



Department of Homeland Security Office of Inspector General

Department of Homeland Security's Acquisition Data Management Systems





Homeland
Security

January 25, 2010

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the strengths and weaknesses of the department's acquisition data management and reporting practices. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

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Abbreviations

DHS	Department of Homeland Security
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
FLETC	Federal Law Enforcement Training Center
FPDS-NG	Federal Procurement Data System-Next Generation
GAO	Government Accountability Office
ICE	Immigration and Customs Enforcement
OCPO	Office of Chief Procurement Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPO	Office of Procurement Operations
TSA	Transportation Security Administration
USSS	United States Secret Service

OIG

*Department of Homeland Security
Office of Inspector General*

Executive Summary

Collecting and reporting data about government procurements provides assurance that federal acquisitions are awarded and distributed in a prompt, fair, and reasonable manner. Our objective was to assess the effectiveness of the Department of Homeland Security's internal controls for managing and reporting acquisition data.

The Department of Homeland Security did not always report complete and accurate acquisition data in the Federal Procurement Data System-Next Generation, which is used to create recurring and special reports to the President, Congress, the general public, and others. Our review of 180 sampled contract files revealed a 94.5% accuracy rate. For 464 of 8,460 (5.5%) data fields reviewed, procurement file documentation did not match the information reported in the Federal Procurement Data System-Next Generation. For example, these discrepancies included 24 instances where the Federal Procurement Data System-Next Generation had an incorrect zip code listed for the principal place of performance. Zip code information is used to populate government reports showing the state, city, county and congressional district where the federal funds are being spent.

We attribute these discrepancies to human errors, the department's lack of management controls, and user limitations with the Federal Procurement Data System-Next Generation's auto-populated field elements. Additionally, there were 12 contract files valued at more than \$31 million that could not be located by acquisition personnel, preventing us from assessing the accuracy of those contracts. As a result, the department may be reporting inaccurate acquisitions data and not providing the public with full transparency and accountability on some government activities.

We are making three recommendations in this report regarding the need for better guidance and increased accountability to ensure the integrity of reported acquisition data. The department's Acting Chief Procurement Officer concurred with the recommendations and provided information on plans and actions to strengthen policies, procedures, and controls for reporting acquisition data.

Background

Collecting and reporting data about government procurements provides assurance that federal acquisitions are awarded and distributed in a prompt, fair, and reasonable manner. These acquisitions must be transparent to the public, and reported clearly, accurately, and in a timely manner. The government must demonstrate that funds are used for authorized purposes and that steps are taken to prevent instances of fraud, waste, and abuse. Complete and accurate acquisitions data is important to ensure programs meet specific procurement performance goals and targets.

The Office of Federal Procurement Policy within the Office of Management and Budget (OMB) plays a central role in developing the policies and practices that federal agencies use to acquire the goods and services they need to carry out their responsibilities. This office employs several tools to collect, develop, and disseminate government-wide procurement data for use by federal agencies and the general public. The most significant tool federal agencies use is the Federal Procurement Data System-Next Generation (FPDS-NG), which captures numerous elements of procurement performance.

FPDS-NG contains data that the federal government uses to create recurring and special reports to the President, Congress, Government Accountability Office (GAO), federal executive agencies, and the general public. The data is also used to populate the USAspending.gov website in accordance with the *Federal Funding Accountability and Transparency Act*. USAspending.gov is a single searchable website accessible by the public that includes information for each federal award, such as name, location, and unique identifier of the entity receiving the award; amount of the award; and information on the award such as transaction type and the funding agency.

The Federal Acquisition Regulation (FAR) 4.604 requires that the Senior Procurement Executive in coordination with the head of contracting activity be responsible for developing and monitoring a process to ensure timely and accurate reporting of contractual actions in FPDS-NG. The Office of Federal Procurement Policy requires that executive agencies annually certify that the data reported in FPDS-NG is valid and complete.

The FPDS-NG Manual and Data Dictionary outlines data input requirements for each data element as mandatory, optional,

not required, and not applicable. Mandatory fields must be completed before a record is generated, otherwise an error message will be displayed. Optional fields may be left blank. Some agencies require the completion of specific optional fields. Other fields are completed by system generated information or automatically pulled from other sources.

Although DHS instructs its components to follow the data input requirements outlined in the FPDS-NG Manual and Data Dictionary, component acquisition personnel may decide to report optional data in FPDS-NG for a particular contract action. As such, Office of Chief Procurement Officer (OCPO) personnel indicated that any data reported is important and information shown in the optional or not required data element fields should be noted as discrepancies when it is incorrect. Although the FPDS-NG Manual and Data Dictionary indicates that data input is optional or not required for a number of field elements, including socio economic data, some of this information is auto-populated into FPDS-NG, and thus should be reviewed and verified by the responsible acquisition personnel.

According to DHS officials, the department has taken steps to improve the verification, validation, and certification of FPDS-NG data for its components, which includes monthly, quarterly, and annual reviews of a sample of contract files for comparison to FPDS-NG. Despite these efforts, recent work conducted by the Office of Inspector General and GAO showed that some of DHS' acquisition data was unreliable and questionable.

