

Census Bureau Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Commerce Requirements

FINAL REPORT NO. OIG-18-023-A

July 30, 2018




U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation



July 30, 2018

MEMORANDUM FOR: Ron Jarmin
Performing the Nonexclusive Functions and Duties
of the Director
U.S. Census Bureau



FROM: Mark H. Zabarsky
Principal Assistant Inspector General for Audit and Evaluation

SUBJECT: *Census Bureau Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Commerce Requirements*
Final Report OIG-18-023-A

Attached is our final audit report conducted to review the Census Bureau's (the Bureau's) use of blanket purchase agreements (BPAs). This is part of our risk-based oversight strategy developed to assist the Department with addressing management challenges in its procurement function. Our audit objective was to determine whether the Bureau established and administered BPAs in accordance with laws, regulations, and agency guidance.

Overall, we found that the Bureau did not properly establish or administer all 17 BPAs because contracting officials did not comply with at least one or more of the key Federal Acquisition Regulation (FAR) and *Commerce Acquisition Manual (CAM)* requirements. Based on our review, the total estimated ceiling price of BPAs that did not fully comply with these key requirements was approximately \$2.4 billion (excluding Census Bureau-established BPAs, which have "no maximum cumulative value" ceilings). Specifically, we found that contracting officials did not consistently

- seek vendor price discounts when placing orders against GSA BPAs,
- perform required annual reviews or maintain documentation supporting the reviews that were performed,
- report accurate BPA information in the Federal Procurement Data System–Next Generation, and
- maintain contract files to provide a complete history of the acquisitions.

Consequently, the Bureau is missing potential cost savings on BPAs by not consistently requesting price discounts, and not conducting annual reviews. By properly conducting and documenting annual reviews for 17 BPAs, the Bureau could potentially put up to a maximum of \$1.7 billion in expected funds to better use for these BPAs.

On May 21, 2018, the Bureau concurred with all five of our recommendations. We are encouraged that steps have already been initiated by the Bureau to address our recommendations.

Pursuant to Department Administrative Order 213-5, please submit to us an action plan that addresses the recommendations in this report within 60 calendar days. The final report will be posted on OIG's website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 4 & 8M).

We appreciate the cooperation and courtesies extended to us by your staff during our audit. If you have any questions or concerns about this report, please contact me at (202) 482-3884 or Cheryl Henderson, Director, Acquisition Audits, at (202) 482-4350.

Attachment

cc: Enrique Lamas, Performing the Non-Exclusive Functions and Duties of the Deputy Director
Joanne Buenzli Crane, Chief Financial Officer & Acting Division Chief of Acquisition Division
David Ziaya, Chief Administrative Officer
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Report in Brief

July 30, 2018

Background

A blanket purchase agreement (BPA) is an agreement used by government agencies to pay for supplies and services that are purchased from qualified sources on a repetitive basis. BPAs are not contracts because they do not obligate agencies to purchase a minimum quantity or dollar amount of a good or service until they place—and the vendor accepts—an order. When an order is issued under the BPA, and the BPA-holder agrees to provide the service, the order becomes a binding contract between the parties. Both parties are then bound to all of the BPA's terms and conditions for the order. Thus, a BPA is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. The Census Bureau (the Bureau) uses two types of BPAs: (1) General Services Administration (GSA) schedule agreements, which incorporate the terms and conditions of an underlying GSA contract, and (2) Census Bureau-established agreements. GSA schedule BPAs follow procedures defined by the Federal Acquisition Regulation (FAR) Subpart 8.4, "Federal Supply Schedules." Census Bureau-established BPAs follow FAR Part 13, "Simplified Acquisition Procedures."

Why We Did This Review

Our objective was to determine whether the Bureau established and administered BPAs in accordance with laws, regulations, and agency guidance.

U.S. CENSUS BUREAU

Census Bureau Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Commerce Requirements

OIG-18-023-A

WHAT WE FOUND

Overall, we found that the Bureau did not properly establish or administer all 17 BPAs because contracting officials did not comply with at least one or more of the key FAR and *Commerce Acquisition Manual (CAM)* requirements. Based on our review, the total estimated ceiling price of BPAs that did not fully comply with these key requirements was approximately \$2.4 billion (excluding Census Bureau-established BPAs, which have "no maximum cumulative value" ceilings). Specifically, we found that contracting officials did not consistently

- seek vendor price discounts when placing orders against GSA BPAs,
- perform required annual reviews or maintain documentation supporting the reviews that were performed,
- report accurate BPA information in the Federal Procurement Data System—Next Generation (FPDS—NG), and
- maintain contract files to provide a complete history of the acquisitions.

