

Enterprise Services Needs to Improve Upon Its Contract Management and Oversight of Accenture BPA No. DOCSS130116BU0004 and Subsequent Call Orders

FINAL REPORT NO. OIG-22-009-A

NOVEMBER 22, 2021



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



November 22, 2021

MEMORANDUM FOR: Don Graves
Deputy Secretary of Commerce

A handwritten signature in black ink, appearing to read "Frederick J. Meny, Jr.".

FROM: Frederick J. Meny, Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Enterprise Services Needs to Improve Upon Its Contract Management and Oversight of Accenture BPA No. DOCSS130116BU0004 and Subsequent Call Orders*
Final Report No. OIG-22-009-A

Attached for your review is our final report on our audit of Enterprise Services (ES) Acquisition Office's management and oversight of the Accenture Federal Services, LLC, (Accenture) blanket purchase agreement DOCSS130116BU0004 and subsequent call orders. Our audit objective was to determine whether ES effectively and efficiently managed contractor performance in accordance with federal regulations and U.S. Department of Commerce (Department) policy.

Overall, we found significant weaknesses in ES' management and oversight of the Accenture blanket purchase agreement. Specifically, we found the following:

- I. ES was not effective in enforcing performance requirements to ensure contract quality and timeliness standards were met and did not timely assess or adequately document contractor performance in CPARS.
- II. ES contracting officers and the assigned contracting officer's representatives did not properly maintain invoices or supporting documentation to demonstrate that invoices were reviewed and work was performed prior to approving invoices for payment.

On October 15, 2021, and October 22, 2021, we received the Department's responses to our draft report. We also received technical comments. Based on those technical comments, we made changes to the final report where appropriate. In response to the draft report, the Department concurred with all of the recommendations and described actions it has taken, or will take, to address them. The Department's formal response is included within the final report as appendix E.

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. This 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) 482-1931 or Monica Adamo, Director for Acquisition and Grants, at (202) 482-5185.

Attachment

cc: Wynn Coggins, Acting Chief Financial Officer and Assistant Secretary for Administration,
Office of the Secretary
Vince Micone, Executive Director of Enterprise Services, Office of the Secretary
Christopher Wallis, Director of Acquisition, Enterprise Services, Office of the Secretary
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Report in Brief

NOVEMBER 22, 2021

Background

Enterprise Services (ES) was established within the U.S. Department of Commerce (the Department) Office of the Secretary in November 2016 to provide multi-functional shared services across human resources (HR), acquisition, and other areas. ES' Acquisition Division awards and administers Department-wide managed services and strategic sourcing contracts for the bureaus.

On August 9, 2016, the Department and Accenture Federal Services, LLC, (Accenture) entered into a blanket purchase agreement (BPA) to provide HR support, program management support, and other consulting services to Department bureaus. ES is responsible for the administration and oversight of the BPA and subsequent call orders under the BPA.

In 2019, our office received hotline complaints pertaining to the processing of employees' pay, personnel action requests, and benefits (PP&B), a service that is provided through the Accenture BPA and is administered by ES. We initiated an audit in response to the hotline complaints. On September 24, 2020, we issued a management alert memorandum to report on an issue we identified with the timely resolution of delays and errors in processing of employees' PP&B that required immediate attention.

Why We Did This Review

Our audit objective was to determine whether ES effectively and efficiently managed contractor performance in accordance with federal regulations and Department policy.

OFFICE OF THE SECRETARY

Enterprise Services Needs to Improve Upon Its Contract Management and Oversight of Accenture BPA No. DOCSS130116BU0004 and Subsequent Call Orders

OIG-22-009-A

WHAT WE FOUND

Overall, we found significant weaknesses in ES' management and oversight of the Accenture BPA. Specifically, we found the following:

- I. ES was not effective in enforcing performance requirements to ensure contract quality and timeliness standards were met and did not timely assess or adequately document contractor performance in the Contractor Performance Assessment Reporting System (CPARS).
- II. ES contracting officers (COs) and the assigned contracting officer's representatives (CORs) did not properly maintain invoices or supporting documentation to demonstrate that invoices were reviewed and work was performed prior to approving invoices for payment.

WHAT WE RECOMMEND

We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director does the following:

1. Develop and implement procedures necessary for current and future contracts to reduce vendor PP&B processing errors to include, at a minimum, enforcing the contractual requirements outlined in the (1) service-level agreement on the timely resolution of incidents and service requests and assessing financial penalties for unsatisfactory vendor performance, and (2) the statement of work that require the vendor to provide qualified and trained staff to timely and adequately process PP&B.
2. Utilize an issue tracking system that accurately tracks and monitors service and support tickets issued in response to delays and errors with the processing of PP&B.
3. Revise the quality assurance surveillance plan (QASP) for current and future contracts to require documentation of performance for PP&B processing at the bureau/order level in order to provide a true depiction of vendor performance as well as develop quality metrics to track customer satisfaction.
4. Reevaluate the contractor appraisal process for call order 7 and assess and report on whether it allows contracting officials to capture an accurate portrayal of vendor performance.
5. Develop a contingency plan to ensure continuity of operations to minimize the risk to employees' PP&B as a result of ES' efforts to redress vendor performance issues.
6. Develop internal policies to reinforce the Federal Acquisition Regulation (FAR) requirement for documenting contractor performance, and implement procedures to ensure that contractor performance is accurately assessed at the proper level and is properly documented and reported in CPARS in a timely manner.
7. Develop and implement contract management procedures to ensure COs comply with the requirements in the QASP and the FAR for performing contract monitoring and oversight.
8. Assess acquisitions workload to determine staffing levels needed for properly overseeing contractor performance.
9. Locate and file documentation reflecting invoice support and COR review for the \$4,219,570.92 in unsupported costs.
10. Develop controls to ensure that CORs are following the FAR requirements for reviewing and approving invoices for payment.
11. Provide training, guidance, or other reinforcements to COs and CORs on contract management and oversight responsibilities including, but not limited to, maintaining complete contract documentation, monitoring funds, reviewing and approving invoices, and documenting contractor performance.

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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.

