



U.S. Securities and Exchange Commission  
Office of Inspector General  
Office of Audits

# Management and Oversight of Interagency Acquisition Agreements at the SEC



March 26, 2010  
Report No. 460



OFFICE OF  
INSPECTOR GENERAL

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**MEMORANDUM**

March 26, 2010

**To:** Sharon Sheehan, Office of Administrative Services (OAS)  
Associate Executive Director  
Kenneth Johnson, Office of Financial Management (OFM), Acting  
Associate Executive Director  
Jeffrey A. Risinger, Office of Human Resources (OHR), Associate  
Executive Director

**From:** H. David Kotz, Inspector General, Office of Inspector General (OIG) *[Signature]*

**Subject:** *Management & Oversight of IAAs at the SEC*, Report No. 460

This memorandum transmits the U.S. Securities and Exchange Commission, OIG's final report detailing the results of our audit of the management and oversight of interagency acquisition agreements. This audit was conducted in accordance with our annual audit plan.

Based on the written comments received to the draft report and our assessment of the comments, we revised the report accordingly. This report contains 15 recommendations to which the identified offices concurred with all but one recommendation. OAS did not agree to recommendation 14. OFM and OHR did not provide comments to the final draft report. OAS' comments to this report are included in the appendices.

Within the next 45 days, please provide OIG with a written corrective action plan that is designed to address the recommendations. The corrective action plan should include information such as the responsible official/point of contact, time frames for completing the required actions, milestone dates identifying how you will address the recommendations cited in this report, etc.

Should you have any questions regarding this report, please do not hesitate to contact me. We appreciate the courtesy and cooperation that you and your staff extended to our auditor.

Attachment

cc: Kayla J. Gillan, Deputy Chief of Staff, Office of the Chairman  
Diego Ruiz, Executive Director, Office of the Executive Director  
Wanda Armwood, Office of Administrative Services, Office of Acquisitions,  
Assistant Director (Acting)

# Management and Oversight of Interagency Acquisition Agreements at the SEC

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## Executive Summary

**Background.** Federal government agencies use interagency acquisition agreements (IAA) to obtain goods or services from or through other federal agencies. An interagency acquisition is a procedure by which a federal agency may obtain needed goods or services from, or through another federal agency, and appropriated funds are obligated. The IAA agreement refers to the legal instrument used for an interagency acquisition to exchange funds or property between two federal agencies.

Goods and products that federal agencies obtain from other federal agencies through IAAs “include cars, equipment, manufactured goods, office space, supplies and other similar transactions where the providing agency manufactures, distributes or owns the assets which are sold or leased to the receiving agency.”<sup>1</sup> Services provided between agencies may “include administrative support, financial accounting and grants, disbursement of funds, consulting, telecommunication, childcare and other functions where the providing agency incurs costs to provide services and bills the receiving agency for the services.”<sup>2</sup> Agencies may place orders directly against another agency’s contract (direct acquisition), or have another agency award and administer the contract on its behalf (assisted acquisition). Interagency agreements for assisted acquisitions may involve a requesting agency, a servicing agency, and the contractor which provides the goods or services.

The authority for federal agencies to obtain goods and services from each other is derived from various statutes. In the absence of specific statutory authority, the Economy Act (31 U.S.C. §§ 1535, 1536) provides general authority for interagency acquisitions. More specific authorities include: the Government Employees Training Act (5 U.S.C. Chapter 41), which allows agencies to obtain training and related assistance from other government agencies and the Office of Personnel Management; the Clinger-Cohen Act of 1996,<sup>3</sup> which authorizes information technology purchases, and 40 U.S.C. § 501, which relates to services for executive agencies granted to the Administrator of General Services.

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<sup>1</sup> Department of the Treasury, Financial Management Service, “Federal Intragovernmental Transactions Accounting Policies Guide,” Section No. 21.8 – Goods/Products, August 8, 2007 at p. 120.

<sup>2</sup> Id. at Section 21.7 – Services Provided, p. 117.

<sup>3</sup> Also referred to as the “Information Technology Management Reform Act” (Pub. L. 104-106, Division E).

The U.S. Securities and Exchange Commission's (SEC or Commission) Office of Administrative Services, Office of Acquisitions (OA), oversees contracts and interagency acquisitions at the SEC. OA signs the funding documents to obligate funding on interagency acquisitions and resolves contractual issues regarding acquisitions.

The SEC enters into many types of IAAs, including ones for administrative support services, employee payroll services, paralegal services, transit subsidies, and financial statement audit and human capital management assistance services.

**Objectives.** The objectives of the audit were to:

- Evaluate the SEC's processes and procedures to approve, obtain, monitor, and close IAAs;
- Assess compliance with governing federal and Commission regulations and policies by determining whether the interagency acquisition process is conducted in accordance with those regulations and policies, and whether the products and services meet quality, cost, and timeliness requirements; and
- Determine whether opportunities exist for the SEC to save costs associated with IAAs.

**Prior OIG Audit Report.** In a prior Office of Inspector General (OIG) audit on interagency agreements (Report No. 228, February 1, 1996), the OIG audited 11 selected Commission interagency agreements and made 4 recommendations to the Office of Administrative and Personnel Management (OAPM, now the Office of Administrative Services) to improve controls. The recommendations were to:

- (a) Obtain proper documentation to support obligations of funds for the Health Unit and Employee Assistance Program;
- (b) Remind Contracting Officer Technical Representatives that they should notify the Procurement and the Contracts Branch upon satisfactory completion of small purchases;
- (c) Distribute guidance to ensure that purchases under the Economy Act were properly closed out; and
- (d) Use 18 U.S.C. § 4124, Purchase of prison-made products by federal departments, as authority for contracting with Federal Prison Industries.

OAPM concurred with all four recommendations, issued additional guidance, and the recommendations were closed. However, we found that some of the areas previously identified in this audit still require improvement, particularly those relating to closeouts of Economy Act purchases.

**Results.** Our audit found that OA can improve its processes and procedures regarding IAAs in a variety of ways. Initially, we found that OA is unable even to identify the universe of the SEC's IAAs, and the incomplete list of IAAs that was provided to us contained numerous errors. We found that OA currently lacks a centralized method that accurately tracks all the SEC's IAAs, although they are implementing an automated procurement tracking system. We also found that IAAs are not always clearly identified, thus hampering OA's ability to track them appropriately.

In addition, the audit found that OA lacks written internal policies and procedures for administering and overseeing IAAs. For example, OA has no SEC-specific written policies and procedures regarding:

- Providing a specific, definite and clear description of products or services;
- Ensuring that statements of work for assisted interagency acquisitions meet the applicable requirements;
- Ensuring the reasonableness of interagency acquisition costs;
- Including the appropriate information in interagency acquisition files;
- Recording and maintaining complete information on interagency acquisitions; and
- Closing expired interagency acquisitions.

Further, OA has no written policies and procedures to implement the applicable provisions of the Federal Acquisition Regulation (FAR), the U.S. Department of Treasury Financial Manual (TFM) Bulletin No. 2007-03,<sup>4</sup> or the Office of Management and Budget's Office of Federal Procurement Policy (OFPP) guidance on interagency acquisitions. Also, OA's IAAs do not undergo legal review and OA has not formulated policies regarding SEC oversight of IAAs. We also found that OA has not performed risk assessments of its interagency acquisition function.

In scrutinizing the 133 SEC IAAs identified by OA, we found 23 IAAs, totaling approximately \$6.9 million, for which the period of performance had expired, yet the IAAs were not closed out and the funds that remained on the IAAs were not deobligated. We found that \$5.3 million of the \$6.9 million in unobligated funds was attributed to a single IAA with General Services Administration (GSA) for which the period of performance ended on September 30, 2008. In this particular

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<sup>4</sup> We note that the TFM Bulletin is not within the exclusive purview of OA but, after consulting with OA, it is our view that OA and OFM should work together to implement this Bulletin.

instance, effective monitoring on the part of OA for this single IAA would have resulted in the \$5.3 million being deobligated and returned to the Commission for use to support the SEC's programs, operations and mission.

We also found that OA lacked critical information to review IAA cost estimates. Specifically, we found in connection with an August 2008 IAA for administrative support services that the OA contracting officer was not able to explain why the SEC was paying a unit cost that was significantly higher than the estimated employee hourly rate and fringe rate. When we analyzed the costs associated with a judgmental sample of task orders, we found these costs contained a differential comprised of the vendor's price to the government (including overhead, general and administrative expenses, and profit on direct labor cost/fringe benefits) of \$281,000, representing 27 percent of the total cost of the corresponding task orders. We then compared this percentage to the fees associated with other SEC IAAs, and found it to be high. When we judgmentally selected 15 of 269 small business contractors listed on the GSA schedules that provided administrative support to agencies, we found that 9 of 15 contractors in our review listed lower rates than the entity the SEC chose in at least one labor category. We also found in connection with an IAA for payroll services that OA failed to provide necessary input to ensure that the proposed contract prices were fair and reasonable.

Finally, we found that IAA documentation often lacked information required by the FAR, the TFM bulletin (Issued in 2007), and OFPP's guidance (issued in 2008), and the Office of Human Resources' Statement of Work for a large IAA did not conform to the Office of Personnel Management's guidance for the underlying program.

**Summary of Recommendations.** This report consists of 15 recommendations that are intended to enhance OA's controls regarding oversight of IAAs and improve its procedures, compliance with applicable requirements, and identifies cost saving opportunities.

First, we recommend that OA identify its universe of open interagency acquisitions and the corresponding amounts obligated and expended on each interagency acquisition. Further, OA should maintain its interagency acquisition data in a centralized automated system to ensure appropriate access to and reliability of data, and to provide report generation capabilities.

We also recommend that OA develop internal SEC-specific written policies and procedures to guide it in administering interagency acquisitions, and ensure that these policies and procedures include guidance on ensuring the adequacy of statements of work, ensuring the reasonableness of costs, maintaining adequate files and closing expired IAAs.

Specifically, we recommend that OA take immediate action to close the IAAs we identified for which the performance period has expired and deobligate the corresponding \$6.9 million in unused funds.