Consequently, the Bureau is missing potential cost savings on BPAs by not consistently requesting price discounts and not conducting annual reviews.

By properly conducting and documenting annual reviews for 17 BPAs, the Bureau could potentially put up to a maximum of \$1.7 billion in expected funds to better use for these BPAs.

WHAT WE RECOMMEND

We recommend that the Census Bureau Acquisition Division Chief do the following:

1. Require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold: (a) before establishing a BPA; (b) before placing an order; or (c) in conjunction with the annual review.
2. Require contracting officers to perform annual BPA reviews, properly document the results of the review, and maintain documentation of the reviews in the contract file.
3. Reemphasize the importance of entering, reviewing, and approving the accuracy of information entered into the contract action reports to ensure the integrity of the data in FPDS-NG.
4. Improve controls to properly maintain and safeguard contract files.
5. Ensure that training is provided for contracting personnel to correct identified deficiencies.

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Cover: Herbert C. Hoover Building main entrance at 14th Street Northwest in Washington, DC. Completed in 1932, the building is named after the former Secretary of Commerce and 31st President of the United States.

Introduction

A blanket purchase agreement (BPA) is an agreement used by government agencies to pay for supplies and services that are purchased from qualified sources on a repetitive basis. BPAs are not contracts because they do not obligate agencies to purchase a minimum quantity or dollar amount of a good or service until they place—and the vendor accepts—an order. When an order is issued under the BPA, and the BPA-holder agrees to provide the service, the order becomes a binding contract between the parties. Both parties are then bound to all of the BPA's terms and conditions for the order. Thus, a BPA is a simplified method of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply.

The Census Bureau (the Bureau) uses two types of BPAs:

1. **General Services Administration (GSA)** schedule agreements, which incorporate the terms and conditions of an underlying GSA contract, and
2. **Census Bureau**-established agreements.

GSA schedule BPAs follow procedures defined by the Federal Acquisition Regulation (FAR)¹ Subpart 8.4, “Federal Supply Schedules.” Census-established BPAs follow FAR Part 13, “Simplified Acquisition Procedures.”

GSA Schedule Agreements

GSA has thousands of schedule contracts with vendors for commercial supplies and services and makes these contracts available to federal agencies to establish as a BPA. Agencies use the framework of the underlying GSA contract to establish GSA Schedule BPAs. In addition, agencies may establish GSA Schedule BPAs with one vendor (a single-award agreement) or more than one vendor (multiple-award agreements). GSA Schedule BPAs simplify the filling of recurring needs for supplies and services, while leveraging ordering activities' buying power by taking advantage of quantity discounts, saving administrative time, and reducing paperwork.

Census-Established Agreements

If an agency cannot meet its requirement through the federal supply schedule or other preferred methods,² FAR section 13.303 permits federal agencies to establish BPAs against the open market as a simplified means to fill anticipated repetitive needs for supplies or services. Among FAR³ requirements for using this type of BPA are the following: (a) the order size must

¹ The FAR is codified in title 48 of the Code of Federal Regulations.

² FAR § 13.003(a) states “Agencies shall use simplified acquisition procedures to the maximum extent practicable for all purchases of supplies or services not exceeding the simplified acquisition threshold.... This policy does not apply if an agency can meet its requirement using (1) Required sources of supply under FAR part 8 (e.g., Federal Prison Industries, Committee for Purchase from People Who are Blind or Severely Disabled, and Federal Supply Schedule contracts); (2) Existing indefinite delivery/indefinite quantity contracts; or (3) Other established contracts.”

³ Id. § 13.303.

be under the simplified acquisition threshold (SAT) (subject to certain exceptions); (b) agency officials must ensure adequate competition; and (c) annual reviews must be performed.

In September 2009, the Government Accountability Office (GAO) reported agencies were not maximizing opportunities for competition or savings under BPAs despite significant increase in usage.⁴ The report noted the following:

- Agencies were not taking full advantage of opportunities for competition under multiple-award BPAs.
- Frequent use of single-award BPAs resulted in a lack of competition of orders.
- Agencies often did not seek or receive discounts from schedule pricing.
- Agencies generally did not comply with the annual review requirement and missed opportunities for savings.

An Office of Management and Budget (OMB) memorandum⁵ discusses the report *Acquisition and Contracting and Improvement Plans and Pilots*, which described the actions agencies were taking to improve the federal acquisition system. The use of BPAs under the Federal Supply Schedule is an example of a best practice for agencies to consider using in order to negotiate better deals by seeking discounts from schedule vendors. The memorandum provided further detail in ways for agencies to maximize the value of BPAs such as taking advantage of competition, negotiating discounts, and reviewing BPAs annually.