Results of Audit

Inaccurate and Incomplete DHS Acquisition Data

We reviewed 180 DHS procurement files from six department components and compared the information with the corresponding information reported in FPDS-NG. We determined that 94.5% of the information reviewed was accurately reported in FPDS-NG. Four hundred sixty four of the 8,460 data fields reviewed (5.5%) were inaccurate or incomplete for 134 procurements reported in FPDS-NG. These discrepancies included:

- 35 instances of inaccuracies for small business and socio economic data.

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- 33 inconsistent or incomplete acquisition data on competitive practices.
 - 188 instances of erroneous information pertaining to the contractor and its services.
 - 136 incorrect date field elements.
 - 38 inaccurate dollar amount field elements.
 - 34 other data errors pertaining to the type of contract, procurement identifier, modification number, and reason for modification.

Accurate and complete data is necessary to provide transparency and accountability over government operations. It is also imperative that the department have accurate data to evaluate its operations and make future management decisions.¹

Small Business and Socio Economic Data

We identified 35 instances of incorrect or incomplete small business and socio economic data reported in FPDS-NG. Small business and socio economic acquisition data identify federal agencies' results in providing contracting opportunities to small businesses owned by women, veterans, service disabled veterans, small disadvantaged businesses, or businesses located in historically underutilized business zones. Small business and socio economic data are performance metrics DHS components are required to report quarterly to OCPO to ensure that contracting dollars are being used to increase participation in the federal marketplace by these businesses.

The most discrepancies noted during our review pertained to contracting officer's business size determination and for documentation to support socio economic data. These discrepancies could result in the department under reporting its success in meeting its small business goals. For example, the FPDS-NG record for one contract action valued at \$1.419 million showed that it was not awarded to a small business; however, the Central Contractor Registration² information in the contract file

¹ Appendix C provides details of the identified FPDS-NG discrepancies.

² The Central Contractor Registration data base is the primary government repository for contractor information required for the conduct of business with the government.

showed that the vendor was a small business according to the assigned North America Industry Classification System³ code.

Further, there was not always a copy of the Central Contractor Registration in the contract file to support the contractor's socio economic data at the time the contract was awarded. For instance, a contractor was reported in FPDS-NG as a woman owned business without documentation to support the data as reported in FPDS-NG. Because the small business or socio economic status of an entity may change during the life of a business, it is important to capture and maintain the status shown in the Central Contractor Registration at the time the contract action is awarded.

Competition Data

We identified 33 instances of inconsistent or incomplete acquisition data on competitive practices reported in FPDS-NG. Competitive practices are a performance metric that DHS components are required to report quarterly to OCPO to ensure that contract dollars are being awarded competitively. When components fail to promote competition to the maximum extent practical, they may be missing out on opportunities to reduce cost and improve quality.

FPDS-NG captures several elements pertaining to competitive practices, including the extent competed, type of set aside, reason not competed, solicitation procedures, and number of offers received.

The most discrepancies pertaining to competitive practices were for the number of offers received and the extent competed. The number of offers received represents the actual number of offers or bids received in response to the solicitation. Documentation of the offers was not always maintained in the contract file to support the number reported or there were more offers in the file than reflected in the FPDS-NG record.

Also, the extent competed data element field was not always completed in FPDS-NG as required by DHS. Extent competed represents the competitive nature of the contract, such as full and open competition, not available for competition, and not competed.

³ The North American Industry Classification System is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Five small business set-aside contract actions were not accurately reported in FPDS-NG, even though the contract documentation showed that these actions were set-asides. For example, one contract valued at \$3 million was not reported in FPDS-NG as a set-aside, but documentation in the contract file showed that the funds were set-aside for and awarded to an 8(a) firm.

Contractor and Contractor Services Data

We identified 188 discrepancies between the contractor information in the contract file and the data in FPDS-NG. Contractor data includes information such as the contractor name, street address, city, zip code, product or service code, and the principal place of performance zip code.

We identified 24 instances with incorrect zip codes. The place of performance zip code data field is required for all awards, including modifications and changes and provides the public with information on where tax dollars are being spent. The accuracy of the place of performance zip code is important because FPDS-NG uses this data to automatically populate other data fields, including the congressional district and the state, county, city, and country for the primary place of contract performance.

For example, a contract specialist misinterpreted how to report the principal place of performance for a product manufactured in Germany but purchased from a New Jersey based supplier. This contract action, valued at \$17.032 million, was reported in FPDS-NG with the place of performance zip code for Germany rather than the appropriate New Jersey zip code.

Dates

We identified 136 discrepancies between various dates reported in FPDS-NG compared to documentation in the contract file. Procurement dates are required to be reported in FPDS-NG to ensure the transparency of time periods for government obligations. These dates include:

- The signature date on the award document, when signed by a contracting officer, is the date the government is obligated for payment of goods or services. This is the date that a mutually binding agreement was reached. We noted 35 errors in this area.

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- The effective date of the contract is when the acquired goods are to be delivered or services are to begin. We noted 52 errors in this area.
 - The completion date reported identifies when service will be concluded and how long the government is obligated. We noted 26 errors in this area.
 - The remaining 23 discrepancies related to the ultimate completion date and the indefinite delivery vehicle last order date.

