utilizing government travel cards in compliance with the Federal Travel Regulations.

This recommendation can be closed when we receive documentation of the updated internal controls and related policies regarding lodging for visiting class advisors.

8. **Resolved.** The USMS concurred with our recommendation to strengthen the process for purchasing firearms by:
- establishing a policy for communicating delivery schedules for firearms purchases with the districts that ordered the firearms and a requirement for the districts to provide evidence of receipt of the firearms to the procurement official;
 - ensuring that the new firearms purchase approval procedures planned by the Training Division are formalized in a written policy; and
 - re-emphasizing to appropriate USMS procurement officials the USMS policy requirements for justifying the purchase of new firearms, proper review of available excess firearms within the USMS prior to purchases of new firearms, proper approvals for the purchase of firearms, and adequate competition in the procurement of firearms.

The USMS stated in its response that the Training Academy has established internal controls to include a review process requiring signatures from the agency armorer and Deputy Assistant Director, Training Division, for every requested firearms purchase. Additionally, the USMS stated that Training Division management has developed a

tracking tool for all purchases and has communicated the requirement for individual offices to ensure proof of receipt is provided to the Training Division. The USMS stated that the new internal controls will be formalized into policy as appropriate. Procedures to ensure current agency policy is adhered to will be developed and distributed agency-wide.

This recommendation can be closed when we receive documentation of:

- the policy describing the tracking tool used for managing purchases and the requirement for districts to provide evidence of receipt of the firearms to the procurement official;
- the newly established internal controls requiring approval by the agency armorer and the Deputy Assistant Director of the Training Division for all new firearms purchases; and
- the distribution of procedures re-emphasizing the USMS policy requirements for justifying the purchase of new firearms, proper review of available excess firearms within the USMS prior to purchases of new firearms, proper approvals for the purchase of firearms, and adequate competition in the procurement of firearms.

9. **Resolved.** The USMS concurred with our recommendation to ensure that the two fully-automatic firearms purchased in violation of USMS policy have been converted to an appropriate trigger group that does not allow fully-automatic fire.

The USMS stated in its response that the weapons were converted from fully-automatic to the appropriate trigger group. The USMS provided communications showing that the matter was being addressed and a photo of the converted weapons. The USMS requested that OIG close this recommendation.

We were unable to verify the conversion of the two weapons from the information provided because it did not include: (1) purchase and receipt documentation confirming the serial numbers of the two fully-automatic firearms purchased; (2) documentation, such as a completed work order, showing that the correct trigger conversion was performed; and (3) documentation showing that actions were taken to properly dispose of the unallowable trigger parts removed from the fully-automatic firearms. This recommendation can be closed when we

receive documentation of the: (1) invoice and receiving reports showing the serial numbers for the two fully-automatic firearms purchased, (2) completed work order showing conversion of these two fully-automatic firearms to the correct trigger group, and (3) disposition of the fully automatic trigger mechanisms.

10. Resolved. The USMS concurred with our recommendation to strengthen the process for ensuring that USMS vehicles are needed and used to meet mission requirements by:

- monitoring the Training Division implementation of fleet reduction activities to ensure that vehicles that are not needed to meet mission requirements are disposed of; and
- establishing procedures to ensure that vehicle purchases made directly by the USMS instead of through the General Services Administration are supported by waivers from the General Services Administration.

The USMS stated in its response that the Training Division has taken steps to ensure that vehicles assigned to the division are used in support of mission requirements and continue to adhere to the proposed reduction plan submitted in 2011. The USMS stated that the Training Division has exceeded 9 vehicles and will exceed an additional 8 for a total of 17 vehicles, leaving 28 vehicles in inventory. Training Division management is in the process of developing internal controls for the management and use of USMS property that will include government-owned vehicles. In its response, the USMS also stated that the Management Support Division recently issued guidance to all USMS districts and divisions stating that all vehicle purchases must be made by the Office of Fleet Management. This will ensure that all vehicles purchased are: (1) in line with the USMS vehicle allocation formula, and (2) procured through General Services Administration's Autochoice database. The USMS provided documentation of the guidance with its response. The USMS also stated that when a vehicle is required to be purchased outside of normal General Services Administration channels, the Office of Fleet Management will ensure a waiver is received from the General Services Administration based on specific justification for the purchase.

This recommendation can be closed when we receive documentation that the Training Division has completed its fleet reduction plan, and documentation showing the Office of Fleet Management policies and

procedures addressing the use of waivers from the General Services Administration in the acquisition of vehicles.

- 11. Resolved.** The USMS concurred with our recommendation to develop a strategic sourcing information exchange identifying agency excess supplies, best value sources, agency blanket purchase agreements, and other government-wide strategic sourcing options available for use by procurement officials.

The USMS stated in its response that there have been several efforts in the recent past to enhance contract offerings. For example, the General Services Administration implemented a mandatory office supply Blanket Purchase Agreement program, and the Office of Procurement established other strategic sourcing vehicles such as, Blanket Purchase Agreements for wireless equipment and services, leased vehicles, law enforcement equipment, copiers, mail services, and administrative support. In FY 2013, the Office of Procurement will make this consolidated information available to procurement officials on its new Share Point website, as well as incorporate this information into the training curriculum being developed for USMS specific procurement training.

This recommendation can be closed when we receive documentation of the strategic sourcing information exchange on the Share Point website and the training curriculum for procurement training.

- 12. Resolved.** The USMS concurred with our recommendation to implement a comprehensive strategy for managing USMS acquisitions across the organization using information gathered from the procurement study completed in FY 2012, along with information gathered during the district office study continuing in FY 2013.

The USMS stated in its response that the Office of Procurement has been working with a contractor to gather information about how district offices handle procurement actions, how and what challenges and obstacles impact the district offices' ability to be successful, and what feedback and suggestions the district offices have for improvement going forward. The contractor will compile specific data about workload, challenges, and trends that will be used to develop a formalized plan with specific target and milestone dates. The Office of Procurement plans a three-pronged approach, to include: (1) updating and creating needed infrastructure including training programs and updated policy; (2) developing and formalizing a plan for district office support; and

(3) developing and formalizing a plan for Headquarters divisional support.

This recommendation can be closed when we receive documentation of the USMS strategy for managing acquisitions across the organization including the infrastructure design and plans for district and division office procurement support resulting from the study of workload, challenges, and trends.