Background

In 2019, our office received hotline¹ complaints pertaining to the processing of employees' pay, personnel action requests (PARs), and benefits (PP&B), a service that is provided through the Accenture Federal Services, LLC, (Accenture) blanket purchase agreement² (BPA) and is administered by Enterprise Services (ES). We initiated an audit in response to the hotline complaints. On September 24, 2020, we issued a management alert memorandum³ (see appendix C) to report on an issue we identified with the timely resolution of delays and errors in processing of employees' PP&B that required immediate attention. This audit report summarizes our review of ES' management and oversight of select call orders under the BPA.

ES was established within the U.S. Department of Commerce (the Department) Office of the Secretary in November 2016 to provide multi-functional shared services across human resources (HR), acquisition, information technology, and financial management services. ES' Acquisition Division awards and administers Department-wide managed services and strategic sourcing contracts for the bureaus.

On August 9, 2016, the Department and Accenture entered into a BPA with an estimated cumulative value of \$550 million to provide HR support, program management support, and other consulting services to bureaus within the Department. ES is responsible for the administration and oversight of the BPA and subsequent call orders under the BPA. See appendix B for additional details on the BPA, the period of performance, and subsequent call orders issued.

Contract monitoring and oversight

Contract monitoring ensures that contractors perform their contracted service(s) appropriately. When a federal government agency contracts out a service or services to a contractor, the agency is responsible for ensuring the contractor performs the work or services acceptably and government funds are used appropriately.

Roles and responsibilities

Contracting officials are delegated the responsibility for monitoring, overseeing, and evaluating the contractor's performance for the life of the contract. Key personnel for contract monitoring include the contracting officer (CO), the contracting officer's representative (COR), and the technical points of contact (TPOCs). The CO has the

¹ The Office of Inspector General maintains a hotline for receiving allegations of fraud, waste, abuse, and gross mismanagement in Department programs or operations, including any organization or entity receiving Department funds.

² BPA number DOCSS130116BU0004.

³ U.S. Department of Commerce Office of Inspector General, September 24, 2020. *Management Alert: Enterprise Services Did Not Perform Adequate Contract Oversight to Prevent Delays and Errors in Processing of Employees' Pay, PARs, and Benefits*, OIG-20-051-M. Washington, DC: DOC OIG. Available online at <https://www.oig.doc.gov/OIGPublications/OIG-20-051-M.pdf> (accessed June 7, 2021).

authority to enter into, administer, and terminate contracts. The COR assists in the day-to-day technical monitoring and administration of the contract. The TPOCs assist the COR in contract oversight, specifically recommending acceptance or rejection of deliverables, monitoring and reporting on service-level agreements (SLAs), and communicating with the COR about contractor performance. The SLAs, which represent a contractual agreement between ES and its contractor, specify the outcome metrics and performance targets to track progress toward agreed-upon processing goals.

ES has one resident COR⁴ responsible for performing the duties of its managed services contracts.⁵ For strategic sourcing contracts,⁶ ES is the cognizant contracting office and the CORs are assigned at the bureau level.

Quality assurance surveillance

Quality assurance surveillance oversight is important to provide assurance that the contractor delivers timely, high-quality services and to help mitigate any contractor performance problems. The quality assurance surveillance plan (QASP) is a document that illustrates the various tasks performed by the government throughout the contract performance period to determine whether a contractor has fulfilled the contract obligations pertaining to quality and quantity assurance. The Federal Acquisition Regulation (FAR)⁷ requires government agencies to either prepare the QASP or require the offerors⁸ to submit a proposed QASP for the government's consideration in developing the government's plan.

Documenting contractor performance

The FAR⁹ generally requires agencies to (1) document contractor performance on contracts or orders that exceed certain dollar thresholds at least annually and (2) make that information available to other agencies through the Contractor Performance Assessment Reporting System (CPARS),¹⁰ a shared government-wide database that collects and stores the library of contractor assessment data. The purpose of CPARS is to ensure that contractor performance is appropriately evaluated and that performance-related

⁴ At the completion of our fieldwork, ES informed us that an additional COR to support contract administration of managed services contracts was hired in March 2021.

⁵ For Department-wide managed services contracts, ES develops the master and task order requirements and performs acquisition and contract oversight of the master contract and orders.

⁶ For strategic sourcing contracts, the individual bureaus develop task/delivery order requirements. ES develops the master requirements and performs acquisition and contract oversight of the master requirements and all orders placed.

⁷ Federal Acquisition Regulation Subpart 37.604, *Quality assurance surveillance plans*. The FAR is codified in Title 48 of the Code of Federal Regulations.

⁸ "Offeror means Offeror or bidder." FAR Subpart 2.101, *Definitions*.

⁹ FAR Subpart 42.15, *Contractor Performance Information*.

¹⁰ FAR Subpart 42.1501(b), *General*. According to this subpart of the FAR, "CPARS is the official source for past performance information."

observations and feedback are communicated to the companies contracted with government agencies.

A contractor performance assessment report¹¹ should include a clear, nontechnical description of the principal purpose of the contract or order. The evaluation should also include clear and relevant information that accurately depicts how the contractor performed, and should be based on objective facts supported by program and contract or order performance data. The evaluation elements should include, at a minimum and among other things, the following: (1) technical (quality of product or service), (2) cost control, (3) schedule and timeliness, and (4) management or business relations.

¹¹ FAR Subparts 42.1503(b)(1)–(2), *Procedures*.

Objective, Findings, and Recommendations

We conducted this audit in response to allegations made to the Department's hotline. The objective of our audit was to determine whether ES effectively and efficiently managed contractor performance in accordance with federal regulations and Department policy. Overall, we found significant weaknesses in ES' management and oversight of the Accenture BPA. Specifically, we found the following:

- I. ES was not effective in enforcing performance requirements to ensure contract quality and timeliness standards were met and did not timely assess or adequately document contractor performance in CPARS.
- II. ES COs and the assigned CORs did not properly maintain invoices or supporting documentation to demonstrate that invoices were reviewed and work was performed prior to approving invoices for payment.

By not effectively holding the contractor accountable and devising a strategy to ensure results to the government, ES may have paid the contractor for services not provided and possibly wasted millions of taxpayer dollars on a contract that did not meet its proposed performance expectations.

We selected a judgmental sample of 10 high-dollar contract actions from August 9, 2016, to December 31, 2019, which totaled approximately \$38 million. The highest-dollar obligation amounts came from three task orders awarded under call orders issued under the BPA and were funded by either the National Oceanic and Atmospheric Administration (NOAA), the U.S. Census Bureau (the Census Bureau), or the Minority Business Development Agency (MBDA).