One contract action valued at \$424,665 was reported in FPDS-NG as signed on October 18, 2007; however, according to the contract documentation and the component's Deputy Chief for Procurement, the executed delivery task order was actually signed on September 18, 2007.

Dollar Amounts

We identified 38 instances with inaccurate dollar amounts reported in FPDS-NG. Dollar amounts reported for a contract action in FPDS-NG provide the general public with information about how much the federal government has obligated or potentially may obligate for that particular contract action. Dollar amounts reported are to include the action obligation, base and exercised options, and base and all options values. This data is reported in FPDS-NG and then directed into the publically available website, USAspending.gov.

For example, one contract action reported \$2.1 million for the base and all options value in FPDS-NG, but the contract file documentation indicated a base and all options value of \$145 million. This contract action represents the acquisition of temporary housing units, two-bedroom park model or manufactured homes, to be available and hauled where needed in response to major hurricanes.

Factors Contributing to Inaccurate and Incomplete Acquisition Data

Inaccurate and incomplete data elements for contract actions reported in FPDS-NG are caused by human errors, user limitations with the FPDS-NG's auto-populated data, and the department's lack of management controls.

Accountability

Contract specialists and officers did not ensure each FPDS-NG record was reviewed for accuracy and completeness; and correct discrepancies found. The FAR requires that designated officials, such as the contracting officer, ensure that accurate data is reported in FPDS-NG; however, DHS has not consistently held employees accountable for reporting accurate acquisition data in FPDS-NG. Only two of the six DHS components reviewed have incorporated the accuracy of FPDS-NG data in their acquisition personnel performance standards.

Data Validation

Some inaccurate and incomplete field elements went undetected by acquisition personnel due to a reliance on the FPDS-NG validation function. According to the FPDS-NG Manual, the validation function is used by acquisition personnel when a record is complete, and it determines whether there are any errors. When there are errors, the screen will display red error messages at the top of the document and must be corrected in order to validate and approve the action in the system. However, the manual further indicates that the validation function does not verify the accuracy of the document, and it is incumbent on the contracting officers and agencies to assure the accuracy of all information submitted.

Guidance issued by the department in June 2007, directs contracting officers from all components to ensure that the “Extent Competed” field for all types of contract actions was completed in FPDS-NG. However, since the FPDS-NG recognizes this data field as *optional* versus a *mandatory* data field for specific types of contract actions, the validation function will not identify this as an error if the field is left blank. Some acquisition personnel rely on the FPDS-NG validation feature to confirm that mandatory fields for a specific type of contract action are complete and to check for related information in other fields.

Auto Populated Data

Although contracting officers may identify a discrepancy, in some cases, they are unable to correct the FPDS-NG record. The FPDS-NG’s auto-populated data fields, such as the vendor name, street, city, zip code, socio economic data and competitive information caused other discrepancies. These fields are populated from the parent contract or the Central Contracting Registration,

which may not have the most current information and cannot be edited by the acquisition personnel.

One contract action valued at \$796,000 for telephone supplies was reported in FPDS-NG as other than small business. However, the contract/delivery order maintained in the contract file showed that the award was to a small business. FPDS-NG was auto-populated from the parent contract and the contracting officer did not have the ability to manually correct the business size determination. As a result, this contract award was not counted towards the department meeting its small business goals.

Department Level Controls

DHS policy supplements government-wide requirements; however, the department does not have sufficient internal controls to ensure the quality of data reported in FPDS-NG. The department does not require personnel to follow-up and initiate corrective actions when they identify errors. DHS does not require acquisition personnel to maintain documentation in the contract file when discrepancies are identified in FPDS-NG and whether any effort was made to improve the quality of information.

DHS does not always ensure that documentation to support acquisition data reported in FPDS-NG is maintained in the contract file. For the time of the procurement, we could not verify and validate the socio economic data or product or service information for 13 contract actions because the supporting documentation was not in the contract files. One of these contract actions valued at \$1.136 million was reported as a woman, minority, and Asian Indian owned business in FPDS-NG. However, the contract file did not include a copy of the Central Contractor Registration or evidence to substantiate all of these designators.

Other Observations

Acquisition personnel could not locate 12 contract files that were part of our review at four DHS components. According to FPDS-NG, these contract actions were valued at over \$31 million and were awarded for various goods and services as shown in Table 1.

Table 1
Listing of Missing Contract Files

DHS Component	Product or Service Description	Action Obligation
ICE	Passenger Air Charter Service	\$12,859,488
FEMA	Meals Ready to Eat	3,894,354
FEMA	Not Available	3,435,000
FEMA	Flood Risk Assessment	3,039,960
FEMA	Microsoft License	1,854,119
TSA	Data Center	1,777,161
FEMA	Video Equipment and Maintenance	1,454,429
TSA	Develop Systems	1,246,352
TSA	Help Desk Services	1,150,110
OPO	Automatic Data Processing Components	285,238
FEMA	License	233,100
FEMA	Not Available	206,753
TOTAL		\$31,436,064

Contract files were missing because some of the DHS components lacked inventory controls to ensure that documentary support for acquisition decisions and data is available when files are transferred between offices or when there is recurrent staff turnover. For instance, we were told by ICE personnel that the contracting officer assigned to the \$12.859 million contract for air charter services was no longer employed with the agency, and therefore the component was unable to locate the contract file. In another instance, the OPO contract for automatic data processing components and support was transferred from one location to another within the agency resulting in the contract file being misplaced in the process. When contract files are missing, there is uncertainty that proper contracting procedures were followed, limited contractor accountability for goods and services, and limited assurance that tax dollars were appropriately spent.