⁴ GAO, September 9, 2009. *Agencies Are Not Maximizing Opportunities for Competition or Savings under Blanket Purchase Agreements Despite Significant Increase in Usage*, GAO-09-792. Washington, DC: GAO.

⁵ OMB, December 22, 2009. *Memorandum for Chief Acquisition Officers, Senior Procurement Executives: Achieving Better Value from Our Acquisitions*. Washington, DC: OMB.

Objectives, Findings, and Recommendations

Our objective was to determine whether the Bureau established and administered BPAs in accordance with laws, regulations, and agency guidance. We reviewed a total of 17 BPAs—13 GSA Schedule BPAs and 4 Census-established BPAs. Appendix A further details the objective, scope, and methodology of our audit. Appendix B provides a set of tables that summarize the findings.

Overall, we found that the Bureau did not properly establish or administer all 17 BPAs because contracting officials did not comply with at least one or more of the key FAR and *Commerce Acquisition Manual (CAM)* requirements. Based on our review, the total estimated ceiling price of BPAs that did not fully comply with these key requirements was approximately \$2.4 billion (excluding Census-established BPAs, which have “no maximum cumulative value” ceilings).⁶ Specifically, we found that contracting officials did not consistently

- seek vendor price discounts when placing orders against GSA BPAs,
- perform required annual reviews or maintain documentation supporting the reviews that were performed,
- report accurate BPA information in the Federal Procurement Data System–Next Generation (FPDS–NG), and
- maintain contract files to provide a complete history of the acquisitions.

Consequently, the Bureau is missing potential cost savings on BPAs by not consistently requesting price discounts and not conducting annual reviews. By properly conducting and documenting annual reviews for 17 BPAs, the Bureau could potentially put up to a maximum of \$1.7 billion⁷ in expected funds to better use for these BPAs (see appendix C).

I. Vendor Price Discounts Were Not Consistently Requested and Received When Issuing GSA BPA Orders

The FAR⁸ requires contracting officials to seek a price reduction when the order or BPA exceeds the (SAT) of \$150,000. The FAR further states that contracting officials may request a price reduction at any time before placing an order, establishing a BPA, or in

⁶ The \$2.4 billion excludes Census-established BPAs because they do not have a maximum ceiling price. FAR § 13.303 does not require the Bureau to establish ceilings on Census-established BPAs. Each Census-established BPA states, “There is no maximum cumulative value of all orders place under the Multiple-Award BPA.” However, ceilings should be placed on BPAs for budgetary and review purposes, as the Bureau does when establishing ceilings on GSA BPAs.

⁷ The maximum amount of funds to potentially be put to better use of approximately \$1.7 billion was calculated using the total estimated ceiling prices negotiated for the option years remaining on the 17 BPAs reviewed where annual reviews were not conducted or appropriately documented.

⁸ FAR § 8.405-4.

conjunction with the annual BPA review. In addition, GAO⁹ reported agencies were more likely to receive discounts when they specifically requested them than when they did not.

Of the 13¹⁰ GSA BPAs we reviewed, 5 had call orders placed and were above the SAT. We found that for 3 of the 5 BPAs, contracting officials had no evidence that they requested a price discount when placing the call orders. For instance, on a GSA BPA valued at \$9.9 million for office furniture, contracting officials stated the vendor provided aggressive discounts when the BPA was established so they did not request additional discounts on the subsequent call orders.

In contrast, for the remaining 2 GSA BPAs, contracting officials sought further price reductions on the call orders, which resulted in savings in the range from .8 to 25.5 percent of the BPA labor rates.

II. Required Annual Reviews Were Not Performed or Documentation Supporting the Reviews Was Not Maintained

The Bureau may have missed opportunities for additional savings because contracting officials did not consistently perform required annual BPA reviews or document that the reviews were performed for 13 GSA and 4 Census-established BPAs. Based on discussions with contract officials, we concluded, in part, that these officials lacked familiarity with the FAR¹¹ requirements for performing and documenting annual BPA reviews; and that management did not provide sufficient oversight to ensure that these reviews were properly conducted.

Annual reviews provide contracting officials an opportunity to make decisions by assessing pertinent factors such as whether:

- the BPA still represents the best value;¹²
- the underlying GSA schedule contract is still in effect;¹³
- estimated quantities/amounts have been exceeded and additional price reductions can be obtained;¹⁴ or
- new arrangements with different suppliers or modifying existing arrangements are warranted.¹⁵

⁹ GAO, September 9, 2009. *Agencies Are Not Maximizing Opportunities for Competition or Savings under Blanket Purchase Agreements Despite Significant Increase in Usage*, GAO-09-792. Washington, DC: GAO.