During the audit, ES recompleted the PP&B order and on October 7, 2020, a potential 6-year, \$110 million contract was awarded to Golden Key Group, LLC.¹² Although Accenture is no longer performing services under this order, the issues and recommendations for corrective actions that we have noted during our audit are still relevant to ES and its contract monitoring and oversight processes.

See appendix A for additional details on the objective, scope, and methodology of our audit.

¹² U.S. General Services Administration, System for Award Management. *Award-Personnel Action Request (PAR), Payroll & Benefits Services (PPB2)* [online]. <https://beta.sam.gov/opp/a5432d6e764b45d4a8230ada63e277ea/view#classification> (accessed August 27, 2021).

I. ES Was Not Effective in Enforcing Performance Requirements to Ensure Contract Quality and Timeliness Standards Were Met and Did Not Timely Assess or Adequately Document Contractor Performance in CPARS

The FAR¹³ requires government agencies, or the offeror,¹⁴ to prepare the QASP to assist in determining whether a contractor has fulfilled the contract obligations pertaining to quality and quantity assurance. Although a QASP and performance metrics were built into the BPA, ES was not effective in enforcing performance requirements to ensure contract quality and timeliness standards were met. Further, the FAR¹⁵ requires agencies to monitor their compliance with past performance evaluation requirements and use the CPARS tools to measure the quality and timely reporting of past performance information. We found that contracting officials did not timely assess or adequately document contractor performance in CPARS.

To illustrate:

- Issues with PP&B Processing. ES did not provide effective oversight of the processing of employees' PP&B performed by Accenture under call order 7 of the BPA. We reviewed 12 hotline complaints that were filed against ES in 2019, and we determined that Accenture did not resolve delays and errors in processing of employees' PP&B in a timely manner. This occurred because (1) ES did not adequately perform its contract management and oversight duties to ensure that Accenture provided staff who possessed the knowledge, skills, and abilities needed to perform the requirements as outlined in the statement of work, and (2) the ticketing system does not properly track issues with HR processing services. See our management alert in appendix C for more details.
- Task orders I33IL518FNAAA0001 and I33IL518FI3230008. These orders are to process employees' PP&B for NOAA and the Census Bureau, respectively. ES contracting officials assessed the contractor's performance as a summary of all the NOAA and Census Bureau orders under call order 7. According to ES, the individual order numbers are all within the single call order and are not subject to individual performance monitoring. ES monitors performance on call order 7 on a bureau-by-bureau basis only to the extent of documenting whether transactions were completed timely for each bureau. Based on the preponderance of hotline complaints received from one bureau, we concluded that there was a difference in vendor performance of and customer satisfaction with the PP&B services received at the bureau level. This information, however, is not captured in the performance documentation.

¹³ FAR Subpart 46.401, *General*, and FAR Subpart 46.101, *Definitions*.

¹⁴ FAR Subpart 37.604, *Quality assurance surveillance plans*.

¹⁵ FAR Subpart 42.1501(a)(b), *General*.

The performance documentation obtained from ES was the same for NOAA and the Census Bureau. The documents included a thematic challenges summary,¹⁶ a problem log, and a contractor feedback report. Our review of these files noted that ES identified several issues pertaining to Accenture's performance, such as Accenture's "inability to consistently meet processing quality and timeliness standards for processing [PP&B] actions without frequent intervention from federal resources" and its "inability to meet the [Office of Management and Budget] mandate for processing retroactive pay corrections by [the specified date] without [ES] dedicating federal resources to assist." ES implemented corrective action plans for Accenture from November 2018 to February 2019 and April 2020 to the present, emphasizing the timely resolution of incidents and improved customer communications. Although marginal improvements were noted in some areas, the performance issues were not fully resolved.

Additionally, the FAR¹⁷ requires past performance evaluations to be prepared at least annually and at the time the work under the contract or order is completed. We noted that ES did not enter the contractor's performance evaluation into CPARS for the base period or option periods one and two. The evaluation report assessed the base period from August 2018 to December 2018, option period one from January 2019 to June 2019, and option period two from July 2019 to December 2019.¹⁸ During our initial interview, ES stated the performance for the 4.5-month base was memorialized through email communications with Accenture. On May 28, 2021, ES provided a copy of the evaluation report for the base period and option periods one and two; however, as of that date, ES had not entered the evaluation report into CPARS. By delaying CPARS evaluations, ES failed to effectively and timely communicate critical performance issues to the contractor and source selection officials.

- Task order SS135217CC0051. This order, under call order 11, provided consulting services to MBDA. We found the performance on this order has not been timely evaluated or documented by the COR or ES. ES contracting officials stated that the order is for MBDA-specific requirements and is not within the purview of ES' oversight and, as a result, responsibility for contractual oversight was fully and expressly delegated in writing to the MBDA COR through the COR appointment memorandum. Contracting officials also stated ES is not the owner of the MBDA requirements and, as a matter of contractual record, is neither in a position to oversee nor responsible for technical oversight of performance or approval of invoices. Additionally, we noted ES did not timely report the contractor's performance in CPARS. On May 28, 2021, ES provided a copy of a CPARS report filed on February 23, 2021. The evaluation report assessed the base period from

¹⁶ This document is prepared by the ES HR tower to identify key issues with services provided by Accenture, such as processing breakdowns, process discrepancies, backlogs, communication breakdowns, reporting errors, and unachieved SLA metrics.

¹⁷ FAR Subpart 42.1502(a), *Policy*.

¹⁸ Call order 7 is funded through multiple transactions and encompasses multiple performance periods.

September 25, 2017, to August 31, 2018, and option period one from September 1, 2018, to August 31, 2019.

Although the MBDA COR is delegated the task of managing and overseeing the day-to-day operations for this call order, the CO is responsible for ensuring the effective management and monitoring of the contract, ensuring compliance with the terms of the contract, and safeguarding the interests of the government's contractual relationships.¹⁹

When contractor performance is not properly monitored and documented, there is an increased risk to the government that fraud, waste, and abuse will go undetected. Complete and timely information on contractors' past performance is critical to ensure the government only does business with companies that deliver quality goods and services on time and within budget.