Recommendations

We recommend that the Acting Chief Procurement Officer:

Recommendation #1: Incorporate the accuracy of FPDS-NG data in the performance standards for acquisition personnel to emphasize and enforce the importance of this data.

Recommendation #2: Develop additional training and supplemental guidance to the FPDS-NG manual for the component personnel to follow that will ensure the responsible individuals are accurately entering and reviewing the data reported in the system. Create an action plan to outline how the standardized training will be provided to ensure consistency and address common errors among all DHS acquisition personnel. The action plan should include metrics that will be used to demonstrate the effectiveness of the newly developed training and guidance.

Recommendation #3: Coordinate with DHS component heads of contracting activity to develop a standardized system to track and maintain control of the contract files in each DHS component. Controls should ensure that all contract files are properly returned and stored when no longer in use or when the responsible or designated acquisition personnel are no longer employed at their respective component.

Management Comments and OIG Analysis

The Acting Chief Procurement Officer concurred with our recommendations and has provided information on how the department will improve policies, procedures, and controls for reporting acquisition data in the Federal Procurement Data System. OCPO's response also suggested revisions to the report to recognize ongoing efforts undertaken to improve DHS FPDS data. Where appropriate, we modified the report to incorporate the suggested revisions. Finally, OCPO questioned figures presented in Appendix C. The information provided in the report is accurate.

Management Comments to Recommendation 1

OCPO Concurs. OCPO plans to issue a memorandum to the heads of contracting activities requiring that the accuracy of FPDS data be included in the FY 2010 performance standards for all acquisition personnel responsible for FPDS-NG data accuracy. In addition, the department's FPDS working group will develop a methodology for utilizing the FPDS validation process to identify the extent of employee compliance with this performance standard.

OIG Analysis: This recommendation is resolved, but will remain open until we have obtained and reviewed the memorandum to the heads of contracting activities. We will also review the working group's

methodology for utilizing the FPDS validation process to identify the extent of employee compliance with this performance standard.

Management Comments to Recommendation 2

OCPO Concur. OCPO's response indicated that the office is developing additional training for contracting personnel during FY 10. The training focuses on those elements with compliance rates lower than 90 percent. OCPO has formed an FPDS-NG working group that is responsible for addressing FPDS issues, including improving input accuracy, addressing system problems, and providing guidance on the annual FPDS validation and certification. OCPO has also developed a series of data flags that will be provided to the heads of contracting activities on a monthly basis to assist them with identifying and correcting FPDS errors. With regard to metrics, OCPO believes that annual validation/certification is the metric for measuring improvement, since it represents the validation and certification of the key FPDS elements identified by the Office of Federal Procurement Policy.

OIG Analysis: This recommendation is resolved, but will remain open until we have reviewed the additional training to improve FPDS accuracy and a sample of the monthly data flag reports. Further, we need to review OCPO's action plan demonstrating how OCPO will ensure these new processes will improve accuracy rates since the current validation and certification process continues to allow discrepancies.

Management Comments to Recommendation 3

OCPO Concur. OCPO concurred in principle with our recommendation. OCPO agreed that each head of contracting activity should have an established system for tracking and controlling contract files. However, OCPO responded that given the unique nature and operating differences of each component, a DHS-wide system would be impractical and may create inefficiencies or other process impediments. OCPO will conduct an oversight review of each head of contracting activity system during FY 2010 to assure that each has the necessary controls for tracking the location of contract files and is operating so that contract files can be located when needed.

OIG Analysis: This recommendation is resolved, but will remain open until we have reviewed the head of contracting activity oversight review and OCPO has established protocols to ensure contract files can be located when needed.

Appendix A

Purpose, Scope, and Methodology

Our audit objective was to determine the effectiveness of DHS' internal controls for reporting complete and accurate acquisition data. We reviewed OMB's Office of Federal Procurement Policy, General Service Administration, and DHS documentation and manuals related to acquisition data, including the FPDS-NG Manual, Data Dictionary, and Web site, Acquisition.gov, and USAspending.gov. We reviewed DHS OCPO documentation, including policies, procedures, and memorandums. We also reviewed prior DHS Office of Inspector General and Government Accountability Office audit reports, and the fiscal year 2008 FPDS-NG data accuracy results as reported to the OMB, for the executive departments for the President's cabinet.

In addition, we conducted site visits at and reviewed and analyzed contract files and documentation from six of ten components of DHS with heads of contracting activity. The six components are as follows:

- Federal Emergency Management Agency (FEMA)
- Federal Law Enforcement Training Center (FLETC)
- Immigration and Customs Enforcement (ICE)
- Office of Procurement Operations (OPO)
- Transportation Security Administration (TSA)
- United States Secret Service (USSS)

During the period April 2009 through August 2009, we interviewed acquisition personnel, including the heads of contracting activity, at the six components and the Office of Selective Acquisitions at DHS and component locations in Arlington, VA, Burlington, VT, Glynco, GA, Cheltenham, MD, Philadelphia, PA, and Washington, D.C. We also interviewed OCPO acquisition personnel in Washington, D.C.