¹⁰ 7 BPAs in our sample did not have an order placed against the BPA, and 1 BPA had an order placed but was below the SAT.

¹¹ Annual reviews for GSA Schedule BPAs follow procedures defined by FAR § 8.405-3(e), and Census-established BPAs follow FAR § 13.303-6.

¹² FAR § 8.405-3(e)(1)(ii).

¹³ Id., subsec. (i).

¹⁴ Id., subsec.(iii).

¹⁵ Id. § 13.303-6(b)(2).

For the Bureau, conducting and properly documenting annual reviews for the 17 BPAs could potentially put up to a maximum of \$1.7 billion in expected funds to better use (see appendix C).

A. Annual reviews required for GSA BPAs were not performed or documentation supporting the reviews was not maintained

The FAR¹⁶ requires contracting officials to conduct and document annual reviews that determine whether (1) the schedule contract upon which the BPA was established is still in effect; (2) the BPA still represents the best value to the government; and (3) quantities or amounts estimated when the BPA was established have been exceeded and additional price discounts can be obtained. However, we found that contracting officials did not perform the required annual reviews for 4 of the 13 GSA BPAs, with a total estimated ceiling price of approximately \$32 million. For example, contracting officials should have performed an annual review by August 2016 of one BPA¹⁷ with an estimated ceiling price of approximately \$9.9 million for the purchase of office furniture. According to contracting officials, they did not conduct the annual review because they believed that the requirement applied only to BPAs with option periods.

Furthermore, for the remaining 9 GSA BPAs—with a total negotiated ceiling price of approximately \$2.4 billion—contracting officials maintained signed memoranda in the contract files making the determinations necessary under the FAR; however, the officials lacked some documentation supporting their written determinations that the schedule contract upon which the BPA was established was still in effect or that the BPA still represented the best value to the government. Examples include:

- For 5 BPAs¹⁸ valued with an estimated ceiling price of \$1.8 billion for project level IT systems engineering and integration services, contracting officials exercised option period I in July 2016. Although there were memoranda in the files noting that the annual reviews were performed and that the determinations required by the FAR¹⁹ were made, contracting officials could not provide any supporting documentation behind the determinations.
- For the remaining 4 BPAs²⁰ valued with an estimated ceiling price of approximately \$561 million for program level IT development and integration services, contracting officials exercised option period I in June 2016 and signed memoranda noting they made the determinations required by the FAR.²¹ However, the contract files contained no documentation supporting the written

¹⁶ Id. § 8.405-3(e).

¹⁷ This BPA was awarded as a multi-year contract for 5 years without establishing and having to exercise an option for each program year after the first.

¹⁸ These 5 BPAs were awarded for a performance period of 7 years (a base year and 6 one-year option periods).

¹⁹ Id. § 8.405-3(e).

²⁰ These 4 BPAs were awarded for a performance period of 7 years (a base year and 6 one-year option periods).

²¹ Id. § 8.405-3(e).

determination that the BPA still represented the best value to the government as outlined in the FAR.

Further, for these 4 BPAs, contracting officials maintained in the contract files supporting documentation such as webpage printouts to verify that they checked the GSA website to determine whether the schedule contract upon which the BPA was established was still in effect.

Including supporting documentation in the contract files is a best practice contracting officials should follow.

B. Annual reviews required for Census-established BPAs were not performed

FAR section 13.303-6 requires contracting officials to review each BPA agreement annually and, if necessary, update the BPA to ensure that it reflects changes in market conditions, sources of supply, and other pertinent factors that may warrant making new arrangements. These reviews provide officials an opportunity to select additional vendors or to modify the current pool of vendors.

We found that contracting officials did not conduct the required annual review for all 4 Census-established BPAs established for consultative and research services. During discussions with contracting officials, they did not provide a sufficient explanation for why they did not conduct the reviews even though they stated they were aware of the FAR²² requirement to review each BPA annually.

III. Inaccurate Reporting of BPAs and Reliability of Data Accuracy in FPDS–NG

FPDS–NG is the federal government’s central database of information on federal procurement actions. Executive departments and agencies are responsible for collecting and reporting procurement data to FPDS–NG as required by the FAR.²³ FPDS–NG contains data the federal government uses for recurring and special reports to the President, Congress, federal executive agencies, and the general public. It is important that data in FPDS–NG is accurate and complete for informed decision-making and oversight of the procurement system.

A. BPA information was miscoded in FPDS-NG

The CAM²⁴ states that contracting officials are responsible for ensuring that all required reporting included in FPDS–NG accurately reflects the contract type used. Maintaining accurate data is an essential component of good oversight and helps lead to informed decisions.