We are also recommending that OA develop and implement procedures to review interagency acquisition cost estimates to ensure the estimates are reasonable, and assess an existing IAA for administrative support services to determine if the costs incurred are reasonable.

Finally, we recommend that OA provide additional training to its contracting staff regarding interagency acquisitions. This training should include ensuring that statements of work meet the applicable guidance and requirements.

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# Background and Objectives

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## Background

**Purpose of Interagency Acquisitions.** Over the years, the use of interagency acquisitions by federal agencies has grown considerably. This growth has occurred as agencies have taken advantage of contracts and acquisition services offered by other federal agencies. The use of interagency acquisitions agreements (IAA) allows an agency to obtain goods or services by using another agency's contract, and/or by having another agency provide acquisition assistance.<sup>5</sup> Federal agencies use interagency agreements to save time and the administrative effort that can be associated with soliciting and awarding a new contract for needed goods or services.

An IAA typically is a written agreement between federal agencies for goods or services, on a reimbursable basis. IAAs are developed when an agency (requesting agency) uses the contracts and/or services of another agency (servicing agency) to obtain good or services. The requesting agency places the order for goods and services. The servicing agency provides acquisition support, administers the contract for the requesting agency's direct use, or does a combination of these things. Both the requesting and servicing agencies can benefit from IAAs. A requesting agency can benefit from the servicing agency's expertise and capabilities and the efficiencies and economies from leveraging resources and requirements.<sup>6</sup> A servicing agency can benefit from improved pricing and terms and conditions that come from negotiating other agencies' needs consolidated with their own needs.<sup>7</sup> A requesting agency should choose a servicing agency that provides the necessary assistance by giving consideration to the servicing agency's authority, experience, and expertise; ability to comply with the requesting agency's laws and policies; customer satisfaction with the servicing agency's past performance; and reasonableness of the servicing agency's fees.<sup>8</sup> With regard to assisted acquisitions (see below), requesting and servicing agencies should develop clear and complete agreements that establish the general terms and conditions to govern the relationship and provide information required to demonstrate a bona fide need to authorize the transfer and obligation of funds.<sup>9</sup>

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<sup>5</sup> Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy, "Interagency Acquisitions," June 2008 at p.2.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Id. at pgs. 6-7.

<sup>9</sup> Id. at p.6.

Agencies generally use one of two types of IAAs: (1) Direct acquisitions or (2) Assisted acquisitions. In direct acquisitions, the requesting agency places an order against the servicing agency's existing contract. In an assisted acquisition, the servicing agency and the requesting agency enter into an IAA, whereby the servicing agency performs acquisition activities, such as awarding a contract.<sup>10</sup>

## Authority and Processes for Interagency Acquisitions

**Economy Act vs. Non-Economy Act Agreements.** IAAs are issued either under the general authority of the Economy Act, 31 U.S.C. §§1535, 1536, or in accordance with statutory authority other than the Economy Act. A major difference between Economy Act and non-Economy Act IAAs pertains to the deobligation of funds. The Economy Act allows "[t]he head of an agency or a major organizational unit within an agency to place an order with a major organizational unit within the same agency or another agency for goods or services --

- (1) Amounts are available;
- (2) The head of the ordering agency or unit decides the order is in the best interest of the United States Government;
- (3) The agency or unit to fill the order is able to provide or get by contract the ordered goods and services; and
- (4) The head of the agency decides ordered goods or services ordered cannot be provided by contract as conveniently or cheaply by a commercial enterprise."<sup>11</sup>

An Economy Act transaction should be evidenced by a written agreement, which is important to "establish the scope of the undertaking and the rights and obligations of the parties."<sup>12</sup> The Government Accountability Office (GAO) recommends that the written agreement specify at least the following items:

- Legal authority for the agreement;
- Terms and conditions of performance;
- The cost or performance, including appropriate ceilings when cost is based on estimates;
- Mode of payment (advance or reimbursement);

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<sup>10</sup> Id. at p. 2.

<sup>11</sup> 31 U.S.C. § 1535(a).

<sup>12</sup> U.S. Government Accountability Office, *Principles of Federal Appropriations Law*, Third Edition, Volume III, GAO-08-978SP, September 2008 at pgs. 12-30. The recording statute, 31 U.S.C. § 1501 requires documentary evidence for government obligations.

- Any applicable special requirements or procedures for assuring compliance; and
- Approvals by authorized officials.<sup>13</sup>

IAAs based on statutory authority other than the Economy Act are still subject to the recording of the obligation requirement of 31 U.S.C. § 1501(a) (1).<sup>14</sup>

A major difference between Economy Act and non-Economy Act IAAs pertains to the deobligation of funds. For Economy Act acquisitions, the amount of funds obligated “is deobligated to the extent that the agency or unit filling the order has not incurred obligations, before the end of the period of availability of the appropriation in -- (1) providing goods or services; or (2) making an authorized contract with another person to provide the requested goods or services.”<sup>15</sup> The deobligation requirement of 31 U.S.C. § 1535(d), however, “does not apply to obligations against no-year appropriations.”<sup>16</sup> The deobligation requirement of 31 U.S.C. § 1535(d) also does not apply to interagency agreements based on statutory authority other than the Economy Act.<sup>17</sup>

**Office of Acquisitions.** The U.S. Securities and Exchange Commission’s (SEC or Commission) Office of Administrative Services (OAS), Office of Acquisitions (OA) oversees the Commission’s contracts and interagency acquisitions. OA includes four branches, consisting of a newly-established Policy, Oversight and Acquisitions Program branch and three Operations Contract branches. One operations contract branch oversees acquisitions for the Office of Information Technology. The second branch has oversight for acquisitions by OAS, the Office of Human Resources (OHR), and the regional offices. The third branch oversees acquisitions for the Division of Enforcement, Office of the Secretary, and other headquarters offices and divisions, and regional office’s enforcement actions. The responsibilities of staff in OA’s Operations Contract branches includes signing IAA funding documents to obligate funding, resolving issues regarding acquisitions, and ensuring agreements are properly closed out after the period of performance expires.

**IAA Process for SEC Offices and Divisions.** SEC’s offices and divisions initiate an IAA by contacting another government agency directly to discuss needed requirements, terms and conditions, or by submitting a requirement to OA. If an SEC office or division contacts another government agency directly,

<sup>13</sup> Id. at pgs. 12-31.

<sup>14</sup> U.S. Government Accountability Office, Principles of Federal Appropriations Law, Third Edition, Volume II, GAO-06-382SP, February 2006 at pgs. 7-30.

<sup>15</sup> 31 U.S.C. § 1535(d).

<sup>16</sup> U.S. Government Accountability Office, Principles of Federal Appropriations Law, Third Edition, Volume II, GAO-06-382SP, February 2006 at pgs. 7-30.

<sup>17</sup> Id.

the SEC office or division must provide OA with the purchase requisition for funding, the unsigned IAA agreement form, the statement of work (SOW), and the terms and conditions of the agreement. If OA initiates the IAA, the office or division must send the SOW to OA, and OA contacts the other government agency to establish the terms and conditions of the IAA. If OA and the servicing agency approve the agreement, representatives of both agencies sign the IAA form. The servicing agency then establishes payments for the IAA through the Interagency Payment and Collection (IPAC) system. OA uses the signed IAA agreement order to obligate funding for the goods or services by inputting required information into Momentum, the Commission's financial system.

**Intra-Governmental Payments and Collection System.** The Commission uses the IPAC system to pay its IAA invoices. The IPAC system uses financial information provided by the SEC to set up automatic billing and charges on a periodic basis, as agreed to in the terms and conditions of the IAA. The servicing agency draws down on the SEC's funds and then sends a notice to the Office of Financial Management (OFM). OFM coordinates with the servicing agency, as well as with the SEC program office or division that receives the goods and services to verify the amount collected through IPAC. If the invoiced amount does not represent what was actually received, OFM processes an adjustment in IPAC to "charge back" the erroneous amount to the Commission's account. This ensures the SEC only pays for the goods and services that are received.

## Objectives

This audit was conducted as part of our annual audit plan. The objectives were to:

- Evaluate the Commission's processes and procedures to approve, obtain, monitor, and close IAAs;
- Assess compliance with governing federal and Commission regulations and policies by determining whether the process is conducted in accordance with those regulations and policies, and whether the products and services meet quality, cost, and timeliness requirements; and
- Determine whether opportunities exist for the SEC to save costs associated with IAAs.

# Findings and Recommendations

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## Finding 1: OA Is Unable to Identify the Universe of the SEC's Interagency Agreements

OA cannot accurately identify the Commission's universe of interagency acquisitions and the list of IAAs that was provided was incomplete and had numerous errors.

**Review of OA's Interagency Acquisition List.** As part of this audit, we requested OA provide us with the universe of IAAs that were open, initiated or for which the period of performance ended during fiscal years (FY) 2007 - 2009. We learned that OA does not have a centralized system to track or identify the universe of its IAAs. Although OA provided us with a list of 133 IAAs,<sup>18</sup> totaling approximately \$234 million in estimated costs, the complete universe of IAAs could not be confirmed, and we found that the list provided to us was incomplete and contained erroneous information. Thus, OA officials could not identify the total number or dollar amount of the Commission's IAAs with certainty.

In our review of the 133 IAAs OA identified on its list (See Table 3, in Appendix VII for the complete list), we found the following information missing from the list:

- Period of performance was missing for 63 IAAs;
- Obligated amounts was missing for 50 IAAs;
- IAA status was missing for 49 IAAs;
- Statutory authority was missing for 48 IAAs.

Furthermore, we found 4 IAAs were inaccurately identified on OA's list of IAAs as "expired" when, in fact, according to the IAAs themselves, the period of performance had not ended. Due to the number of errors found on OA's list of IAAs, we determined that the IAA list was unreliable. We therefore concluded that the list does not provide OA with reliable information that can be used to make decisions on IAAs.

**OA's Interagency Acquisition Tracking Method.** We also found that OA lacks a centralized method that accurately tracks and identifies all of the SEC's IAAs.

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<sup>18</sup> The list provided by OA actually contained 176 items. However, after adjusting for duplicates, amendments and items that were not IAAs, the list yielded a total of 133 IAAs.