We analyzed the FPDS-NG data for FAR based contract actions awarded by the six components from October 1, 2007, to March 31, 2009. We randomly selected 30 contract actions greater than \$100,000 for each of the components. At OPO, we selected 15 contract actions for OPO and 15 contract actions for OPO's sub-agency, U.S. Citizenship and Immigration Services. We could not perform statistical sampling at the six components we tested because of limited time and resources. Our results cannot be projected to the universe of FPDS-NG reporting for the departmental or individual components.

Appendix A

Purpose, Scope, and Methodology

At each of the six components, we compared the FPDS-NG data to the contract files. We did not audit the reliability of FPDS-NG as a system, but compared data in the system to data in the contract files. We do not draw any conclusions on the operation of FPDS-NG.

We conducted this performance audit between March 2009 and October 2009 according to 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.

Appendix B
Management Comments to the Draft Report



DEC 07 2009

MEMORANDUM FOR: Anne L. Richards
Assistant Inspector General for Audits

FROM: 
Richard K. Gundersen
Acting Chief Procurement Officer

SUBJECT: Response to Draft Report: *Department of Homeland Security's Acquisition Data Management Systems*

In response to your November 6, 2009 memorandum, *Draft Report: Department of Homeland Security's Acquisition Data Management Systems*, attached is our detailed response to your draft report. In summary, the Acting Chief Procurement Officer concurs with your three recommendations for improving the data accuracy in our Federal Procurement Data System. In addition, we concur with the changes made in the report attached to your December 4, 2009 E-mail to my office. We greatly appreciate your willingness to undertake those revisions and believe they significantly improve the quality of the report.

In addition to the changes made in your revised draft, our response includes some additional suggested revisions to assure that the report includes (a) a full disclosure of accuracy rates for the data elements reviewed, (b) the deletion/correction of an opinion that the FPDS accuracy rates do not provide full transparency and accountability, and (c) adequate recognition for the significant department efforts undertaken to improve DHS FPDS data..

If there are any questions, please contact Mr. David J. Capitano, Director, Oversight and Strategic Support, at (202) 447-5417 or at david.capitano@dhs.gov.

Attachment

Appendix B Management Comments to the Draft Report

Attachment

CPO Response to OIG Draft Report: “*Department of Homeland Security’s Acquisition Data Management Systems*”

Section I. CPO Responses to OIG Report Recommendations

The draft OIG report includes three recommendations to the Acting Chief Procurement Officer; specific responses to each recommendation are provided below.

Recommendation 1: *“Incorporate the accuracy of FPDS-NG data in the performance standards for acquisition personnel to emphasize and enforce the importance of this data.”*

CPO Response: Concur. CPO will issue a memorandum to the Heads of the Contracting Activities (HCA’s) requiring that the accuracy of FPDS data be included in the FY 10 performance standards for all acquisition personnel with responsibility for FPDS data accuracy. In addition, the Department’s FPDS working group will develop a methodology for utilizing the FPDS validation process to determine the extent of employee compliance with this performance standard.

Recommendation 2: *“Develop additional training and supplemental guidance to the FPDS-NG manual for the component personnel to follow that will ensure the responsible individuals are accurately entering and reviewing the data reported in the system. Create an action plan to outline how the standardized training will be provided to ensure consistency and address common errors among all DHS acquisition personnel. The action plan should include metrics that will be used to demonstrate the effectiveness of the newly developed training and guidance.”*

CPO Response: Concur. CPO is currently developing additional training that will be provided to contracting personnel during FY10. The training focuses on those elements for which systemic errors occur (compliance rates lower than 90 percent). In addition, CPO has formed an FPDS working group that is responsible for addressing FPDS issues, including improving input accuracy, addressing system problems, and providing guidance on the annual FPDS validation/certification. Furthermore, CPO has developed a series of “data flags” that will be provided to the Heads of the Contracting Activities (HCA’s) on a monthly basis to assist the HCA’s in identifying and correcting FPDS errors. In regards to metrics, CPO believes that the annual validation/certification is the metric for measuring improvement, since it represents the validation and certification of the key FPDS elements identified by the Office of Federal Procurement Policy.

Recommendation 3: *“Coordinate with DHS component heads of contracting activity to develop a standardized system to track and maintain control of the contract files in each DHS component. Controls should ensure that all contract files are properly returned and stored when no longer in use or when the responsible or designated acquisition personnel are no longer employed at their respective component.”*

Appendix B Management Comments to the Draft Report

Attachment

CPO Response to OIG Draft Report: “Department of Homeland Security’s Acquisition Data Management Systems”

CPO Response: Concur in Principle. While we agree that each HCA should have an established system for tracking and controlling contract files, given the unique nature and operating differences of each component, a DHS-wide system would be impractical and may create inefficiencies or other process impediments. However, CPO will conduct an oversight review of each HCA system during FY10 to assure that (a) it has the necessary controls for tracking the location of the contract files, and (b) it is operating such that the contract files can be located when needed.