²² Id. § 13.303-6.

²³ Id. § 4.6.

²⁴ CAM 1316.1 § 1.6.8.

We identified a universe of 48 BPAs for fiscal years (FYs) 2015 and 2016. However, we found that 12 of the 48 were Indefinite Delivery/Indefinite Quantity (IDIQ)²⁵ contracts miscoded as BPAs, so we removed them from further review. For the remaining 36 BPAs in the universe, we found 18 GSA BPAs miscoded as Census-established BPAs and 4 multiple-award BPAs miscoded as single-award BPAs.

According to contracting officials, when entering data, they often did not fully understand the FPDS–NG system constraints or how the selection of specific criteria affected their ability to enter subsequent BPA information. In addition, contracting officials stated that those entering the data lacked adequate training such that they had to rely on instruction from other system users to guide them. For the 34 miscoded items, contracting officials were notified and are currently working to correct miscoding errors.

Ensuring contract actions are correctly coded in FPDS–NG is critical because the data are used to inform procurement policy decisions, facilitate Congressional oversight, and publicize how taxpayer funds are spent.

B. Contracting officials did not review and approve FPDS–NG data sheets

The FAR²⁶ and CAM²⁷ both state that it is the responsibility of the contracting officials who awarded the contract action to ensure accuracy and completion of information reported in the FPDS–NG. The CAM²⁸ further states that the contracting officials shall review all FPDS–NG and other required data entries prior to executing an award, officially document the review by signing the FPDS–NG data sheet, and include the data sheet in the contract file.

Contracting officials did not sign the FPDS–NG data sheets verifying their review. Of the 17 BPAs reviewed, 13 had an unsigned FPDS–NG data sheet and the remaining 4 were missing the data sheets entirely. Contracting officials confirmed that they were aware of the requirements to review and sign the data sheets and maintain copies in the contract file; however, they simply did not follow these requirements.

IV. Contract Files Missing or Lacking Key Contract Documentation

The Bureau was unable to locate the contract file for 1 BPA and 2 associated call orders identified in our initial sample. The FAR²⁹ requires the head of each office performing contracting, contract administration, or paying functions to establish files containing the records of all contract actions. Missing files are an indication of questionable contract management and oversight practices.

²⁵ An IDIQ contract provides for an indefinite quantity of supplies or service during a fixed period of time.

²⁶ FAR § 4.604 (b)(1).

²⁷ CAM 1304.6 § 1.4.

²⁸ Id. § 3.2.2.

²⁹ FAR § 4.801(a).

Additionally, contracting officials did not maintain contract files in accordance with the requirements of the FAR.³⁰ We found that all 17 contract files we reviewed lacked key documentation required by the FAR³¹ to support the establishment and review of BPAs, such as vendor price proposals, documentation of competition activities, discount request documentation, award decision memo, or annual review documentation.

The FAR³² requires that documentation in contract files be sufficient to constitute a complete history of transactions to support informed decisions at each step in the acquisition process and to provide information for reviews and investigations. The need for well-maintained and complete contract files is important, not only for day-to-day contract administration, but also for when the Department experiences turnover of its contracting staff. Complete contract files help ensure proper transfer of responsibilities among staff and continuity of operations.

³⁰ Id. § 4.801(b).

³¹ Id. § 4.803, FAR § 8.405-3, and FAR § 13.303.

³² Id. § 4.801(b).

Recommendations

We recommend that the Census Bureau Acquisition Division Chief do the following:

1. Require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold: (a) before establishing a BPA; (b) before placing an order; or (c) in conjunction with the annual review.
2. Require contracting officers to perform annual BPA reviews, properly document the results of the review, and maintain documentation of the reviews in the contract file.
3. Reemphasize the importance of entering, reviewing, and approving the accuracy of information entered into the contract action reports to ensure the integrity of the data in FPDS-NG.
4. Improve controls to properly maintain and safeguard contract files.
5. Ensure that training is provided for contracting personnel to correct identified deficiencies.

Summary of Agency Response and OIG Comments

In response to our draft report, the Bureau concurred with all five of our recommendations. We are encouraged that the Bureau has taken steps to address our recommendations. We look forward to the Bureau's action plan that will provide details on the corrective actions to be taken. See appendix D for the Bureau's complete response. Within its response, Census included technical comments and suggested revisions to our report, which have been addressed in the report as appropriate.