This deficiency could negatively impact both the agency's ability to report financial information accurately and its ability to oversee and manage interagency acquisitions. OA branch chief's/contracting officers primarily track the IAAs under their purview differently, on separate spreadsheets. In addition, OA does not have SEC-specific written policies or procedures to identify the information that the branch chief's/contracting officers should track or what data should be included in the spreadsheets.

OA informed the OIG that once PRISM, its new automated procurement system, is fully functional, OA will devise a method to better track IAA data in PRISM. PRISM's implementation consists of three phases and OA is currently in phase two of the implementation. At the time fieldwork for this audit was completed, all IAAs were not loaded into PRISM.

The absence of written, standardized processes and procedures to track IAAs makes it difficult for OA to monitor, revise, and update IAA data on a Commission-wide basis, or to ensure that the SEC is complying with all applicable federal requirements, such as the Federal Acquisition Regulation (FAR).

**IAA Number String and Budget Object Class.** We also found that IAAs are not always clearly identified by the IAA number string. Many IAA numbers include the letter "H," such as *SECHQ1-09-H-XXXX* as an indication that an IAA is involved, rather than a contract. However, we identified 12 IAAs on the list provided by OA that had an "F" in the IAA number string, rather than an "H." The letter "F" is generally utilized to refer to a delivery order, not an IAA. We also identified additional IAAs that did not have either the letter "H" or the letter "F" in the number string.

Having an identifiable letter in the IAA number enables OA staff, contracting officers, contract specialists, Contracting Officer's Technical Representatives (COTR), program officers and others, to track the Commission's IAAs. OA indicated that it will standardize the naming conventions for IAAs in PRISM and will include an "H" in all future IAA numbers, so they can be more readily tracked and managed.

**Prior Audit Work Conducted.** Regis & Associates, PC (Regis), under contract with the OIG, performed an audit of OA's procurement and contract management processes and functions and issued the report *Audit of the Office of Acquisitions' Procurement and Contract Management Functions*, Report No. 471, September 2009. The scope of Regis' review covered FYs 2006 to 2008. Regis also found that OA could not identify the universe of its contracts and the corresponding contract values. The report consisted of 10 recommendations, including requiring

OA to identify the universe of open contracts and the corresponding value of the contracts.

**Recommendation 1:**

The Office of Acquisitions (OA), in coordination with the Office of Financial Management (OFM), should identify its universe of open interagency acquisitions and the corresponding amounts obligated and expended on each interagency acquisition. Once this is accomplished, OA should reconcile its universe of active and open interagency acquisitions with the financial information maintained by OFM regarding active and open interagency acquisitions and the corresponding amounts obligated and expended.

**Management Comments.** OA and OFM: Concur. OFM did not provide written or verbal comments to the formal draft report. See Appendix VI for OA's full comments to the report.

**OIG Analysis.** We are pleased that OA and OFM have concurred with this recommendation.

**Recommendation 2:**

The Office of Acquisitions should maintain its interagency acquisition data in the appropriate centralized automated system to ensure appropriate access to and accuracy of data and to provide for report generation capabilities.

**Management Comments.** Concur. See Appendix VI for management's full comments.

**OIG Analysis.** We are pleased that OA concurred with this recommendation.

**Recommendation 3:**

The Office of Acquisitions should establish appropriate internal controls to provide reasonable assurance that, in the future, interagency acquisition agreement data is accurate, timely, complete and reliable.

**Management Comments.** Concur. See Appendix VI for management's full comments.

**OIG Analysis.** We are pleased that OA concurred with this recommendation.

## **Finding 2: OA Lacks Written Internal Policies and Procedures for Interagency Acquisitions**

OA does not have written internal policies and procedures for handling interagency acquisitions at the SEC. The lack of written internal policies and procedures is an internal control weakness that limits the ability of OA staff to ensure the proper use of IAAs.

### **Lack of SEC-Specific Written Internal Policies and Procedures for IAAs.**

Our audit found that OA had not developed sufficient internal SEC-specific written policies and procedures to guide its administration of IAAs. For example, OA has no SEC-specific policies and procedures regarding: (a) providing a specific, definite and clear description of products or services; (b) ensuring that statements of work for assisted interagency acquisitions meet the applicable requirements; (c) ensuring the reasonableness of interagency acquisition costs; (d) including the appropriate information in interagency acquisition files; (e) recording and maintaining complete information on interagency acquisitions; and (f) closing expired interagency acquisitions. Further, OA has no written policies and procedures to implement applicable provisions of the FAR, Treasury Financial Manual (TFM) Bulletin No. 2007-03, or the Office of Management and Budget's Office of Federal Procurement Policy (OFPP) guidance regarding interagency acquisitions. Also, we found that OA's IAAs do not undergo any legal review,<sup>19</sup> and OA has not formulated policies regarding SEC oversight of IAAs, pursuant to OA's Memorandum of Understanding with the Office of General Counsel.

The acquisition-related policies and procedures issued by OA do not relate to IAAs per se, and include the following:

- *SECR 10-2, SEC Contracting Authorities and Appointments*, September 23, 2009 - Establishes the uniform policies and procedures for acquisition of products and services for the SEC.

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<sup>19</sup> Pursuant to the Memorandum of Understanding, dated September 13, 2005, between the Office of the General Counsel and the Office of Administrative Services, "Statement of Policy on Legal Review of Procurement Actions," OGC review and involvement will normally not be required in routine situations involving interagency agreements, regardless of contract value.

- *SECR 10-14, Contract Administration*, April 28, 2005 - Establishes the Commission's contract closeout program and explains how it functions, and implements 48 C.F.R. § 4.8, Government Contract Files, 48 C.F.R. § 17.5, Interagency Acquisitions under the Economy Act, and 48 C.F.R. § 42.708, Quick-closeout Procedure. The regulation applies to contracting officers, contract specialists, COTRs and program managers/officials who are involved in the acquisition of supplies and services. The regulation states that the closeout procedures are applicable to all contracts, and Economy Act acquisitions. However, OA officials have informed the OIG that they do not follow these procedures for IAAs because in OA's view, these procedures do not apply to IAAs.

Written policies and procedures represent an organization's documented internal control activities. According to GAO's "Standards for Internal Control in the Federal Government," in implementing the standards for internal control, "management is responsible for developing the detailed policies, procedures, and practices to fit their agency's operations and to ensure that they are built into and an integral part of operations . . . ." <sup>20</sup>

**Lack of SEC Policies Implementing the Office of Management and Budget's Office of Federal Procurement Policy 2008 Guidance.** The Office of Management and Budget's (OMB) OFPP Guidance on "Interagency Acquisitions," issued on June 6, 2008, became effective in part on October 1, 2008, and in part on or after November 3, 2008. <sup>21</sup> The guidance identifies the responsibilities for both the requesting agency and servicing agency, and provides generalized descriptions of their roles. For example, the OFPP determined that "[t]o ensure sound management and use of interagency acquisitions and maximize their impact on agency effectiveness, requesting and servicing agencies must establish clear lines of responsibility for each step in the acquisition lifecycle, from planning to contract closeout . . . ." <sup>22</sup> The OFPP guidance also requires requesting agencies to "[p]rovide documentation to the Servicing Agency, which may be in the form of a SOW, statement of objectives (SOO), or performance work statement, that includes a *specific, definite, and clear* description of a bona fide need . . . ." <sup>23</sup> Servicing agencies are required to "[e]nsure requirements are clearly defined and suitable performance standards

<sup>20</sup> U.S. Government Accountability Office, "Standards for Internal Control in the Federal Government," GAO/AIMD-00-21.3.1, November 1999, p.7.

<sup>21</sup> See Memorandum for Chief Acquisition Officers, Senior Procurement Executives, from Paul A. Denett, Administrator, Office of Federal Procurement Policy, and Subject: Improving the Management and Use of Interagency Acquisitions, June 6, 2008.

<sup>22</sup> Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy, "Interagency Acquisitions," Appendix 1, Checklist of Roles and Responsibilities in Assisted Acquisitions at p. 14.

<sup>23</sup> *Id.* at p. 17 (emphasis in original).

are established against which results may be effectively measured.”<sup>24</sup> Additionally, the OFPP guidance provides requirements for developing interagency acquisition documents. We were informed during the course of the audit that copies of the OFPP guidance were distributed to OA staff. However, we were not provided with any written documentation concerning how OA intended to implement the OPFF guidance. We determined that OA should tailor the generalized descriptions identified in this guidance to fit its specific circumstances.

**Failure to Incorporate Treasury Financial Manual Bulletin.** The U.S. Department TFM Bulletin No. 2007-03, “Intragovernmental Business Rules,” became effective on October 1, 2006. The TFM bulletin provides guidance for recording and reconciling intragovernmental transactions, including interagency acquisitions whereby agencies obtain goods and services from each other by means of an intragovernmental agreement or order. The TFM bulletin includes requirements for the documentation of intragovernmental agreements or orders. Specifically, in Section VI, “Procurement Requirements,” of the TFM bulletin identifies specific information to be included in intragovernmental acquisition order documents, such as, the agreement number, the effective date and duration of the agreement, the amount and method of payment, etc.<sup>25</sup>

The TFM bulletin’s policies and procedures represent the internal controls that OA and OFM should use to ensure that interagency acquisitions are appropriately accounted for and recorded. These government-wide requirements should all be incorporated into OA’s written policies and procedures for interagency acquisitions.

**Improper Reliance Upon FAR Subpart 17.5 Guidance for Interagency Acquisitions.** OA relied on FAR Subpart 17.5, “Interagency Acquisitions Under the Economy Act,” (FAR 17.5) as its guidance for interagency acquisitions. FAR 17.5 implements the Economy Act and “. . . prescribes policies and procedures applicable to interagency acquisitions under the Economy Act . . . .”<sup>26</sup> According to FAR 17.5, agencies must provide documentation that the interagency acquisition is in the best interest of the government and that the goods or services could not be obtained as cheaply or conveniently from a private source.<sup>27</sup> FAR 17.5 also provides for ordering and payment procedures related to interagency acquisitions.<sup>28</sup>

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<sup>24</sup> Id. at p. 20.