II. ES COs and the Assigned CORs Did Not Properly Maintain Invoices or Supporting Documentation to Demonstrate That Invoices Were Reviewed and Work was Performed Prior to Approving Invoices for Payment

The FAR²⁰ requires that payments to contractors be based on receipt of a proper invoice and satisfactory contractor performance. For the BPA and subsequent call orders, CORs are delegated by the CO to provide contract administration duties that include management, oversight, and surveillance. Based on the COR duties matrix, the COR is responsible for ensuring receipt of goods and services, reviewing and submitting invoices for approval, and validating the availability of funds.

We found instances where the assigned CORs did not properly maintain invoices or supporting documentation in the COR files to demonstrate that invoices were reviewed and work was performed prior to approving invoices for payment. Examples include the following:

- Task orders I331L518FNAAA0001 and I331L518F13230008. Our review of 6 out of 42 invoices for these task orders noted that they did not contain any supporting documentation for the work that was performed, resulting in \$3,945,068.01 in unsupported costs (see appendix D). The contractor is responsible for providing (1) standard reports to the ES Service Management Lead regarding PP&B processing, (2) operational reports in advance of service quality meetings, and (3) data analysis and summary reports. The COR files did not include any reports submitted by the contractor. Without these reports, the COR cannot ensure that the contractor completed all of the required actions to satisfy delivery requirements.

In addition, we noted instances where the COR approved incorrect invoices for payment. For task order I331L518FNAAA0001, the period of performance for option period one was for six months. The invoiced amounts for January 2019

¹⁹ FAR Subpart 1.602-2, *Responsibilities*.

²⁰ FAR Subpart 32.905, *Payment documentation and process*.

through April 2019 were incorrect; however, the COR still approved them. The monthly total invoice amount billed should have been \$707,818.47; however, Accenture billed the January through April invoices at \$705,468.77 each, resulting in each invoice being underbilled by \$2,349.70. In May 2019, Accenture then overbilled by \$9,398.79 to offset the difference from the previous months. We noted similar issues with invoices for task order I33IL518FI3230008.

ES stated

The NOAA and the [Census] Bureau invoices for January – April erroneously applied the networking credit as an estimated prorated monthly credit, rather than as a final credit applied to the entire 6-month period in the June invoice . . . The under billing was not identified until the April invoice due to an administrative oversight but was resolved with the May correction and the June true-up invoice.

Our review noted the ES COR does not provide direct oversight of the contractor's performance and invoice review. ES has one resident COR who, at the time of the audit, was responsible for oversight of its four managed service contracts.²¹ In addition to the COR, at the time of our review, there were four TPOCs and three COs. Because ES has one resident COR, the COR relies heavily on the ES HR tower lead²² (tower lead) to obtain information and documentation regarding the contractor's performance. This communication is usually via email, and the COR uses these emails from the tower lead as validation that services have been received and completed before certifying the invoices for payment. The COR's files, however, do not contain evidence of the invoice review.

- Task order SS135217CC0051. The statement of work for this task order requires the contractor to provide the government with a status report of the activities performed under this effort as of the end of each calendar month. We reviewed invoices for the base period of performance, which was from September 25, 2017, to August 31, 2018. We noted the MBDA COR file did not include the July 2018 monthly status report of the activities performed under this effort. As a result, we could not ascertain whether the COR ensured that work was performed for invoices totaling \$274,502.91 before approving them for payment (see appendix D).

ES' access to the MBDA COR files was limited due to the COR's transition to another agency and their inability to access their MBDA files. As a result, we could not determine if the COR documented any issues within the contract funding summary. The FAR²³ requires that invoices submitted for payment under time and materials and labor-hour contracts must be accompanied by (I) individual daily

²¹ At the completion of our fieldwork, ES stated the ES COR is responsible for performance oversight of three managed services contracts with the support of a recently hired COR, the ES service management team, and the tower leads.

²² Tower leads are TPOCs who oversee and monitor the contractor's weekly performance and operations.

²³ FAR Subpart 52.232-7, *Payments under Time-and-Materials and Labor-Hour Contracts*.

timekeeping records, (2) records that verify the employees meet the qualifications for the labor categories specified in the contract, or (3) other substantiation approved by the CO.

If CORs are not reviewing invoices or maintaining evidence that invoices were reviewed along with supporting documentation to ensure the contractor has complied with contractual requirements, and if COs are not monitoring CORs to ensure they are properly reviewing invoices, the government could be overpaying due to improper or incorrect billings or paying for services that did not meet performance standards. Lacking contract file documentation, contracting officials cannot properly support contract payments and may not be able to identify and recover erroneous payments. Without reviewing invoices, ES increases the risk that future erroneous payments may not be properly identified and recovered in a timely fashion.

Additionally, staffing shortages—specifically COR shortages—reduce ES' ability to perform proper contract monitoring and oversight, thus increasing the risk of improper payments and undetected fraud, waste, and abuse. ES stated it added hiring billets for two additional CORs at the end of fiscal year 2020 and anticipated staffing the billets by February or March 2021. As of May 28, 2021, ES hired four additional COs/specialists—two started in May 2021 and an additional two were scheduled to onboard in June 2021.

Recommendations

We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director does the following:

1. Develop and implement procedures necessary for current and future contracts to reduce vendor PP&B processing errors to include, at a minimum, enforcing the contractual requirements outlined in the (1) SLA on the timely resolution of incidents and service requests and assessing financial penalties for unsatisfactory vendor performance, and (2) the statement of work that require the vendor to provide qualified and trained staff to timely and adequately process PP&B.
2. Utilize an issue tracking system that accurately tracks and monitors service and support tickets issued in response to delays and errors with the processing of PP&B.
3. Revise the QASP for current and future contracts to require documentation of performance for PP&B processing at the bureau/order level in order to provide a true depiction of vendor performance as well as develop quality metrics to track customer satisfaction.
4. Reevaluate the contractor appraisal process for call order 7 and assess and report on whether it allows contracting officials to capture an accurate portrayal of vendor performance.
5. Develop a contingency plan to ensure continuity of operations to minimize the risk to employees' PP&B as a result of ES' efforts to redress vendor performance issues.
6. Develop internal policies to reinforce the FAR requirement for documenting contractor performance, and implement procedures to ensure that contractor

- performance is accurately assessed at the proper level and is properly documented and reported in CPARS in a timely manner.
7. Develop and implement contract management procedures to ensure COs comply with the requirements in the QASP and the FAR for performing contract monitoring and oversight.
 8. Assess acquisitions workload to determine staffing levels needed for properly overseeing contractor performance.
 9. Locate and file documentation reflecting invoice support and COR review for the \$4,219,570.92 in unsupported costs.
 10. Develop controls to ensure that CORs are following the FAR requirements for reviewing and approving invoices for payment.
 11. Provide training, guidance, or other reinforcements to COs and CORs on contract management and oversight responsibilities including, but not limited to, maintaining complete contract documentation, monitoring funds, reviewing and approving invoices, and documenting contractor performance.