Despite concurring with our recommendations, Bureau management raised a concern about the potential maximum amount of funds to be put to better use of approximately \$1.7 billion. The Bureau acknowledged that consistently requesting price discounts may result in additional savings; however, management did not believe that it is reasonable to suggest that a savings of \$1.7 billion could be achieved by "properly conducting and documenting annual reviews." Further, management stated that, because there is no reasonable method to estimate the exact savings that may be achieved by consistently requesting price discounts and consistently conducting annual reviews, the Bureau requested that the final sentence of the third paragraph of the Objectives, Finding and Recommendations section be updated. To revise the paragraph, the Bureau suggested a more general statement similar to, "The Census Bureau may realize additional savings by consistently requesting price discounts and consistently conducting annual reviews."

As noted in the report, the potential maximum amount of funds to be put to better use of approximately \$1.7 billion was calculated using the total estimated ceiling prices negotiated for the option years remaining on the 17 BPAs reviewed where annual reviews were not conducted or appropriately documented. FAR subsection 8.405-3(e) requires contracting officials to conduct and document annual reviews that determine whether (1) the schedule contract upon which the BPA was established is still in effect; (2) the BPA still represents the best value to the government; and (3) quantities or amounts estimated have been exceeded and additional price discounts can be obtained. Therefore, regarding the potential maximum amount of funds to be put to better use of approximately \$1.7 billion, the results of our calculation remain unchanged.

Appendix A: Objective, Scope, and Methodology

The objective of our audit was to determine whether the Census Bureau established and administered BPAs in accordance with laws, regulations, and agency guidance.

To accomplish our objective we did the following:

- Evaluated the Bureau's practices against relevant policies and guidance, including OMB guidance, the FAR, and the CAM.
- Identified the total number of BPAs that were established in FYs 2015 and 2016 using the FPDS-NG. The total universe consisted of 48 BPAs, however, we verified that 12 of the 48 were actually IDIQ contracts miscoded as BPAs. Due to the miscoding errors, the final universe consisted of 36 BPAs.
- Randomly selected a sample of 17 agreements (of the 17 sampled, 13 were FAR Part 8-established BPAs and 4 were FAR Part 13-established BPAs).
- Replaced one of the 17 agreements in our sample because the Bureau could not locate and provide the contract file for our review.
- Reviewed 13 multiple-award BPAs issued under three separate solicitations: 4 for program level IT development and integration; 5 for project level IT development and integration; and 4 for consultative and research services. BPAs under each solicitation share a ceiling price.
- Tested the reliability of FPDS-NG data by comparing information from the contract file with information gained in interviewing contracting officials (although prior GAO and OIG reports noted problems with data quality in FPDS-NG, we found the data sufficient for generalizing issues found in the BPAs we reviewed).
- Reviewed procurement files for sampled agreements including requests for quotation, vendor bids, single-award justifications, award documents, vendor agreements, and correspondence.

Further, we obtained an understanding of the internal controls used to award BPAs by interviewing Bureau acquisition personnel. While we identified and reported on internal control deficiencies, no incidents of fraud, illegal acts, violations, or abuse were detected within our audit. We identified weaknesses in the controls related to the processes and procedures used to award BPAs. We relied on computer-processed data from the FPDS-NG to perform this audit. We conducted the audit fieldwork between December 2016 and August 2017. We performed our fieldwork at Bureau headquarters in Suitland, Maryland, and Denver, Colorado.

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. We performed our work under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. App.), and Department Organizational Order 10-13, dated April 26, 2013.

Appendix B: Summary of Findings

Table B-I. Summary of Findings for GSA BPAs

BPA No.		Specific Product or Service	Total Estimated Ceiling Price	Single or Multiple-Award BPA	Price Discounts Were Not Requested and Received for GSA BPA Call Orders	Annual Reviews Were Not Performed	Documentation Supporting the Annual Reviews Was Not Maintained
1	YA132315 BU0024	Program Level IT Development and Integration	\$561,000,000	M			X
2	YA132315 BU0026	Program Level IT Development and Integration	0 ^a	M			X
3	YA132315 BU0027	Program Level IT Development and Integration	0 ^a	M			X
4	YA132315 BU0033	Program Level IT Development and Integration	0 ^a	M			X
5	YA132315 BU0040	Project Level IT Development and Integration	1,800,000,000	M			X
6	YA132315 BU0041	Project Level IT Development and Integration	0 ^b	M			X
7	YA132315 BU0044	Project Level IT Development and Integration	0 ^b	M			X
8	YA132315 BU0045	Project Level IT Development and Integration	0 ^b	M			X
9	YA132315 BU0046	Project Level IT Development and Integration	0 ^b	M			X
10	YA132115 BU0022	Office Furniture	9,900,000	M	X	X	

Table B-1. Summary of Findings for GSA BPAs (Continued)

BPA No.		Specific Product or Service	Total Estimated Ceiling Price	Single or Multiple-Award BPA	Price Discounts Were Not Requested and Received for GSA BPA Call Orders	Annual Reviews Were Not Performed	Documentation Supporting the Annual Reviews Was Not Maintained
11	YA132315 BU0006	Acquisition Division Support Service	4,000,000	S	X	X	
12	YA132315 BU0019	Media Destruction Services	127,000	S		X	
13	YA132315 BU0034	IT Solutions and Support Services	18,000,000	S	X	X	
		Totals	\$2,393,027,000		3	4	9

Source: OIG review of contract files.