<sup>25</sup> Department of the Treasury, Treasury Financial Manual Bulletin No. 2007-03, effective October 1, 2006, Attachment 1, “Intragovernmental Business Rules” at pgs. 6-7.

<sup>26</sup> 48 C.F.R. § 17.500(a).

<sup>27</sup> 48 C.F.R. § 17.503(a).

<sup>28</sup> 48 C.F.R. §§ 17.504, 17.505.

FAR Subpart 17.5 does not, however, apply to non-Economy Act acquisitions, or provide guidance for agency-specific situations. For example, FAR 17.5 would not apply to interagency acquisitions using Government-Wide Acquisition Contracts or Federal Supply Schedule contracts. Acquisition of training services from the Office of Personnel Management under the Government Employees Training Act also would not be covered by FAR 17.5.

The distinction between Economy Act and non-Economy Act authority can be important because for Economy Act acquisitions, the IAA funds must be deobligated after the period of fund availability expires if the servicing agency has not supplied the requested goods or services or entered into a valid contract to do so. This requirement applies to Economy Act IAAs with funding that has specific periods of availability (annual or multi-year appropriations). This requirement does not apply to non-Economy Act IAAs. Also, FAR 17.5, which applies to Economy Act acquisitions, prohibits servicing agencies from collecting fees or charges in excess of actual or estimated costs.<sup>29</sup> This FAR requirement does not apply to non-Economy Act IAAs.

Our audit found that the Economy Act was cited as the only authority for the agreements in all instances for which an authority was cited. Though an authority was cited in 85 of 133 instances, not all of these acquisitions were authorized under the Economy Act because some acquisitions, e.g., GSA acquisitions, were authorized by specific statutes other than the Economy Act.<sup>30</sup>

**Failure to Perform Risk Assessments.** OA also has not performed risk assessments of its interagency acquisition function. Risk assessments would help OA to manage its IAAs better by identifying actual and potential opportunities and challenges related to the IAAs. OA could then develop policies and procedures to take advantage of the opportunities identified through the risk assessments and to address its challenges in managing IAAs.

Without written procedures for interagency acquisitions, OA lacks adequate guidance needed for administering IAAs. The audit report further identified a number of instances where such guidance would have been useful. For example, OA did not have written guidance for:

- Ensuring that SOWs for assisted IAAs meet the applicable requirements (See Finding 6);

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<sup>29</sup> 48 C.F.R. § 17.505(d).

<sup>30</sup> According to FAR Subpart 17.500(b), “[t]he Economy Act applies when more specific statutory authority does not exist. Examples of interagency acquisitions to which the Economy Act does not apply include— (1) Acquisitions from required or optional sources of supplies prescribed in [FAR] Part 8, which have separate statutory authority (e.g., Federal Supply Schedule contracts); and (2) Acquisitions using Governmentwide acquisition contracts.” 48 C.F.R. § 17.500(b).

- Ensuring the reasonableness of IAA costs (See Finding 5);
- Including the appropriate information in IAA documents (See Finding 4);
- Recording and maintaining complete and accurate information on IAAs (See Finding 1); and
- Closing out expired IAAs (See Finding 3).

**Other Government Agencies' Written Policies and Procedures for IAAs.** We identified several government agencies that have written policies and procedures regarding the oversight of both Economy Act and non-Economy Act IAAs. We also found that OMB's OFPP IAA guidance requires that requesting agencies obtain legal review, as needed.<sup>31</sup> Specifically, the Department of the Interior (DOI) has an internal IAA handbook that identifies the general policies and procedures for preparing, reviewing, approving, monitoring, and closing IAAs.<sup>32</sup> The Department of Homeland Security has written policies and procedures for IAAs under the Economy Act.<sup>33</sup> The Department of Energy developed written policies and procedures covering interagency acquisitions pursuant to the Economy Act, Government-Wide Acquisition Contracts, the General Services Administration Federal Supply Schedule, and Franchise Fund organizations.<sup>34</sup>

OA should explore reviewing the existing guidance that other agencies have developed for managing the oversight of IAAs, and benchmark best practices when developing its own written policies and procedures.

#### **Recommendation 4:**

The Office of Acquisitions should develop internal written policies and procedures to guide it in administering interagency acquisitions. These policies and procedures should be based on appropriate risk assessments, address both Economy Act and Non-Economy Act acquisitions, and incorporate Federal Acquisition Regulation Subpart 17.5, the Office of Federal Procurement Policy's guidance on interagency acquisitions, and other requirements regarding interagency acquisitions as appropriate.

**Management Comments.** Concur. See Appendix VI for management's full comments.

<sup>31</sup> Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy, "Interagency Acquisitions" at p. 16.

<sup>32</sup> Department of the Interior Inter/Intra-Agency Acquisition Handbook, 4/3/2008 version, [www.doi.gov/pfm/handbooks/iaa.pdf](http://www.doi.gov/pfm/handbooks/iaa.pdf).

<sup>33</sup> Department of Homeland Security, Directive No. 125-02, "Interagency Agreements," August 15, 2008

<sup>34</sup> Department of Energy Acquisition Letter, No. 2005-05 Rev, "Interagency Contracting," April 26, 2005.

**OIG Analysis.** We are pleased that OA concurred with this recommendation.

**Recommendation 5:**

In developing written policies and procedures for assisted interagency acquisitions the Office of Acquisitions should incorporate the requirements of the Economy Act, the Office of Federal Procurement Policy guidance on interagency acquisitions, and other controlling authorities, and coordinate with the Office of Financial Management to assure its minimum requirements are also included. The Office of Acquisitions should ensure that its written policies and procedures for interagency acquisitions include guidance on:

- Ensuring that statements of work for interagency acquisitions related to assisted services meet the applicable requirements;
- Ensuring the reasonableness of interagency acquisition costs;
- Including the appropriate documents in interagency acquisition files;
- Recording and maintaining complete information on interagency acquisitions; and
- Closing expired interagency acquisitions.

**Management Comments.** Concur. See Appendix VI for management's full comments.

**OIG Analysis.** We are pleased that OA concurred with this recommendation.

**Recommendation 6:**

The Office of Acquisitions should benchmark other federal agencies' written policies and procedures for interagency acquisitions when developing its interagency acquisition agreement written policies and procedures.

**Management Comments.** Concur. See Appendix VI for management's full comments.

**OIG Analysis.** We are pleased that OA concurred with this recommendation.

## Finding 3: OA Maintained Funds on IAAs for Which the Period of Performance Ended

We found 23 of 133 IAAs, totaling approximately \$6.9 million, for which the period of performance had ended, yet the IAAs were not closed out and the funds that remained on the IAA were not deobligated.

**Expired IAAs Funds Were Not Deobligated.** The SEC uses no-year money to fund its IAAs. No-year funding can be carried into future fiscal years, and the funds can be made available for the agency's use. Thus, no-year money is available for use until it is spent.

Our audit initially found 30 of 133 IAAs identified on the list OA provided to the OIG had expired and the period of performance had ended. We searched the Commission's financial accounting system, Momentum,<sup>35</sup> to confirm whether funding remained on the IAAs. We then provided a copy of our list of expired IAAs to OA, who researched and revised our list. OA identified a duplicate IAA on our list and 6 IAAs that were still active. After OA's review and concurrence, we determined that there were 23 of 133 expired IAAs having approximately \$6.9 million in funds that had not been deobligated. Although the IAAs' period of performance had expired, the IAAs were not closed out and the funds were not deobligated. We found that approximately \$5.3 million of the \$6.9 million in obligated funds was attributed to a single IAA with GSA, for which the period of performance ended on September 30, 2008. To date, this IAA has not been closed. This \$6.9 million represents funds identified by the OIG that are considered cost savings and/or funds put to better use.<sup>36</sup> A detailed list of the expired IAAs with outstanding funding and the obligated amounts can be found in Table 5, located in Appendix IX.

OA officials acknowledged that the 23 IAAs had expired, had not been closed out, and the funding was not deobligated. They stated that this occurred because of OA's heavy workload, resource limitations, and the low priority placed on conducting closeouts. As a result, \$6.9 million in unused funds has remained on the expired IAAs that have not been deobligated. Since the obligated amounts came from no-year money, these funds could be used to support the SEC's current programs, operations and mission. (See Appendix IX and Appendix X) OA officials informed the OIG that it intends to closeout these IAAs and deobligate any remaining funds, beginning in the first quarter of FY 2010.

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<sup>35</sup> The Momentum system tracks the agency's budget, obligations, expenditures and balances.

<sup>36</sup> See Table 6 at Appendix X.

**SECR Closeout Requirements.** SECR 10-14, *Contract Administration*, provides guidance on contract closeouts and dictates closure dates for specific contract types, such as simplified acquisitions and firm-fixed price contracts, other than simplified acquisitions. The regulation provides that “[f]iles for all other contracts should be closed within 20 months of the month in which the contracting officer/specialist receives evidence of physical completion.”<sup>37</sup> The regulation also states that it implements FAR 17.5 for interagency acquisitions that are subject to the Economy Act. However, we found that OA does not have any written guidance that specifically addresses IAA closeout procedures.<sup>38</sup>

Moreover, OA officials informed the OIG that it does not follow the SECR 10-14 closeout procedures for IAAs because OA determined the guidance does not apply to IAAs. Instead, OA officials indicated they rely on FAR 17.5 for all IAA guidance. However, FAR 17.5 provides no guidance for IAA closeout timeframes, processes, or procedures, and it does not address non-Economy Act acquisitions. We determined that in the absence of specific closeout procedures for IAAs, OA should have ensured that IAAs were properly closed, particularly in light of SECR 10-14’s representation that it applies to all Economy Act acquisitions.

According to OA, the contracting officer is responsible for deobligating funds that remain on IAAs, as well as for adding funds that may be needed. With assisted acquisitions, the contracting officer is located at the servicing agency, not at the SEC. Therefore, the servicing agency is responsible for closing the IAA with the vendor. In fact, based on the terms of the expired IAA with GSA, we found that GSA should have closed the IAA but failed to do so. Our audit also found that OA contracting officers, contract specialists, and COTRs did not effectively monitor IAAs to ensure they were closed in a timely manner and unused funds were properly deobligated. Upon GSA’s completion of closing out the IAA, any funds left over should have been returned to the SEC. Effective monitoring on the part of the SEC would have resulted in \$5.3 million being deobligated and returned to the Commission in a timely manner.