Section II. CPO Comments

A. Opinion That Is Written As a Fact. The Executive Summary states, “As a result, the Department is reporting inaccurate acquisitions data and not providing the public with full transparency and accountability on some government activities.” We believe that a 95% total accuracy rate does not result in the Department failing to provide “the public with full transparency and accountability”. In addition, if the IG believes this is the case, we request that the report be re-written to clearly state that this is an opinion. Our recommended language, if this statement is retained in the report (and we recommend that it be removed) is as follows:

“It is our opinion that the department’s accuracy rate of 96% results in the department not accurately reporting its success in meeting its small business goals. In order to have sufficient accuracy to ensure accurate reporting of its success in meeting its small business goals, we believe that the department needs to achieve an accuracy rate of at least {INSERT RATE IG BELIEVES MUST BE OBTAINED HERE} %.”

B. Lack of Recognition for Department FPDS Efforts. The report fails to provide adequate recognition of the significant steps taken by the Department to improve the verification, validation, and certification of FPDS data. This includes a comprehensive annual validation/certification process, which includes component validation efforts and CPO oversight of those efforts. It also includes submission of a timely and comprehensive certification to OFPP. OCPO efforts are currently a constant cycle that starts with training (additional training will be conducted beginning in January that focuses on errors found in the IG report as well as those found in the annual component validation efforts), monthly validation reports that identify flags (e.g., a coding of a multi-year contract that is also coded as a purchase order), and the annual validation/CPO certification. These three efforts all feed into each other:

A. The training (3,000 personnel to-date) reduces the number of monthly flags and increases the accuracy of the data for the annual certification;

Appendix B Management Comments to the Draft Report

Attachment

CPO Response to OIG Draft Report: “*Department of Homeland Security’s Acquisition Data Management Systems*”

- B. The monthly flags reduce the number of errors and increases the accuracy rate of the annual certification, while also providing material for training on systemic flags identified on a DHS-wide and component specific basis; and
- C. The annual certification/validation provides leads for the training to increase the accuracy of the data, as well as potential identification of new monthly flags.

CPO recommends that the IG report be modified to include the current Department-wide efforts to employ validation checks and training. As currently written, the report gives the appearance that DHS has taken little or no action to improve our FPDS data.

Section III. CPO Comments on Report Content

Section entitled “Results of Audit,” pages 3 through 10.

2. Disclosure of Accuracy Rates at a Data Element Level. We have attached a revised Appendix C that shows, in addition to the number of errors, the accuracy rates for each data element and category identified in the draft report. For example, for small business and socio-economic data, the accuracy rate is 98% for all of those data elements reviewed. We have also shown in BOLD those data elements with accuracy rates below 90%, which are the areas that we plan to emphasize in our FPDS training. We believe that disclosure of such data is helpful to the reader in determining where the strengths and weaknesses exist in the data.

Using the accuracy rates in Appendix C, we recommend that the results of audit section be revised to read as follows:

Page 5 of revised draft report), Bullets at Top of Page:

- 35 instances of inaccuracies for small business and socio economic data, **resulting in an accuracy rate of 98.4%.**
- 33 inconsistent or incomplete acquisition data on competitive practices **resulting in an accuracy rate of 96.3%.**
- 188 instances of erroneous information pertaining to the contractor and its services **resulting in an accuracy rate of 93.0%.**
- 136 incorrect data field elements **resulting in an accuracy rate of 84.9%.**
- 38 inaccurate dollar amount field elements **resulting in an accuracy rate of 93.0%;** and

Appendix B Management Comments to the Draft Report

Attachment

CPO Response to OIG Draft Report: “Department of Homeland Security’s Acquisition Data Management Systems”

- 34 other data errors pertaining to the type of contract, procurement identifier, modification number, and reason for modification **resulting in an accuracy rate of 98.1%**.

Small Business and Socio Economic Data

First paragraph, first sentence:

We identified 35 instances of incorrect or incomplete small business and socio economic data reported in FPDS-NG, **resulting in an accuracy rate of 98.4%**.

Second paragraph, First sentence:

The most discrepancies noted during our review pertained to contracting officer’s business size determination (**11 errors resulting in an accuracy rate of 93.9%**) and for documentation supporting socio economic data (**24 errors resulting in an accuracy rate of 98.8%**).

Competition Data

First paragraph, first sentence:

We identified 33 inconsistent or incomplete acquisition data on competitive practices in FPDS-NG, **resulting in an accuracy rate of 96.3%**.

Third paragraph, first sentence:

The most discrepancies pertaining to competitive practices were for the number of offers received (**16 errors resulting in an accuracy rate of 91.1%**) and the extent competed (**9 errors resulting in an accuracy rate of 95.0%**).

Contractor and Contractor Services Data

First paragraph, first sentence:

We identified 188 discrepancies (**resulting in an accuracy rate of 93.0%**) between the contractor information in the contract file and the data in FPDS-NG.

Appendix B Management Comments to the Draft Report

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CPO Response to OIG Draft Report: “*Department of Homeland Security’s Acquisition Data Management Systems*”

Second paragraph, second sentence:

We identified 24 instances of incorrect zip codes, **resulting in an accuracy rate of 86.7%**.

Dates

First paragraph, first sentence:

We identified 136 discrepancies between various dates reported in FPDS-NG compared to documentation in the contract file, **resulting in an accuracy rate of 84.9%**.