Summary of Agency Response and OIG Comments

In response to our draft report, the Department (1) concurred with all of our recommendations; (2) described actions it has taken, or will take, to address our recommendations; and (3) provided technical comments recommending several changes to the factual and technical information in the report. We reviewed the technical comments and, where appropriate, made changes to the report. We have included the Department's formal comments in appendix E.

In its response, the Department summarized actions it has recently taken that address or complement the recommendations in the draft report, including (1) increased efforts to enforce contractual requirements and (2) development of standard operating procedures that reinforce the FAR requirements for oversight and documentation of contractor performance. We appreciate the additional information provided and are encouraged by the Department's continuing efforts to improve upon its contract management and oversight of the remaining call orders under this BPA as well as the recompleted PP&B order.

Appendix A: Objective, Scope, and Methodology

Our overall audit objective was to determine whether ES effectively and efficiently managed contractor performance in accordance with federal regulations and Department policy. Specifically, we sought to determine whether (1) quality assurance and performance metrics were built into the contracts to identify adequate contract performance monitoring requirements, (2) contractor performance is being adequately assessed and reported, and (3) the invoices are being properly reviewed and accepted prior to payment.

To accomplish our audit objective, we performed the following:

- Reviewed the FAR, the Department’s *Commerce Acquisition Manual*, and ES policies and procedures to identify rules and regulations pertaining to contract monitoring and payment approvals.
- Examined 12 hotline complaints that were filed against ES in fiscal year 2019 to determine whether delays and errors in processing of employees’ PP&Bs were addressed and resolved.
- Obtained and reviewed contracts and modifications to identify performance measures and payment information.
- Interviewed ES personnel responsible for monitoring the contract to understand their responsibilities for contract management.
- Reviewed invoices to determine whether ES properly approved payments.
- Selected a judgmental sample of 10 high-dollar obligations totaling approximately \$38 million for Accenture BPA DOCSS130116BU0004 and subsequent call orders made between August 9, 2016, and December 31, 2019. See table A-1. The total universe consisted of 159 contract actions totaling \$62.4 million.

Table A-1. Sample Selection of High-Dollar Contract Actions for BPA DOCSS130116BU0004

Order Number	Modification Number	Bureau Served	Obligated Amount
I331L518FNAAA0001	0	NOAA	\$5,899,000
I331L518FNAAA0001	PI9001	NOAA	\$2,669,863
I331L518FNAAA0001	PI9004	NOAA	\$5,814,000
I331L518FNAAA0001	P20007	NOAA	\$4,275,964
I331L518FI3230008	0	Census	\$3,284,936
I331L518FI3230008	PI9001	Census	\$1,465,750
I331L518FI3230008	PI9002	Census	\$2,643,609

Order Number	Modification Number	Bureau Served	Obligated Amount
I331L518F13230008	P19003	Census	\$2,610,321
I331L518F13230008	P20006	Census	\$4,034,308
DOCSSI35217CC0051	0	MBDA	\$5,483,267
Total			\$38,181,018

Source: Sample selection based on Federal Procurement Data System-Next Generation data

To gain an understanding of relevant controls, we interviewed management and staff from ES regarding policies, procedures, and internal control to effectively and efficiently manage contractor performance in accordance with federal regulations and Department policy. While we identified and reported on internal control deficiencies, no incidents of fraud, illegal acts, or abuse were detected within this audit. We identified weaknesses in controls related to resolving issues pertaining to PP&B processing and assessing contractor performance. Although we could not independently verify the reliability of all the information we collected, we compared it with other available supporting documents to determine data consistency and reasonableness. Based on these efforts, we believe the information we obtained is sufficiently reliable for this report.

We conducted our review from February 2020 through June 2021 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. App.), and Department Organization Order 10-13, as amended October 21, 2020. We performed our fieldwork at OIG offices in Washington, DC.

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B: BPA No. DOCSSI30116BU0004

Before awarding the BPA, the Department recognized challenges and limitations with the previous fragmented HR service delivery landscape. The intent of the BPA was to establish a support services environment that would shift the focus of internal HR staff to more strategic, advisory services. The BPA's scope of work is for the service provider to establish, manage, and maintain a mission-enabling support services environment that is responsible for the following:

- Talent acquisition
- Benefits processing
- PAR and mandatory U.S. Office of Personnel Management processing
- Performance management
- HR reporting and analytics
- Employee relations
- Workforce planning and analysis
- HR strategy and business alignment
- Staff augmentation
- Other consulting services
- Department-wide learning center training
- Retirement management
- Compensation management
- Separations processing
- HR infrastructure
- Labor relations
- Organization and position management
- Customer liaison advisory services
- Integration support services

The duration of this BPA was 1 year from the date of award plus four 1-year option periods (see table B-1). The estimated cumulative value of all calls placed under this BPA is \$550 million. The BPA was awarded prior to ES' establishment; however, ES has been responsible for the administration and oversight of the BPA and subsequent call orders under the BPA (see table B-2).