We further found that OA staff had contact with the servicing agencies during the IAAs, but OA does not have or follow standard written procedures for coordinating closeouts with the servicing agencies. OA should develop and follow written procedures for COTR oversight of payments and funding and coordinating IAA closeouts with servicing agencies. This will ensure that the SEC’s unused funds are properly returned and that the funds are put to better use by the Commission.

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<sup>37</sup> SECR 10-14, “Contract Administration,” April 28, 2005, Section 2a.

<sup>38</sup> While the Office of Acquisitions indicated that there are FAR provisions for close-out of contract files, SEC-specific written guidance for close-out of IAAs is recommended.

**Recommendation 7:**

The Office of Acquisitions should develop written policies and procedures regarding interagency acquisitions that include timeframes and procedures for closing out Economy Act and non-Economy Act interagency acquisitions and deobligating funds for both assisted and direct acquisitions. The closeout procedures should also identify the Commission's process for coordinating with servicing agencies.

**Management Comments.** Concur. See Appendix VI for management's full comments.

**OIG Analysis.** We are pleased that OA concurred with this recommendation.

**Recommendation 8:**

The Office of Acquisitions should promptly identify fully all interagency acquisition agreements that have expired and have not been closed. The Office of Acquisitions should further deobligate any funds that remain on the expired agreements.

**Management Comments.** Concur. See Appendix VI for management's full comments.

**OIG Analysis.** We are pleased that OA concurred with this recommendation.

**Recommendation 9:**

The Office of Acquisitions should take action to close the interagency acquisitions we identified for which the performance expired and deobligate the \$6.9 million in unused funds that remain on the interagency acquisitions, in accordance with the appropriate close-out procedures.

**Management Comments.** Concur. See Appendix VI for management's full comments.

**OIG Analysis.** We are pleased that OA concurred with this recommendation.

## **Finding 4: IAA Documentation Lacked Information Required by the FAR and Treasury Guidance**

The SEC's IAA forms and the determinations and findings (D&F) lacked information required by the FAR. We further found that the "Securities and Exchange Commission (SEC) Interagency Agreement/Amendment" form is outdated, and that the SEC's IAA award documents and forms did not include all of the information necessary to document the basis for the interagency acquisition and the obligation of funds.

### **FAR Compliance: Economy Act Determinations and Findings Documents**

**FAR 17.503.** According to FAR section 17.503(a), "[e]ach Economy Act order shall be supported by a D&F. The D&F shall state that—

- (1) Use of an interagency acquisition is in the best interest of the Government; and
- (2) The supplies or services cannot be obtained as conveniently or economically by contracting directly with a private source."<sup>39</sup>

FAR 17.503(b) provides that "[i]f the Economy Act order requires contract action by the servicing agency, the D&F must also include a statement that at least one of the following circumstances applies:

- (1) The acquisition will appropriately be made under an existing contract of the servicing agency, entered into before placement of the order, to meet the requirements of the servicing agency for the same or similar supplies or services;
- (2) The servicing agency has capabilities or expertise to enter into a contract for such supplies or services which is not available within the requesting agency; or

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<sup>39</sup> 48 C.F.R. § 17.503(a).

(3) The servicing agency is specifically authorized by law or regulation to purchase such supplies or services on behalf of other agencies.”<sup>40</sup>

**Review of Determinations and Findings.** We reviewed D&Fs from a judgmental sample of 13 of 133 IAAs to evaluate compliance with the FAR. Of the 13 IAAs that were selected for review, 4 were covered by the Economy Act, and 9 were non-Economy Act acquisitions. Also, 5 of 13 IAAs were assisted acquisitions, while 8 were direct acquisitions. Our review found that 3 of the 13 D&F documents, 2 which were for Economy Act IAAs, lacked the required statement that “[t]he supplies or services cannot be obtained as conveniently or economically by contracting directly with a private source.” We also found that 1 of 13 D&F documents was not signed by a contracting officer, as is required by FAR 17.503(c).

The D&F requirements provide documented justification for entering into interagency acquisitions. The D&F documents that were incorrectly completed, therefore, did not provide adequate justification for the related interagency acquisitions.<sup>41</sup>

**The SEC’s Interagency Agreement/Amendment Form.** *The Securities and Exchange Commission (SEC) Interagency Agreement/Amendment, (SECIAA/A)* form was last revised in 1999. We judgmentally selected 21 IAAs from our population of 133 IAAs. We found that 10 of the 21 selected IAAs were prepared on the SEC’s award forms, while the remaining 11 IAAs were prepared on the other agencies’ forms.

In reviewing our sample, we found that while the SECIAA/A forms include information required by FAR 17.503, the forms lack specific fields needed to identify delivery requirements, acquisition authority, and the resolution of disagreements, as required by TFM Bulletin No. 2007-03. The IAA award forms simply have a catchall field “Additional instructions/Information” that may or may not contain this information. While information such as delivery requirements was contained in this field on several of the forms, we found five SECIAA/A forms that appeared to lack information entirely on either the acquisition authority or the resolution of disagreements.

Adding these specific fields to the IAA form would ensure that the agreements included the information required to adequately document the acquisition.

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<sup>40</sup> 48 C.F.R. § 17.503(b).

<sup>41</sup> In addition, several D&F documents actually included information that was not required by FAR 17.503, such as the estimated cost of the IAA, sufficient funding availability and the legal authority for the IAA.

**Treasury Financial Manual Guidance.** The Department of the Treasury and OMB have both issued guidance covering IAA documentation. The Department of the Treasury issued TFM Bulletin No. 2007-03, “Intra governmental Business Rules,” which became effective on October 1, 2006. OMB’s guidance on interagency acquisitions became effective in part in October 2008 and in part in November 2008.<sup>42</sup> The TFM bulletin includes documentation requirements for intra-governmental agreements or orders as shown in Table 1, below.

**Table 1: Intragovernmental Business Rules, Procurement Requirements for Intragovernmental Agreement/Orders**

<ul style="list-style-type: none"> <li>• The agreement number and the funding source.</li> </ul>
<ul style="list-style-type: none"> <li>• The Treasury Account Symbol for the ordering and servicing agencies.</li> </ul>
<ul style="list-style-type: none"> <li>• The Business Event Type Code for the ordering and servicing agencies.</li> </ul>
<ul style="list-style-type: none"> <li>• The effective date and duration of the agreement, including the expiration of the funding source.</li> </ul>
<ul style="list-style-type: none"> <li>• The amount of the IAA and the method of payment.</li> </ul>
<ul style="list-style-type: none"> <li>• The Business Partner Network number for the ordering and servicing agencies.</li> </ul>
<ul style="list-style-type: none"> <li>• The method and frequency of performance reporting.</li> </ul>
<ul style="list-style-type: none"> <li>• Provisions for advance payment and method for liquidating advances, if applicable.</li> </ul>
<ul style="list-style-type: none"> <li>• The parties’ rights to modify, cancel or terminate the agreement.</li> </ul>
<ul style="list-style-type: none"> <li>• An alternative dispute resolution clause.</li> </ul>
<ul style="list-style-type: none"> <li>• A clause specifying that if the ordering agency cancels the order, the seller is authorized to collect costs incurred prior to cancellation plus any termination costs.</li> </ul>
<ul style="list-style-type: none"> <li>• Accounting/finance office, contracting officer/contracting officer’s technical representative point of contact information, such as name, location and telephone number.</li> </ul>

Source: Treasury Financial Manual Bulletin No. 2007-03.

The information described in Table 1 above, is intended to facilitate the reconciliation of accounts between ordering and servicing agencies.<sup>43</sup> However, we found that the SECIAA/A form did not contain the following TFM bulletin requirements: Business Event Type Code, Business Partner Network Number, or

<sup>42</sup> OFPP requirements for “best interest determinations” went into effect on October 1, 2008. Implementation of the elements and model agreement contained in Appendices 2 and 3 to the OFPP guidance applied to IAAs entered into on or after November 3, 2008. Memorandum for Chief Acquisition Officers, Senior Procurement Executives, from Paul A. Dennet, Administrator, Office of Management and Budget, subject: Improving the Management and Use of Interagency Acquisitions, June 6, 2008.

<sup>43</sup> Department of the Treasury, Treasury Financial Manual Bulletin No. 2007-03, effective October 1, 2006.

the method of performance reporting. The absence of this information could make it more difficult to record and reconcile the SEC's IAAs according to the TFM bulletin requirements.

**Office of Management and Budget Guidance.** OMB's OFPP issued guidance on "Interagency Acquisitions" in June 2008. The guidance requires specified documentation of IAAs for assisted acquisitions that were entered into on, or after November 3, 2008.<sup>44</sup> According to the guidance, IAA documentation serves the following two purposes:

- (1) To establish the general terms and conditions governing the relationship between the requesting and servicing agencies; and
- (2) To provide the information needed to establish a bona fide need and authorize the transfer and obligation of funds.<sup>45</sup>

The OFPP also provides guidance in developing interagency agreement documentation. The guidance indicates that IAAs for assisted acquisitions should have two main parts, Part A and Part B. Part A includes the general terms and conditions that govern the responsibilities and roles of the requesting and servicing agencies.<sup>46</sup> For example, Part A specifically requires identifying the legal authority for the interagency acquisition, and the period of performance.<sup>47</sup> Part B requires "specific information on the requesting agency's requirements sufficient to demonstrate a bona fide need."<sup>48</sup> The information required by Part B specifically includes projected milestones, fees, and the expiration date of the appropriation from which the funds are provided for the interagency acquisition.<sup>49</sup> OFPP requires agencies to review their IAAs for assisted acquisitions carefully in conjunction with the guidance "to ensure they are clear and complete."<sup>50</sup> Further, OFPP encourages agencies to use the model IAA document in its guidance and, at a minimum, ensure that requires that their IAAs contain the elements enumerated in Appendix 2 to the guidance.<sup>51</sup>

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<sup>44</sup> Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy "Interagency Acquisitions," June 2008, Appendices 2 and 3 at pgs. 32-46.