^a For the Program Level IT Development & Integration BPAs, \$561 million is the cumulative negotiated ceiling price for the 4 vendors sampled for this Multiple-Award BPA.

^b For the Project Level IT Development & Integration BPAs, \$1.8 billion is the cumulative negotiated ceiling price for the 5 vendors sampled for this Multiple-Award BPA.

Table B-2. Summary of Findings for Census-Established BPAs

BPA No.		Specific Product or Service	Total Estimated Ceiling Price	Single or Multiple-Award BPA	Annual Reviews Were Not Performed
1	YA132115BU0003	Consultative and Research Services	No Maximum Cumulative Value ^a	M	X
2	YA132115BU0008	Consultative and Research Services	No Maximum Cumulative Value ^a	M	X
3	YA132116BU0002	Consultative and Research Services	No Maximum Cumulative Value ^a	M	X
4	YA132116BU0007	Consultative and Research Services	No Maximum Cumulative Value ^a	M	X
		Totals			4

Source: OIG review of contract files

^a Each Census-established BPA states that “there is no maximum cumulative value of all orders place under the Multiple-Award BPA.” Although FAR § 13.303 does not require the Bureau to establish estimated ceiling prices on Census-established BPAs, as a best practice contracting officials should establish estimated ceiling prices for Census-established BPAs as they do when awarding GSA BPAs.

Appendix C: Potential Monetary Benefits

	Questioned Costs	Unsupported Costs	Potential Funds to Be Put to Better Use
Finding II			\$1,706,844,772 ^a

^a Conducting and documenting annual reviews may potentially identify funds to be put to better use, up to this maximum amount.


Appendix D: Agency Response



UNITED STATES DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. Census Bureau
Office of the Director
Washington, DC 20233-0001

MAY 21 2016

MEMORANDUM FOR: Mark Zabarsky
Assistant Inspector General for Acquisition
and Special Program Audits

FROM: Ron S. Jarmin 
Performing the Non-Exclusive Functions
and Duties of the Director

SUBJECT: DRAFT AUDIT REPORT: Census Bureau Could Improve Monitoring
of Blanket Purchase Agreements by Complying with Key Federal
Acquisition Regulation and Commerce Requirements

Thank you for the opportunity to submit comments to the Office of Inspector's General (OIG) draft report titled "Census Bureau Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Commerce Requirements." Overall, the Census Bureau agrees with the findings and recommended actions. However, the Census Bureau has provided comments for specific findings in this response, and respectfully requests that the OIG consider these comments as the report is finalized.

The Census Bureau is committed to award and administer Blanket Purchase Agreements (BPAs) in accordance with all applicable Federal Acquisition Regulations (FAR) and U.S. Department of Commerce (DOC) policies. We are also committed to reducing the time and cost to acquire the goods and services that our programs require while utilizing the flexibilities allowed with the FAR.

Finally, we are pleased to report that we have already made many pro-active improvements since the fieldwork for this report began in December of 2016.

Responses to Specific Sections of the Draft Report & Appendices:

Objectives, Findings, and Recommendations

The Census Bureau requests the OIG reconsider the wording in the last paragraph of the introduction to this section. The paragraph states, "Consequently, the Bureau is missing potential cost savings on BPAs by not consistently requesting price discounts and not conducting annual reviews. By properly conducting and documenting annual reviews for 17 BPAs, the Bureau could potentially put up to a maximum of \$1.7 billion⁷ in expected funds to better use for these BPAs (see appendix C)." While the



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Census Bureau acknowledges that consistently requesting price discounts may result in additional savings, the Census Bureau does not believe that it is reasonable to suggest that a savings of \$1.7 billion could be achieved by “properly conducting and documenting annual reviews.” As there is no reasonable method to estimate the exact savings that may be achieved by consistently requesting price discounts and consistently conducting annual reviews, the Census Bureau requests that the final sentence of this paragraph is updated. The Census Bureau suggests a more general statement similar to, “The Census Bureau may realize additional savings by consistently requesting price discounts and consistently conducting annual reviews.”