Table B-1. BPA Period of Performance

Ordering Period	
Base Period	08/09/2016–08/08/2017
Period 1	08/09/2017–08/08/2018
Period 2	08/09/2018–08/08/2019
Period 3	08/09/2019–08/08/2020
Period 4	08/09/2020–08/08/2021

Source: BPA No. DOCSSI30116BU0004

Table B-2. Summary of the BPA Call Orders

Call Order No.	Description of Services Provided
Call Order 1	NOAA Staffing Support Services
Call Order 2	Transition Services & Wave I HR Operations
Call Order 3	Support Services Initiative - Human Resources (SSI-HR) SSI-HR Planning, Design, and HR Services Support (All Bureaus)
Call Order 4	Compensation, Benefits, and Personnel Action Processing Services, Vendor Stand Up (All Bureaus Except PTO)
Call Order 5	PAR & Contract Center Services: DOCHROC ^a -Serviced Bureaus & NOAA Service Delivery
Call Order 6	NOAA Compensation & Benefits Support Services
Call Order 7	PAR, Compensation, Benefits, and Contact Center Services: Service Delivery (All Bureaus)
Call Order 8	NOAA Classification Services
Call Order 9	DOCHROC Electronic Official Personnel Folder (eOPF) Implementation
Call Order 10	DOCHROC Recruiting & Hiring Support Services
Call Order 11	MBDA HR Professional Management & Strategic Consultation
Call Order 12	NOAA HR Professional Services Support
Call Order 13	NOAA Position Classification and Management Support
Call Order 14	NOAA Research & Development Position Classification Support

Source: BPA call order list provided by ES

^a DOCHROC — Department of Commerce Human Resources Operations Center

Appendix C: Management Alert Memorandum

OIG-20-051-M



UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

September 24, 2020

MEMORANDUM FOR: Thomas Gilman
Chief Financial Officer and Assistant Secretary for Administration

FROM: 
Frederick J. Meny, Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Management Alert: Enterprise Services Did Not Perform Adequate Contract Oversight to Prevent Delays and Errors in Processing of Employees' Pay, PARs, and Benefits*
Final Memorandum No. OIG-20-051-M

Attached is a management alert on the Office of the Secretary's Enterprise Services (ES) contract oversight of the Accenture Federal Services, LLC (Accenture), blanket purchase agreement DOCSS130116BU0004 and subsequent call orders. The contract is for providing human resources (HR) support through the ES HR Service Center program. Our ongoing audit objective is to determine whether ES effectively and efficiently managed contractor performance in accordance with federal regulations and U.S. Department of Commerce (the Department) policy. The audit is being conducted, in part, in response to multiple allegations made to the OIG Hotline.

During our fieldwork, we identified an issue with the timely resolution of delays and errors in processing of employees' pay, personnel action requests, and benefits that requires immediate attention.

Consistent with the Inspector General Act of 1978, as amended (IG Act),¹ we are notifying the Department's leadership of the potential risks that could affect the Department and its bureaus.

We are not requesting a formal response to this memorandum, as the key issues discussed in it were briefed to cognizant Departmental officials in advance of issuance. This management alert will be posted to our public website. We plan to include information from this memorandum in an audit report to be issued at a later date.

The planned subsequent report will comment on the actions taken by your office to address the issues identified here, and a final version of that report will be posted in accordance with sections 4 and 8M of the IG Act.

¹ The IG Act establishes that offices of inspectors general will "provide a means for keeping the head of the establishment and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action[.]" 5 U.S.C. App., § 2(3).

If you have any questions or concerns about this memorandum, please contact me at (202) 482-1931 or Monica Adamo, Director of Acquisition and Grants, at (202) 482-5185.

Attachment

cc: Jamie Krauk, Acting Executive Director, Enterprise Services, Office of the Secretary
Anthony Kram, Director of Acquisition, Office of the Secretary
Barry Berkowitz, Senior Procurement Executive and Director of Acquisition Management,
Office of the Secretary
MaryAnn Mausser, Audit Liaison, Office of the Secretary
Albert Moesle, Director of Enterprise Risk Management and Chief Risk Officer, Office of
the Secretary
Rehana Mwalimu, Risk Management Officer and Primary Alternate Department GAO/OIG
Liaison, Office of the Secretary



Management Alert

Enterprise Services Did Not Perform Adequate Contract Oversight to Prevent Delays and Errors in Processing of Employees' Pay, PARs, and Benefits

September 24, 2020

Final Memorandum No. OIG-20-051-M

Key Issue(s)

The Office of the Secretary's Enterprise Services (ES) has not provided effective oversight of the processing of employees' pay, personnel action requests (PARs), and benefits performed by Accenture Federal Services, LLC (Accenture), under blanket purchase agreement (BPA) DOCSS130116BU0004. We reviewed 12 hotline complaints that were filed against ES in 2019, and we determined that Accenture did not resolve delays and errors in processing of employees' pay, PARs, and benefits in a timely manner.

Proposed Action(s) for Change

Preventing and ensuring timely resolution of delays and errors in the processing of payroll, PARs, and benefits is crucial to minimize the risk that employees will experience loss of pay and benefits, delayed personnel actions, or other financial hardships. To address the issue noted, ES should (1) enforce the contractual requirements outlined in the service-level agreement on the timely resolution of incidents and service requests; (2) enforce the contractual requirements outlined in the statement of work to require Accenture to provide qualified and trained staff to timely and adequately process employees' pay, PARs, and benefits; and (3) utilize an issue tracking system that accurately tracks and monitors service and support tickets issued in response to delays and errors with the processing of employees' pay, PARs, and benefits.

Background

ES was established within the Office of the Secretary in November 2016. ES provides multi-functional shared services across human resources (HR), acquisition, information technology (IT), and financial management services under the oversight of the Departmental Management Council. The Acquisition Division administers and issues U.S. Department of Commerce-wide (Department-wide) managed services and is responsible for ordering and managing strategic sourcing contracts for all bureaus.

From July 2016 through December 2019, ES was responsible for contract administration of approximately \$829 million in obligated contract actions. Approximately \$62 million of the funded amount was obligated for the Accenture contract, which was awarded on August 9, 2016. This is a BPA that provides human resources support through the Department's Enterprise Services HR Service Center (ESHRSC).

Management Alert: Enterprise Services Did Not Perform Adequate Contract Oversight to Prevent Delays and Errors in Processing of Employees' Pay, PARs, and Benefits

In February 2020, we initiated an audit in response to multiple allegations made to the Office of Inspector General (OIG) Hotline² pertaining to issues with employees' pay, PARs, and benefits processing, which is handled through the Accenture BPA.

Our Observation(s) to Date

Employee Pay, PARs, and Benefits Complaints Were Not Resolved in a Timely Manner

During our fieldwork, we reviewed 12 complaints that were reported to the OIG Hotline between July 17, 2019, and October 3, 2019. We found that Accenture did not resolve delays and errors in processing of employees' pay, PARs, and benefits in a timely manner in those instances. According to ES, in order to resolve an incident in a timely manner, the service-level agreement in Accenture's statement of work requires that incidents must be resolved within 3 business days and service requests must be closed within the pay period of its effective date. Table 1 provides a summary of the 12 complaints we reviewed and the timeframes in which they were resolved.