<sup>45</sup> *Id.* at p. 8. The term, "Bona fide need" refers to the availability of appropriated funds only for the payment of expenses properly incurred during the period of availability of the appropriation. See 31 U.S.C. § 502(a).

<sup>46</sup> Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy, "Interagency Acquisitions," June 2008 at p. 8.

<sup>47</sup> *Id.*, Appendix 2 at p. 32

<sup>48</sup> *Id.* at p. 8 (emphasis omitted).

<sup>49</sup> *Id.*, Appendix 2 at p. 35.

<sup>50</sup> *Id.* Appendix 2 at p. 9.

<sup>51</sup> *Id.*

Our audit found that the SEC's IAA documentation was not consistent with the format recommended by OFPP. The information contained in OFPP's enumerated elements was also not readily found in the IAA documentation that we reviewed. In several instances, we had to review several documents (e.g., the IAA form, the terms and conditions, and the statement of work) to locate the required information.

OA's documentation of its IAAs requires updating to ensure that the D&F documents provide adequate justification for interagency acquisitions, and that required information for interagency acquisitions may be readily located. Also, OA should ensure that its IAA forms include information required to document the acquisition adequately in accordance with the OFPP guidance, and to facilitate recording and reconciling these agreements according to the TFM bulletin requirements.

**Recommendation 10:**

The Office of Acquisitions should update its interagency acquisition Determinations and Findings and interagency acquisition forms to include the information required by the Federal Acquisition Regulation, Treasury Financial Manual Bulletin No. 2007-03 (in consultation with the Office of Financial Management), and the Office of Federal Procurement Policy guidance on interagency acquisitions.

**Management Comments.** Concur. See Appendix V for management's full comments.

**OIG Analysis.** We are pleased that OA concurs with this recommendation.

## **Finding 5: OA Lacked Adequate Information to Review IAA Cost Estimates**

OA did not know the basis for the cost estimates for the SEC's IAAs with the U.S. Department of Health and Human Services' Program Support Center/Mid Atlantic Cooperative Administrative Support Unit and the DOI's National Business Center. Further, OA did not have adequate information to review these cost estimates for reasonableness.

We judgmentally selected and carefully analyzed cost estimates for 2 of 133 IAAs. Specifically, we reviewed IAAs for the Commission-wide administrative

support services provided by the U.S. Department of Health and Human Services' Program Support Center (PSC)/Mid Atlantic Cooperative Administrative Support Unit (CASU) and the SEC's employee payroll services provided by the DOI's National Business Center (NBC). Both IAAs were not subject to the Economy Act, as they were authorized by statutes other than the Economy Act.

The PSC funds its activities and services through a revolving fund<sup>52</sup> that is authorized under the Government Management Reform Act of 1994. CASU is one of the PSC's business units operated through the PSC's Service and Supply Fund in accordance with 42 U.S.C. § 231. The DOI's NBC provides payroll services to agencies through the DOI working capital fund established pursuant to 43 U.S.C. § 1467.

**Administrative Support Services IAA.** The SEC entered into an IAA in August 2008 for administrative support services through CASU, which consists of a network of vendors that provide goods and services to federal agencies. We reviewed a judgmental sample of 11 of 22 task orders that were issued on the CASU IAA. Our review of the CASU IAA included task orders for secretarial, paralegal, receptionist, and administrative assistant support positions at the SEC. According to OA's listing of the CASU IAAs, the total cost of all the task orders under the CASU IAA was estimated to be \$5 million.

CASU documents its cost estimates for each task order on an "Estimate For Administrative Support Services" (Quote) form. The Quote form includes categories for labor, period of performance, number of hours, unit cost (the fully loaded hourly rate applied to a particular job title), and a total dollar amount. The quote is prepared as a result of a competitive proposal process managed by CASU from any of a group of small business contractors. The form also includes an employee hourly rate, which represents the wage rate to be paid to the employee and the minimum fringe benefit rate, which are different from the unit cost.<sup>53</sup> The total estimated cost is calculated by multiplying the unit cost by the number of hours work needed.

Our audit found that unit cost was significantly greater than the estimated hourly employee rate, plus the fringe rate. The OA contracting officer was unable to explain this disparity. After contacting the CASU representative, the contract

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<sup>52</sup> A revolving fund is an account established to finance a continuing cycle of operations through amounts received, such as a working capital fund. See U.S. Government Accountability Office, Principles of Federal Appropriations Law, Third Edition, Volume III, GAO-08-978SP, September 2008 at pgs. 12-85 through 12-89 for additional information on the concept and definition of revolving funds.

<sup>53</sup> These rates are pursuant to the McNamara-O'Hara Services Contract Act of 1965, as amended, 41 U.S.C. 351 *et seq.*, which requires contractors and subcontractors performing services on covered federal contracts in excess of \$2,500 to pay service employees in various classes no less than the monetary wage rates and fringe benefits found prevailing in the locality, or the rates contained in a predecessor contractor's collective bargaining agreement.

specialist assigned to the IAA explained that the unit cost was higher than the employee hourly rate, plus the fringe rate, because a fee was included in the amount the SEC pays to CASU. This fee represents the difference between the unit cost and the employee's hourly rate, plus the fringe rate and actually consists of two parts: a fee that the SEC pays CASU to provide contract administrative services; and the cost of services, overhead, and general and administrative expenses, as well as profit that CASU pays to the vendor. We found, however that the Quote form did not reflect this additional fee. OA staff did not have information to support the additional costs. It was only after OIG inquired about the estimates that OA staff requested detailed support for the figures.

We calculated both components of the fee the SEC paid to CASU for the task orders identified in our sample based on the explanation provided by the OA contract specialist. We found that the SEC was paying a fee of \$281,000 to CASU for the task orders in our sample, which represented the difference between what the employees were paid in wages and benefits and what CASU received. Hence, this amount was in addition to the employee hourly rate, plus the fringe costs, which amounted to \$771,000. The \$281,000 represented approximately 27 percent of the \$1,052,000 total cost that was paid to CASU. When compared to the fee rates for other SEC IAAs that on average were 5 percent,<sup>54</sup> we found that 27 percent paid to CASU was significantly higher.<sup>55</sup>

We further compared CASU's rates to other vendors' fee rates and judgmentally selected 15 of 269 small business contractors listed on the General Services Administration (GSA) schedules that provide administrative support and financial audit services. We found that 9 of the 15 small business contractors in our review listed lower rates than CASU in at least one labor category. Therefore, we have questions about the process that OA utilizes in choosing to enter into an IAA with CASU. OA should have undertaken a comparison of CASU's costs to those of other vendors that provide similar services before entering into the agreement with CASU to ensure the government receives the best value.

**Cost Estimates for Payroll Services.** In November 2006, OHR entered into an IAA with the DOI's National Business Center for services related to processing payroll and personnel actions. The agreement was for FY 2007 and had a period of performance of one year. In March 2008, the SEC entered into its second IAA

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<sup>54</sup> We calculated the 5 percent average fee based upon our review of the SEC's IAAs with the Department of Justice (paralegal services), the Department of Transportation (transit subsidy) and the Office of Personnel Management (training management and assistance).

<sup>55</sup> While OA and CASU stated that of the 27 percent that the SEC pays to CASU, only 5 percent represents the contract administration fee, our audit found that on its face, the 27 percent is high and OA lacked adequate information to make a determination as to whether these costs were reasonable.

with DOI for FY 2008. The IAAs cited the Economy Act<sup>56</sup> and 43 U.S.C. §§ 1467 and 1468 as the authorities for the agreements. We found that OA ratified the first six months of the FY 2008 IAA for approximately \$420,000, because OHR had not timely submitted an IAA.<sup>57</sup>

The cost estimates for the IAAs with DOI were primarily based on the “HR Application Services Personnel and Payroll Operations” section of the SOW. These services included payroll operations, leave and earnings statements, and services provided through “Employee Express,” an on-line personnel system that is made available to SEC employees. When we asked OA staff about DOI’s cost estimate for the IAA, they indicated that they did not know how DOI came up with the number of W-2s that were used to calculate the cost estimate. Our audit determined that DOI used the total number of SEC W-2s that it processed two years earlier in calculating its cost estimate. For example, DOI used the number of W-2s processed in calendar year 2005 to develop the fiscal year 2007 estimate. We found that OA does not require the customer to compare the W-2 estimates DOI uses in its cost calculations to the actual number of W-2s to evaluate the reasonableness of DOI’s estimates and ensure that the cost estimates are accurate.

According to the Federal Acquisitions Institute, OMB requires ordering agencies, such as the SEC in this situation, to provide input to the servicing agency to assist in the determination of whether proposed contract prices are fair and reasonable. The reasonableness of access or service fees charged by the servicing agency should be evaluated by the requesting agency as part of its “best interest determination.”<sup>58</sup> The OFPP guidance provides that in choosing an appropriate servicing agency, the requesting agency should give consideration to the “reasonableness of the servicing agency’s fees.”<sup>59</sup>

Our audit found that in connection with the IAA for DOI payroll services, OA failed to provide this input to ensure that the proposed contract prices were fair and reasonable.

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<sup>56</sup> As noted above, the Economy Act was cited as authority in error as this IAA was not subject to the Economy Act.

<sup>57</sup> In September 2007, the OIG issued an inspection report addressing the issue of ratifications and recommended steps to improve controls in that area. See “Contract Ratifications,” Report No. 430, September 25, 2007. As of the date that the FY 2008 IAA was signed, OA had not implemented all OIG’s report recommendations. Currently, all but two of the report’s recommendations have now been implemented and are closed.

<sup>58</sup> The Federal Acquisitions Institute, “Interagency Acquisitions Roles and Responsibilities Reference Tool,” [www.fai.gov/IAA/rrrt/rrrt.asp](http://www.fai.gov/IAA/rrrt/rrrt.asp), Item 9. “Ensure price reasonableness.”

<sup>59</sup> Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy, “Interagency Acquisitions,” June 2008 at pgs. 6-7.