Section I - Vendor Price Discounts Were Not Requested and Received When Issuing GSA BPA Orders

The Census Bureau agrees with the findings noted in Section I for the specific referenced BPAs. The Census Bureau requests that the title of this section is changed from, “Vendor Price Discounts Were Not Requested and Received When Issuing GSA BPA Orders” to “Vendor Price Discounts Were Not Consistently Requested and Received When Issuing GSA BPA Orders.” The Census Bureau believes this more accurately describes the finding as discounts were requested and received for two of the five GSA BPAs discussed by the OIG in Section I.

Section II - Required Annual Reviews Were Not Performed or Documentation Supporting the Reviews Was Not Maintained

Section II.A - The Census Bureau requests that the following comments are considered as the final report is prepared.

1. The Census Bureau requests that the title for Section A on page 5 is changed from, “Annual reviews required for GSA BPAs were not performed and documentation supporting the reviews was not maintained” to “Annual reviews required for GSA BPAs were not performed or documentation supporting the reviews was not maintained” to more accurately reflect the findings and for consistency with the title of Section II and the heading in Table B-1 of Appendix B. The annual review was performed for nine of the thirteen GSA BPAs and documented via a memo in the contract file that was signed by the warranted Contracting Officer.
2. The Census Bureau disagrees with the description of the findings in the second paragraph of Section II.A. This paragraph describes findings for nine GSA Schedule BPAs and includes the following statements: “...contracting

officials stated that they conducted the required annual reviews; however, they had no documentation supporting whether the schedule contract upon which the BPA was established was still in effect; or that the BPA still represented the best value to the government”, “...the contract files contained no supporting documentation addressing whether the schedule contract upon which the BPA was established was still in effect and BPA still represented the best value to the government...”, and “ Contracting officials could not provide any supporting documentation to verify that they had conducted these required elements of the review prior to exercising the option period.” As written, it implies that there was no documentation in the contract file for these BPAs. However, the Census Bureau notes that the contract files for all nine of the BPAs contained a memo signed by the warranted Contracting Officer documenting that the GSA schedules were still in effect and that the BPA represented the best value to the government at the time the option period was exercised on the BPA.

In a follow up conversation with the OIG that occurred on Friday April 27, 2018 the OIG clarified that the findings were referring to a lack of supplemental documentation (not required by the FAR or CAM, such as printouts from a GSA webpage to prove that the GSA schedule was still in effect when the option period was exercised) within the contract file. The Census Bureau acknowledges that including such supplemental information in the contract file provides further support to a memo signed by a Contracting Officer, and will implement this as a best practice going forward. However, the Census Bureau requests that the wording in this section is modified to acknowledge the existence of the signed memos in the file and to clarify the nature of the supporting documentation that was not included in the contract file.

Section II.B – The Census Bureau agrees with the findings documented in Section II.B and the corresponding table (Table B-2) in Appendix B.

Section III - Inaccurate Reporting of BPAs and Reliability of Data Accuracy in FPDS–NG

The Census Bureau agrees with the findings noted in Section III.A and Section III.B of the draft report.

Appendix A – Objective, Scope and Methodology

The Census Bureau has no comments on Appendix A.

Appendix B – Summary of Findings

The Census Bureau requests that the sixth column (“Annual Reviews Were Not Performed or Documentation Was Not Maintained”) is split into two separate columns (“Annual Reviews Were Not Performed” and “Supporting Documentation Was Not Maintained”) in order to more concisely depict the findings.

OIG Recommendations/Responses

We look forward to providing a formal corrective action plan to the OIG after the publication of the final report. In the meantime, we have already analyzed the recommendations and begun to put in place initial corrective actions.

Recommendation #1 – Require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold: (a) before establishing a BPA; (b) before placing an order; or (c) in conjunction with the annual review.

Response – The Census Bureau agrees with this recommendation.

Recommendation #2 – Require contracting officers to perform annual BPA reviews, properly document the results of the review, and maintain documentation of the reviews in the contract file.

Response – The Census Bureau agrees with this recommendation, and notes that the formal corrective action plan will address compliance with FAR and CAM mandates as well as recommended best practices (that exceed FAR and CAM requirements) for maintaining supplemental/supporting documentation in the contract file.

Recommendation #3 – Reemphasize the importance of entering, reviewing, and approving the accuracy of information entered into the contract action reports to ensure the integrity of the data in FPDS-NG.

Response – The Census Bureau agrees with this recommendation.

Recommendation #4 – Improve controls to properly maintain and safeguard contract files.

Response – The Census Bureau agrees with this recommendation.

Recommendation #5 – Ensure that training is provided for contracting personnel to correct identified deficiencies.

Response – The Census Bureau agrees with this recommendation.

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