Table 1. Summary of Hotline Complaint and Number of Days to Resolution

Complaint No.	Date Received	Summary of Complaint	No. of Days to Resolution
1	07/17/2019	Employee did not receive pay for 12/22/2018.	129
2	07/17/2019	Employee received a debt notice for 12/22/2018, which resulted in a negative thrift savings plan (TSP) deduction.	358
3	07/17/2019	Employee was missing 2,000 hours of sick leave.	10
4	07/17/2019	Employee did not receive pay for 12/22/2018.	106
5	07/19/2019	Employee was missing 1,000 hours of sick leave and 8 hours of annual leave.	58
6	07/18/2019	Employee was missing 2,000 hours of sick leave.	20
7	07/18/2019	Employee's annual and sick leave (262 hours) did not transfer to new federal job.	232
8	07/19/2019	Employee reported that between 1,000–3,000 hours of sick leave have been removed from multiple employee accounts during 2019.	N/A
9	07/21/2019	Employee was disenrolled from insurance due to nonpayment of premiums.	3
10	08/12/2019	Employee did not receive pay for 12/22/2018.	98
11	09/04/2019	Employee did not receive payout for annual leave after separation and it took 67 days to receive separation letter, which rendered them ineligible for the Affordable Care Act.	133
12	10/03/2019	Employee was wrongfully paid and taxed for administratively uncontrollable overtime.	Not Resolved

Source: Analysis of OIG Hotline complaints reported to our office between July 17, 2019, and October 3, 2019

² OIG maintains a hotline for receiving allegations of fraud, waste, abuse, and gross mismanagement in Department programs or operations, including any organization or entity receiving Department funds.

Management Alert: Enterprise Services Did Not Perform Adequate Contract Oversight to Prevent Delays and Errors in Processing of Employees' Pay, PARs, and Benefits

We noted the following:

- 8 out of 12 hotline complaints took more than 30 days to resolve³
- Customers received incorrect Standard Form (SF)-50s and SF-1150s⁴
- The communication, follow-up, and interaction between Accenture and the customers is inconsistent
- The escalation process did not expedite the resolution of delays and errors
- Accenture repeated delays and errors rather than resolving them

This occurred because ES is not adequately performing its contract management and oversight duties to monitor that Accenture is providing staff who possess the knowledge, skills, and abilities needed to perform the requirements as outlined in the statement of work.

As stated in the staffing plan requirements in the contract, the service provider shall develop and implement a staffing plan to include the following:

Provide Workforce Analysis which assesses current and future workforce needs, skill levels, experience requirements, by individual work package, identifies gaps, and develop strategies to ensure staffing, knowledge, skills, and abilities needs are met in the dynamic, cyclical, and changing [Support Services Initiative-Human Resources] environment,

The staffing plan must be updated yearly upon the occurrence of significant staffing changes or reorganization or as requested.

ES stated that they do not monitor, test, or otherwise engage with Accenture employees regarding their knowledge or skills, as it is an inherent responsibility of the contractor—under any contract—to ensure they have properly trained employees to deliver on the contract requirements. However, ES states that they indirectly monitor staff training as an element of performance output. If performance output is ES's measure of whether contractor staff is adequately trained, we conclude that, based on the issues we have noted during this review, the contractor's staff may not be properly trained in order to meet the performance standards.

Additionally, ES has been aware of Accenture's long-standing issues with hiring staff with the experience and skills required to perform the tasks outlined in the contract. To illustrate, from November 2018 to February 2019, ES implemented an improvement plan for Accenture, with an emphasis on the timely resolution of incidents and improved customer communications. As a result of Accenture not meeting the goals of the improvement plan, ES committed to rotating its HR staff to support day-to-day activities and to serve in a subject matter expert capacity. Although there have been marginal improvements noted, the performance issues are not fully resolved.

³ Although one hotline complaint is not resolved, the associated issues were first reported to ES on March 25, 2019. As a result, it has been 463 days as of June 30, 2020.

⁴ (1) Office of Personnel Management, July 1991. *Notification of Personnel Action*, SF-50. Washington, DC: OPM, and (2) OPM. *Record of Leave Data*, SF-1150 (Rev. 12-77). Washington, DC: OPM.

Appendix D: Potential Monetary Benefits

	Questioned Costs	Unsupported Costs	Potential Funds to Be Put to Better Use
Finding II and Recommendation 9	\$4,219,570.92	\$4,219,570.92 ^a	\$0

^a This amount represents \$274,502.91 in invoiced amounts for task order SS135217CC0051 and \$3,945,068.01 in invoiced amounts for task orders I331L518FNAAA0001 and I331L518FI3230008 that did not contain supporting documentation for work that was performed and/or evidence that the COR reviewed the invoices prior to approval for payment.

Appendix E: Agency Response



UNITED STATES DEPARTMENT OF COMMERCE
Enterprise Services Office
Office of the Secretary
Washington, D.C. 20230

October 15, 2021

Frederick J. Meny, Jr.
Assistant Inspector General for Audit and Evaluation
U.S. Department of Commerce
Office of Inspector General
1401 Constitution Avenue N.W.
Washington, DC 20230

Dear Mr. Meny:

This memorandum transmits the Department's responses to the Office of Inspector General (OIG) draft report entitled *Enterprise Services Needs to Improve Upon Its Contract Management and Oversight of Accenture BPA No. DOCSS130116BU0004 and Subsequent Call Orders*.

The Department's responses are attached for OIG's consideration. We look forward to working with your office as we address the recommendations in this report.

Thank you for the opportunity to review this draft. Should you have any questions, please contact Tim Bass, Director of Service Management, at 202-482-7973 or tbass@doc.gov, or Christopher Wallis, Director of Acquisition Services, at 202-302-9230 or cwallis@doc.gov.