**Homeland Security Presidential Directive-12 IAA.** During our review of the FY 2008 DOI estimate for payroll services, we noted that DOI reduced its estimated costs by \$50,000 for services that the SEC did not receive from DOI under a separate IAA. In determining the source of the \$50,000 credit, we learned that in July 2005, the SEC entered into an Economy Act IAA with DOI and advanced DOI \$50,000 to provide needed support regarding the implementation of the Homeland Security Presidential Directive 12 (HSPD-12) badge requirements. The period of performance for the IAA was from July 2005 to July 2006. In September 2006, the SEC cancelled its IAA with DOI for HSPD-12 implementation because DOI could not perform the services that were needed in the required timeframe. At the time the IAA was cancelled, DOI had not provided any services to the SEC under the IAA. However, the SEC did not require that DOI return the \$50,000 the SEC had advanced to DOI for the IAA. Instead, DOI issued the SEC a \$50,000 credit that was later applied as a reduction to the cost estimate for the SEC's FY 2008 IAA for payroll services.

Under the Economy Act, the funding advanced to DOI under the HSPD-12 IAA should have been returned to the SEC.<sup>60</sup> Moreover, had OA reviewed the DOI cost estimates for 2008 payroll services, it would have learned of the \$50,000 credit and could have taken proper steps to retrieve the \$50,000 that was advanced to DOI on the HSPD-12 IAA.

**Recommendation 11:**

The Office of Acquisitions should develop and implement appropriate procedures to review interagency acquisition cost estimates to ensure they are reasonable and properly supported.

**Management Comments.** Concur. See Appendix V for management's full comments.

**OIG Analysis.** We are pleased that OA concurs with this recommendation.

**Recommendation 12:**

The Office of Acquisitions should assess the Mid-Atlantic Cooperative Administrative Support Unit (CASU) interagency agreement to determine if the costs incurred are reasonable and the CASU interagency acquisition agreement is in the best interest of the Commission.

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<sup>60</sup> See, e.g., *In re Economy Act Payments After Obligated Account is Closed*, B-260993, 1996 U.S. Comp. Gen. LEXIS 318 (June 26, 1996); *In re Bureau of Land Management – Disposition of Water Resources Council Appropriations Advanced Pursuant to the Economy Act*, B-250411, 72 Comp. Gen. 120 (March 1, 1993).

**Management Comments.** Concur. See Appendix V for management's full comments.

**OIG Analysis.** We are pleased that OA concurs with this recommendation.

**Recommendation 13:**

The Office of Acquisitions should consider sources of administrative support services that charge lower amounts if it determines that the Mid-Atlantic Cooperative Administrative Support Unit interagency agreement does not provide the best value to the Commission.

**Management Comments.** Concur. See Appendix V for management's full comments.

**OIG Analysis.** We are pleased that OA concurs with this recommendation.

## **Finding 6: OHR's Statement of Work for Its Human Resources Management Assistance IAA Did Not Conform to OPM's TMA Program Guidance**

OHR's statement of work for its IAA for human resources management assistance with the Office of Personnel Management Training and Management Assistance (OPM/TMA) program did not specifically identify the required services or products. Also, OHR did not include information in the SOW that was specified in guidance issued in reference to OPM/TMA program.

**OPM's Training and Management Assistance Program.** Between FYs 2006 and 2007, OHR transferred approximately \$5.1 million into OPM/TMA program's revolving fund on an IAA for human resources management assistance services. In August 2006, OHR made an initial transfer of \$2 million to OPM/TMA under this IAA. Thereafter, the IAA was amended three times, and approximately \$3.1 million in additional funding was transferred to the OPM/TMA account, bringing the total amount transferred under this IAA to \$5 million.

The OPM/TMA program provides assistance to agencies in the areas of training and human capital management. The program also provides assistance for workforce planning and restructuring, process improvement, and performance and compensation systems. The TMA program provides agencies with access to its contracts with a number of private sector vendors with expertise in human capital management.

Pursuant to the SEC's IAA with OPM/TMA, the TMA program provides services to OHR by awarding task orders against its contracts. OHR staff identified OHR's service requirements to OPM/TMA, which, in coordination with OHR, competed and selected vendors that best met OHR's requirements. The OPM/TMA issues task orders for the required services and maintains funding received from external agencies in a revolving fund, which is used to pay for work done under the IAA. OPM/TMA charges a fee for its contracting services that is based on the agency's balance in the OPM/TMA revolving fund. The assessed fee is initially determined at the time an interagency agreement is established. The agency obligates an amount to include the fee, which is transferred and placed in the OPM/TMA revolving fund under the agency's project code. OPM/TMA uses the revolving fund to pay contractors for their services on behalf of the agency. The assessed fee is collected only after the customer has approved a contractor invoice for the project task for payment

Agencies enter into IAAs with the OPM/TMA under the authority of the Government Employees Training Act, the OPM revolving fund authority,<sup>61</sup> and Executive Order 11348. The Economy Act does not apply to these types of IAAs.

The OPM/TMA program guidance, posted on OPM's website,<sup>62</sup> describes a six-step process as shown in Table 2 below, for agencies to follow when entering into an IAA with OPM/TMA.

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<sup>61</sup> 5 U.S.C. § 1304(e)(1).

<sup>62</sup> U.S. Office of Personnel Management, Training and Management Assistance: The Process, [www.opm.gov/hrd/tma/theprocess.asp?1](http://www.opm.gov/hrd/tma/theprocess.asp?1).

**Table 2: OPM/TMA Program Interagency Agreement Guidance Steps**

<b>Interagency Agreement Steps</b>
1. <i>Develop a Statement of Objectives (SOO)</i> - The SOO provides a clear and concise description of the customer agency's needs and expectations. It includes background information, the target audience for the goods and services, requirements, deliverables to be produced, specifications, and time frames.
2. <i>IAA</i> - The IAA documents the terms and conditions of the relationship between the agency and the TMA program, obligates the agency's funding and transfers it to TMA's revolving fund.
3. <i>Task Order Competition</i> – TMA selects a few pre-qualified contractors for the project described in the SOO. The contractors each present their capabilities and technical approaches to a panel composed of TMA and agency representatives. The panel evaluates the contractors, and TMA notifies the winning contractor.
4. <i>Project Kick-Off Meeting</i> – TMA and agency representatives meet with the winning contractor to clarify project goals and expectations.
5. <i>Management Plan</i> – The contractor, based on the discussions in the kick-off meeting, prepares a management plan including the tasks, activities, costs, and timelines to complete the project.
6. <i>Project Monitoring</i> – The contractor begins work on the project. TMA issues work orders under the management plan, processes invoices, monitors spending, etc.

Source: OPM TMA Website

**Interagency Agreement for Human Resources Management Assistance.** In August 2006, OHR entered into an IAA for \$2 million with OPM/TMA to obtain human resources management assistance for its staff. The IAA consisted of a SOW that OHR included with its funding request. The IAA's period of performance was from October 2006 to September 2007, and the IAA was an assisted acquisition, pursuant to which OPM staff served as the contracting officer for the IAA. Between September 2006 and September 2007, according to OHR, approximately an additional \$3.1 million was transferred to the OPM/TMA account for the IAAs so the SEC could "lock in" a lower, more favorable fee rate.

**Transfer of Funds to the TMA Account.** In June 2006, OHR requested that \$2 million be immediately transferred from its operating fund to the OPM/TMA program account.<sup>63</sup> In that request, OHR staff indicated that TMA officials had informed them that TMA's fee schedule would change in October 2006 and the

<sup>63</sup> Decision Memorandum to Acting Executive Director from Assistant Director, Office of Human Resources, Subject: Transfer of Funds, dated June 13, 2006.

fee rates would vary based on each agency's fund balance.<sup>64</sup> The request also stated that the OPM/TMA accounts provided a useful and flexible "no-year" contracting vehicle.<sup>65</sup> OHR officials determined that it would be beneficial for the agency to "lock in" a 6 percent fee, by transferring a portion of OHR's existing operating funds to the OPM/TMA revolving fund account.<sup>66</sup> OHR officials further determined that transferring the funds at that time would ensure that OHR could have continued access to these funds by having them already available at OPM/TMA for contractors' services as needed.<sup>67</sup> In addition, OHR recommended that its Leadership and Knowledge Management Branch continue to monitor its budget and, in early September 2006 transferred additional funds to the OPM/TMA account.<sup>68</sup> OHR transferred \$2 million to TMA in August 2006, an additional \$660,000 in September 2006, and approximately \$2.4 million in September 2007. OHR indicated that it expected that maintaining a significant balance with OPM/TMA would allow the agency to reduce its fee to 5 percent.<sup>69</sup>

**OHR's SOW Omitted Pertinent Information Included in the TMA Statement of Objectives Guidance.** The OPM/TMA program provides written guidance on the information that agencies should submit to transfer funds to OPM/TMA. According to the guidance, the SOO should clearly and concisely describe the agency's needs and expectations.<sup>70</sup> Although the OPM/TMA guidance specifically described the information that should typically be included in the SOO, we found that OHR's SOW<sup>71</sup> for the IAA with OPM/TMA did not include much of the necessary information and did not even specify the services or products requested. The OPM/TMA guidance consists of information that should be included in the various SOO sections. Below we identify the information that is required for the various SOO sections and then contrast it with the information that was provided in OHR's SOW.

### ***Background Section***

According to the OPM written guidance, the "Background" section of the SOO is to include an overview of the project and a description of circumstances that may affect the outcome of the project and the environment in which the services or

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<sup>64</sup> Id.

<sup>65</sup> "No-year" funding is generally available until expended and it does not become unavailable for obligation at the end of a fiscal year or a specific number of fiscal years.

<sup>66</sup> Decision Memorandum to Acting Executive Director from Assistant Director, Office of Human Resources, Subject: Transfer of Funds, dated June 13, 2006.

<sup>67</sup> Id.

<sup>68</sup> Id.

<sup>69</sup> Id.