Dollar Amounts:

First paragraph, first sentence:

We identified 38 instances with inaccurate dollar amounts reported in FPDS-NG, **resulting in an accuracy rate of 93.0%**.

3. Statements Regarding a Lack of Department Level Contracts.

Page 9 of the report states, “DHS does not have sufficient internal controls to ensure the quality of data reported in FPDS-NG. The department does not require personnel to follow-up and initiate corrective actions when they identify errors. The department does not require acquisition personnel to maintain documentation in the contract file when discrepancies are identified in FPDS-NG and whether any effort was made to improve the quality of information ...” CPO believes that this is an incorrect assessment. DHS policy supplements government-wide requirements at FAR Subpart 4.6 related to FPDS-NG data quality, and requires Component HCAs, upon the Chief Procurement Officer’s request, to submit an annual confirmation regarding review of FPDS-NG data for completeness and accuracy. As part of this report, HCAs are to report on actions taken to correct data previously submitted and measures implemented for process improvement. CPO recommends that this section be amended to reflect these facts, and likewise to acknowledge that the Homeland Security Acquisition Manual (HSAM) at 3004.604, “Responsibilities,” states:

“(a) When requested by the CPO, the Component HCAs are responsible for submitting an annual confirmation that the FPDS data has been reviewed for completeness and accuracy. The confirmation shall be accompanied by a statement describing, as a minimum: (1) The methods used to review the data; (2) Any actions taken to correct data previously submitted; and (3) Measures implemented for process improvement, such as training and periodic internal reviews.

Appendix B Management Comments to the Draft Report

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CPO Response to OIG Draft Report: "*Department of Homeland Security's Acquisition Data Management Systems*"

(b)(6) A completed printed version of the information entered into FPDS for each action shall be included in the contract file. FPDS shall also be included as a "Contract File Checklist" item for all contract actions, regardless of dollar value, in accordance with Components' standard operating procedures."

Appendix C: Summary of FPDS-NG Discrepancies

Inaccurate Data. The Federal Law Enforcement Training Center (FLETC), which was cited for seventy errors, does not concur with the total number of errors attributed to it because only sixty-four errors were accounted for within the draft data findings provided by OIG at the FLETC audit fieldwork out-brief meeting; therefore, CPO requests that IG review this data to ensure a precise depiction of the FLETC accuracy rate.

Appendix B

Management Comments to the Draft Report

Appendix C
Summary of FPDS-NG Discrepancies (CPO Recommended Revisions)

All Six DHS Components	FEMA	FLETC	ICE	OPO	TSA	USSS	# of Discrepancies	% of Accuracy
Data Element	# of Discrepancies							
1A Procurement Identifier (PIID)	1	1	0	0	1	0	3	98.3%
1B Modification No	1	0	0	0	0	0	1	99.4%
1C Referenced IDV ID	1	1	0	1	1	1	5	97.2%
6A Type of Contract	6	1	0	2	4	1	14	92.2%
6F Performance-Based Servi. Acq.	0	0	0	0	0	1	1	99.4%
6M Description of Reg'l (YES/NO)	0	0	0	0	0	6	6	96.7%
6Q Number of Actions	0	0	1	0	0	0	1	99.4%
12A IVD Type	0	0	0	0	0	1	1	99.4%
12B Award Type	0	0	0	0	0	1	1	99.4%
12C Reason for Modification	1	0	0	0	0	0	1	99.4%
Contract and Transaction Information							34	98.1%
3A Base & All Options Value	12	1	1	2	6	1	23	87.2%
3B Base & Exercised Options Value	5	0	0	1	3	2	11	93.9%
3C Action Obligation	2	1	0	1	0	0	4	97.8%
Dollar Values Total							38	93.0%
2A Date Signed	7	8	3	4	9	4	35	80.6%
2B Effective Date	13	7	6	9	8	9	52	71.1%
2C Completion Date	0	2	10	10	0	4	26	85.6%
2D Est. Ultimate Completion Date	8	2	6	1	2	3	22	87.8%
2E Indef. Deliv. Vehicle Last Order Date	0	0	0	0	0	1	1	99.4%
Dates Total							136	84.9%
Product or Service Information							9	95.0%
8A Product/Service Code	0	0	0	0	0	3	3	98.3%
8G Principal NAICS Code	3	0	0	2	0	3	8	95.6%
9A DUNS No.	1	1	3	1	5	3	17	90.6%
9B Contractor Name from Contract	0	0	3	1	1	2	7	96.1%
9C Principal Place of Perform Code (State, Locatio	0	7	2	2	2	1	14	92.2%
9D Princi. Place of Perf City Name	0	8	3	2	2	1	16	91.1%
9F CRS District - Contractor	0	0	1	0	2	1	4	97.8%
9G Cong'l District Place of Perform.	0	7	3	2	2	1	15	91.7%
9K Place of Perf. Zipcode(+4)	5	9	5	2	2	1	24	86.7%
13GG Vendor Name	0	0	3	1	1	3	8	95.6%
13J Street	5	5	4	4	6	5	29	83.9%
13K Street2 (2nd line of Address)	0	0	0	0	1	0	1	99.4%
13MM City	0	4	3	3	6	5	21	88.3%
13NN State	0	0	3	1	4	4	12	93.3%
Contractor and its Product or Services Total							188	93.0%
10A Extent Competed	3	0	0	2	0	4	9	95.0%
10C Reason Not Competed	0	1	0	0	0	0	1	99.4%
10D Number of Offers Received	4	1	4	7	0	0	16	91.1%
10M Solicitation Procedures	0	1	0	0	0	1	2	98.9%
10N Type of Set Aside	0	0	0	1	1	3	5	97.2%
Competition Information Total							33	96.3%
11A Contracting Officer's Determination of Busines	1	2	2	2	0	4	11	93.9%
Socio Economic Data							4	97.8%
13AA Black Owned	0	0	0	1	0	0	1	99.4%
13BB Hispanic Owned	0	0	0	1	0	1	2	98.9%
13B 8 (a) Firm	5	0	0	0	0	1	6	96.7%
13O Hub Zone	0	0	0	1	1	0	2	98.9%
13P SDB	1	0	0	0	0	0	1	99.4%
13U Women Owned	0	0	0	1	0	1	2	98.9%
13V Veteran Owned	0	0	1	1	0	0	2	98.9%
13UA Minority Owned Business	0	0	0	1	0	1	2	98.9%
13W Service Disabled Vet	0	0	1	0	0	0	1	99.4%
13Z Asian Pacific	0	0	0	1	0	0	1	99.4%
Socio Economic Data							24	98.8%
Small Business and Socio Economic Data Total							35	98.4%
Totals	91	70	68	71	77	87	464	94.7%