Sincerely,

VINCENT MICONE Digitally signed by VINCENT MICONE
Date: 2021.10.15 09:52:15 -0400

Vince Micone
Executive Director, Enterprise Services
Office and Authorizing Official

Rev1

October 22, 2021

**Department of Commerce Comments on
OIG Draft Report entitled**

*Enterprise Services Needs to Improve Upon Its Contract Management and
Oversight of Accenture BPA No. DOCSS130116BU0004 and Subsequent Call Orders*

Comments on Recommendations

The Office of Inspector General (OIG) made eleven (11) recommendations in this report.

Recommendation 1: Develop and implement procedures necessary for current and future contracts to reduce vendor PP&B processing errors to include, at a minimum, enforcing the contractual requirements outlined in the (1) SLA on the timely resolution of incidents and service requests and assessing financial penalties for unsatisfactory vendor performance, and (2) the statement of work that require the vendor to provide qualified and trained staff to timely and adequately process PP&B.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. For the performance period assessed in this audit the enforcement by ES of SLA contractual requirements resulted in the withholding of approximately \$522K in payments due to contractor failure to meet performance targets, with those funds being credited back to customer bureaus. Additionally, the contractor Corrective Action Plans (CAP) enforced by ES, including the CAP initiated in April 2020, resulted in the improvement of customer service scores and achievement of performance standards. Under the recompeted contract for PP&B ES is further developing SLAs to promote timely resolution of incidents and service requests with associated financial penalties if targets are missed, and will continue to enforce contractual requirements for the contractor to provide qualified and trained staff to adequately process PP&B.

Recommendation 2: Utilize a tracking system that accurately tracks and monitors service and support tickets issued in response to delays and errors with the processing of PP&B.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. ES has further developed the legacy tracking system for improved tracking and monitoring of service and support tickets under the recompeted contract for PP&B. The developments improve ES visibility into customer ticket submittal and contractor ticket processing and increases ES' ability to monitor and enforce contractor timely response and ticket resolution.

Recommendation 3: Revise the QASP for current and future contracts to require documentation of performance for PP&B processing at the bureau/order level in order to provide a true depiction of vendor performance as well as develop quality metrics to track customer satisfaction.

Commerce Response: Enterprise Services agrees with this recommendation. The documentation of performance under the prior contract with Accenture already captured PP&B processing data at the bureau/order level and included quality metrics to track customer satisfaction. Under the recompeted contract for PP&B ES will incorporate bureau/order level performance data in formal performance assessments and continue to track customer satisfaction at the bureau level.

Recommendation 4: Reevaluate the contractor appraisal process for call order 7 and assess and report on whether it allows contracting officials to capture an accurate portrayal of vendor performance.

Commerce Response: Enterprise Services (ES) agrees with this recommendation for application in the performance management on the recompeted contract for PP&B. As referenced in the draft report for the Accenture BPA, ES prepared performance documentation identifying the contractor's "inability to consistently meet processing quality and timeliness standards" resulting in the contractor's implementation of Corrective Action Plans. While the performance appraisal process for call order 7 has concluded, under the recompeted contract ES will incorporate bureau/order level performance data in the formal performance assessment process.

Recommendation 5: Develop a contingency plan to ensure continuity of operations to minimize risk to employees' PP&B as a result of ES' efforts to redress vendor performance issues.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. ES will implement a two-fold service continuity plan to minimize risk to employee's PP&B which includes (1) injecting ES HR management resources to direct contractor performance in areas where performance is substandard and (2) utilizing ES HR staff to perform critical transactions in the event that contractor corrective action is unsuccessful.

Recommendation 6: Develop internal policies to reinforce the FAR requirement for documenting contractor performance, and implement procedures to ensure that contractor performance is accurately assessed at the proper level and is properly documented and reported in CPARS in a timely manner.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. ES developed a Standard Operating Procedure (SOP) in August 2020 entitled "Monitoring Contract Performance" that reinforces FAR requirements for oversight and documentation of contractor performance. ES is implementing the SOP on all active contracts to assess contractor performance, to include proper documentation of and reporting on performance in CPARS.

Recommendation 7: Develop and implement contract management procedures to ensure COs comply with the requirements in the QASP and the FAR for performing contract monitoring and oversight.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. The SOP "Monitoring Contract Performance" issued in August 2020 documents the contract management procedures that ES applies to perform contract monitoring and oversight activities. The SOP identifies the roles and responsibilities that ES team members hold to ensure the CO and all other team members comply with the requirements in the QASP and the FAR relative to performance monitoring. ES is implementing the SOP on all active contracts to ensure compliance with performance management requirements.

Recommendation 8: Assess acquisitions workload to determine staffing levels needed for properly overseeing contractor performance.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. ES will assess acquisitions workload within both the contracting office and our HR team to evaluate the adequacy of current staffing levels for effective performance oversight. Based on results of the assessment ES plans to staff additional billets and if appropriate restructure existing staff assignments to optimize ES contract oversight and performance management capabilities.

Recommendation 9: Locate and file documentation reflecting invoice support and COR review for the \$4,768,577 in unsupported costs.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. ES has provided reports and related documentation of service delivery and of COR review and approval of the invoices. ES will ensure this documentation is included with the COR files. Regarding invoiced amounts for January 2019 through April 2019 these invoices are not considered to have been paid incorrectly. These invoices billed for services inspected and accepted but due to premature application of a credit understated the amount owed by \$2,349.70. The amounts due for services performed was appropriately reconciled in the May 2019 invoice consistent with standard contract administration procedures. No other premature application of credits was noted under either 1331L518FNAAA0001, 1331L518F13230008 or any other order.

Recommendation 10: Develop controls to ensure that CORs are following the FAR requirements for reviewing and approving invoices for payment.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. ES plans to develop a SOP documenting the funds management lifecycle for Managed Services contracts including controls and procedures applicable to invoice review and approval.

Recommendation 11: Provide training, guidance, or other reinforcements to COs and CORs on contract management and oversight responsibilities including, but not limited to, maintaining complete contract documentation, monitoring funds, reviewing and approving invoices, and documenting contractor performance.

Commerce Response: Enterprise Services (ES) agrees with this recommendation. ES held training for HR, IT, and Acquisitions leads in July 2021 focused on Monitoring Vendor Performance. ES plans to hold additional training in Fiscal Year 2022 for other staff members relative to contract management and oversight, the monitoring of funds, and the review and approval of invoices using guidance in the SOP for Monitoring Contract Performance and the new SOP documenting the funds management lifecycle.

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