



Report in Brief

September 25, 2017

Background

A March 2009 Presidential Memorandum on government contracting directed all federal agencies to reduce the use of noncompetitive contracts.

Noncompetitive procurements are those that the government purchasing authority has decided can only be performed by one company. However, these types of contracts are considered high-risk and can result in wasted financial resources, poor contractor results, and inadequate accountability.

Why We Did This Review

Competition is a critical tool for achieving the best return on the government's investment. While federal agencies are generally required to award contracts on the basis of full and open competition, they are permitted to award noncompetitive contracts in certain situations. We did this audit to determine whether the Census Bureau's (the Bureau's) contracting personnel properly awarded noncompetitive contracts.

U.S. CENSUS BUREAU

Awarding of U.S. Census Bureau Noncompetitive Contracts Did Not Consistently Follow Federal Acquisition Regulations and Commerce Acquisition Policies

OIG-17-031-A

WHAT WE FOUND

Overall, we found that the Bureau's contracting personnel did not properly award 25 of the 28 noncompetitive contracts reviewed because they did not comply with at least one or more of the key Federal Acquisition Regulations, *Commerce Acquisition Manual*, and Bureau's pre-award requirements. Based on our review, we estimate the Bureau could have potentially saved 20 percent in acquisition costs, approximately \$9.3 million, which we consider to be questioned costs (see appendix C). Specifically, we found the following:

- I. Sole source contracts were awarded without proper support documents and approval.
 - A. Statutory authorities were incorrectly used to justify awarding noncompetitive contracts.
 - B. Market research was not sufficient to support noncompetitive justification.
 - C. Price reasonableness determination documentation was missing or lacked rationale.
 - D. Sole source justifications were missing required content.
 - E. Justifications did not have proper approval authority.
 - F. There was insufficient evidence of contract review board decisions.
- II. Contract files were not properly maintained.

WHAT WE RECOMMEND

We recommend that the Bureau's Chief, Acquisition Division

1. strengthen controls to enforce FAR and CAM documentation policies and procedures for planning and justifying other than full and open competition acquisitions;
2. reemphasize to contracting officers the requirement to adequately justify sole source procurements when using the only one responsible source and unusual and compelling urgency statutory authorities in accordance with FAR requirements;
3. require contracting officers to maintain supporting documentation in the contract file describing the specific steps taken during market research and the results of the market research conducted;
4. require contracting officers to retain, as part of the contract file, all supporting documentation used to establish price reasonableness determinations;
5. require contracting officers to ensure that sole source justification documents are approved at the appropriate level and that the justification documents include all elements as required by the FAR;
6. enforce current policies and procedures regarding the Contract Review Board process to include maintaining evidence of board meetings, decisions and outcomes;
7. clarify how contracting officers should address and document Office of General Counsel's comments on non-competitive contracts;
8. improve controls to properly maintain and safeguard contract files; and
9. ensure training is provided for contracting personnel to correct identified deficiencies.