Appendix C
Summary of FPDS-NG Discrepancies

All Six DHS Components	FEMA	FLETC	ICE	OPO	TSA	USSS	# of Discrepancies
Data Element	# of Discrepancies						# of Discrepancies
1A Procurement Identifier (PIID)	1	1	0	0	1	0	3
1B Modification No	1	0	0	0	0	0	1
1C Referenced IDV ID	1	1	0	1	1	1	5
6A Type of Contract	6	1	0	2	4	1	14
6F Performance-Based Servi. Acq.	0	0	0	0	0	1	1
6M Description of Req't (YES/NO)	0	0	0	0	0	6	6
6Q Number of Actions	0	0	1	0	0	0	1
12A IVD Type	0	0	0	0	0	1	1
12B Award Type	0	0	0	0	0	1	1
12C Reason for Modification	1	0	0	0	0	0	1
Contract and Transaction Information							34
3A Base & All Options Value	12	1	1	2	6	1	23
3B Base & Exercised Options Value	5	0	0	1	3	2	11
3C Action Obligation	2	1	0	1	0	0	4
Dollar Values Total							38
2A Date Signed	7	8	3	4	9	4	35
2B Effective Date	13	7	6	9	8	9	52
2C Completion Date:	0	2	10	10	0	4	26
2D Est. Ultimate Completion Date	8	2	6	1	2	3	22
2E Indef. Deliv. Vehicle Last Order Date	0	0	0	0	0	1	1
Dates Total							136
Product or Service Information	5	0	0	0	4	0	9
8A Product/Service Code	0	0	0	0	0	3	3
8G Principal NAICS Code	3	0	0	2	0	3	8
9A DUNS No.	1	1	3	1	5	6	17
9B Contractor Name from Contract	0	0	3	1	1	2	7
9C Principal Place of Perform.Code (State,Location,Country)	0	7	2	2	2	1	14
9D Princi.Place of Perf City Name	0	8	3	2	2	1	16
9F CRS District - Contractor	0	0	1	0	2	1	4
9G Cong'l District Place of Perform.	0	7	3	2	2	1	15
9K Place of Perf. Zipcode(+4)	5	9	5	2	2	1	24
13GG Vendor Name	0	0	3	1	1	3	8
13JJ Street	5	5	4	4	6	5	29
13KK Street2 (2nd line of Address)	0	0	0	0	1	0	1
13MM City	0	4	3	3	6	5	21
13NN State	0	0	3	1	4	4	12
Contractor and its Product or Services Total							188
10A Extent Competed	3	0	0	2	0	4	9
10C Reason Not Competed	0	1	0	0	0	0	1
10D Number of Offers Received	4	1	4	7	0	0	16
10M Solicitation Procedures	0	1	0	0	0	1	2
10N Type of Set Aside	0	0	0	1	1	3	5
Competition Information Total							33
11A Contracting Officer's Determination of Business Size	1	2	2	2	0	4	11
Socio Economic Data	1	0	0	0	3	0	4
13AA Black Owned	0	0	0	1	0	0	1
13BB Hispanic Owned	0	0	0	1	0	1	2
13N 8 (a) Firm	5	0	0	0	0	1	6
13O Hub Zone	0	0	0	1	1	0	2
13P SDB	1	0	0	0	0	0	1
13U Women Owned	0	0	0	1	0	1	2
13 V Veteran Owned	0	0	1	1	0	0	2
13UA Minority Owned Business	0	0	0	1	0	1	2
13W Service Disabled Vet	0	0	1	0	0	0	1
13Z Asian Pacific	0	0	0	1	0	0	1
Small Business and Socio Economic Data Total							35
Total	91	70	68	71	77	87	464

Appendix D
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