<sup>70</sup> U.S. Office of Personnel Management, Training and Management Assistance: The Process, Step1: Develop a Statement of Objectives, [www.opm.gov/hrd/tma/theprocess.asp?1](http://www.opm.gov/hrd/tma/theprocess.asp?1)

<sup>71</sup> The SEC's document was called a "Statement of Work" and not a "Statement of Objectives."

products will be used.<sup>72</sup> In this instance, OHR never issued an SOO and the “Background” section of OHR’s SOW did not include any of the above required information. Instead, the background section briefly described the SEC’s mission, jurisdiction, and organizational structure.

### ***Audience Section***

According to the OPM written guidance, the “Audience” section of the SOO should describe the intended target audience of the services or products that are being sought.<sup>73</sup> OHR’s SOW makes no mention of target audience for the products or services.

### ***Requirements Section***

The “Requirements” section of the SOO is referenced in the OPM written guidance as identifying the project objectives to be met and the link to the agency’s overall strategic and/or performance goals and the work or tasks to be performed.<sup>74</sup> The “Requirements” section of OHR’s SOW did not refer to any specific projects. Instead, it included high-level descriptions of requirements for functions described as “Training, Learning, and Knowledge Management,” and “Strategic Human Resource Management Requirements.” Each function also included high-level descriptions of analysis, design, development, implementation and evaluation requirements.<sup>75</sup> There was no discussion of the specific project objectives that were to be met, the links to agency strategic or performance goals, or to the specific work or tasks to be performed. In fact, OHR’s SOW specifically stated, “Individual project requirements will each be defined in separate Statements of Objectives.”<sup>76</sup>

### ***Deliverables Section***

According to the OPM written guidance, the “Deliverables” section is to consist of a description of the project’s outcomes or products to be produced and the format in which they should be delivered.<sup>77</sup> OHR’s SOW did not contain a description of the specific project outcomes or the products to be produced. Instead, the SOW

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<sup>72</sup> U.S. Office of Personnel Management, Training and Management Assistance: The Process, Step 1: Develop a Statement of Objectives, [www.opm.gov/hrd/tma/theprocess.asp?1](http://www.opm.gov/hrd/tma/theprocess.asp?1)

<sup>73</sup> Id.

<sup>74</sup> Id.

<sup>75</sup> Statement of Work for an Inter-Agency Agreement between the SEC OHR and OPM TMA, “Analysis, Design, Development, Implementation, and Evaluation of Customized Training, Learning, Knowledge Management, and Strategic Human Resource Management Interventions to Support and Improve Human Capital and Enterprise Performance (“OHR SOW”) at pgs. 2-12.

<sup>76</sup> Id. at p. 2.

<sup>77</sup> U.S. Office of Personnel Management Training and Management Assistance: The Process, Step 1: Develop a Statement of Objectives, [www.opm.gov/hrd/tma/the\\_process.asp?1](http://www.opm.gov/hrd/tma/the_process.asp?1).

stated that the selected contractor would propose specific deliverables for assigned project requirements; draft and final versions of each deliverable would be submitted; and all deliverables were to be developed using the latest SEC-approved version of the “Microsoft Office Tool Suite,” unless otherwise directed.<sup>78</sup>

### ***Specifications Section***

According to the OPM written guidance, the “Specifications” section of the SOO identifies standards that products must meet, such as computer platform, software requirements and continuing education standards.<sup>79</sup> The “Specifications” section of OHR’s SOW did not include the information that was described in the TMA’s SOO “Specifications” section. OHR’s specification section was general and vague, stated that systematic approaches to the training program’s design and development, and best professional and industry practices would be utilized for all the work conducted under the contract. It further indicated that the SEC’s specifications would be in force during the conduct of projected work, where applicable.<sup>80</sup>

### ***Time Frames***

The OPM written guidance provided for inclusion in the SOO of critical project dates, such as the Estimated Start Date, Critical Interim Dates, and Desired Completion Date.<sup>81</sup> However, OHR’s SOW did not include any of these dates. Instead, it simply contained a “Period of Performance” section, which indicated that individual projects conducted under the agreement would be initiated the within the timeframes established by SEC management and that separate, detailed schedules and timelines would be developed for individual projects initiated under the agreement.<sup>82</sup>

**Contact with OPM TMA Officials.** In October and November 2009, the OIG spoke with OPM/TMA program officials regarding the program, the written guidance and the specifically the requirements for a SOO. OPM/TMA program officials stated the written guidance is not binding and there is some flexibility with respect to the information that is to be included in the SOO. Yet, these officials acknowledged that OPM/TMA issued guidance for agencies to use so that sufficient information is included in their SOOs.

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<sup>78</sup> OHR SOW at p.12.

<sup>79</sup> U.S. Office of Personnel Management Training and Management Assistance: The Process, Step 1: Develop a Statement of Objectives, [www.opmg.gov/hrd/tma/the\\_process.asp?1](http://www.opmg.gov/hrd/tma/the_process.asp?1).

<sup>80</sup> OHR SOW at p. 13.

<sup>81</sup> U.S. Office of Personnel Management Training and Management Assistance: The Process, Step 1: Develop a Statement of Objectives, [www.opmg.gov/hrd/tma/the\\_process.asp?1](http://www.opmg.gov/hrd/tma/the_process.asp?1).

<sup>82</sup> OHR SOW at p. 12.

While we understand that the written OPM guidance does not have the force and effect of law, and the OPM/TMA program may not require strict adherence to the its guidance, we determined that OHR's SOW failed to include so much critical information included in the written guidance that the matter should be addressed.

**Recommendation 14:**

The Office of Acquisitions should provide additional training to its contracting staff and customers regarding interagency acquisitions. This training should include developing and ensuring the adequacy of statements of work and statements of objectives according to applicable guidance and requirements.

**Management Comments.** Nonconcur. See Appendix V for management's full comments.

**OIG Analysis.** We do not agree with OA's response to this recommendation. OA develops acquisition related policies and procedures for the Commission and is in a position to assist its customers in ensuring their requirements as identified in statements of work and statements of objectives, etc., meet the applicable acquisition-related requirements. See Appendix VI for OIG's full response to management's comments.

**Recommendation 15:**

The Office of Human Resources, in consultation with the Office of Acquisitions, should ensure that future Memoranda of Understanding provide appropriate specificity with regard to the types of products and services required, in accordance with applicable requirements.

**Management Comments.** Concur. See Appendix V for management's full comments.

**OIG Analysis.** We are pleased that OHR and OA concurs with this recommendation.

## Acronyms

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CASU	Cooperative Administrative Support Unit
COTR	Contracting Officer's Technical Representative
D&F	Determination and Finding
DOI	Department of Interior
FAR	Federal Acquisition Regulation
FY	Fiscal Year
GAO	Government Accountability Office
GSA	General Services Administration
IAA	Interagency Acquisition Agreement
IPAC	Intra-Governmental Payment and Collection system
NBC	National Business Center
OA	Office of Acquisitions
OAPM	Office of Administrative and Personnel Management
OAS	Office of Administrative Services
OFM	Office of Financial Management
OFPP	Office of Federal Procurement Policy
OHR	Office of Human Resources
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PSC	Program Support Center
SEC or Commission	U.S. Securities and Exchange Commission
SOO	Statement of Objectives
SOW	Statement of Work
TFM	Treasury Financial Manual
TMA	Training and Management Assistance Program

## Scope and Methodology

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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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Scope.** The scope of the audit included interagency acquisitions of goods and services by the SEC from other federal agencies. We reviewed judgmental samples from interagency acquisitions awarded between FY 2007 and 2009 and interagency acquisitions that were open during that time period. We also reviewed information from the Momentum financial system as it related to interagency acquisitions. We conducted our fieldwork between April and August 2009.

We did not review interagency transactions involving reimbursable use of SEC staff at other agencies or assistance provided by the SEC to other entities. We also did not review data from the OA's PRISM acquisition database system because OA staff indicated that the system did not include information regarding interagency acquisitions.

**Methodology.** To meet the object to assess compliance with governing federal and Commission regulations and polices, OIG obtained and reviewed laws, regulations, policies and procedures regarding interagency acquisitions. We further interviewed staff in OA, OFM and certain SEC program offices in order to evaluate the SEC's processes and procedures to approve, obtain, monitor, and close IAAs.

Also, we contacted staff at the Department of Health and Human Services and DOI to discuss the cost estimates they provided to the SEC. In addition, we surveyed all the SEC offices and divisions to determine whether they awarded their own IAAs independent of OA. None of the SEC offices and divisions indicated that they awarded IAAs independent of OA.

To meet the objective to determine whether opportunities exist for the SEC to save costs associated with IAAs, we judgmentally selected samples of IAAs to review from a list of 133 IAAs OA provided to the OIG. We reviewed the documentation in the selected IAA files and analyzed the information contained therein. We compared the information in from the IAA list to the IAA file

documentation, IAA documentation that OA maintained on its shared drive, and financial information regarding IAAs in the Momentum system.

**Management Controls.** We reviewed controls that were considered significant within the context of the audit objectives. We interviewed management and staff from OA and other organizations, identified and reviewed applicable policies and procedures, obtained and reviewed IAAs, and tested the data for compliance with selected policies and procedures. We identified areas for improvement in management controls over IAAs.

**Use of Computer-Processed Data.** We used interagency acquisition data maintained by OA on spreadsheets. Also, we used data from the Commission's financial system, Momentum. We did not perform extensive tests of system general or application controls on the Momentum system because it was not an audit objective or sub-objective. To the extent practical, however, we compared the IAA data we received with the IAA source documents in the files and with data from Momentum. We found discrepancies in the IAA data that we received from OA, including missing and incorrect IAA data.

**Judgmental Sampling.** We selected judgmental samples of IAAs that were awarded or open between FY 2007 and 2009 to review. Specifically, to evaluate compliance with the FAR we reviewed D&Fs from a judgmental sample of 13 of 133 IAAs. Of the 13 IAAs selected for review, 4 were covered by the Economy Act, and 9 were non-Economy Act acquisitions. Also, 5 of 13 IAAs were assisted acquisitions, while 8 were direct acquisitions. Further, we judgmentally selected 21 IAAs from our population of 133 IAAs and found that 10 of the 21 selected IAAs were prepared on the SEC's award forms, while the remaining 11 IAAs were prepared on the other agencies' forms. We then judgmentally selected and carefully analyzed 2 of the 133 IAA's cost estimates. Our review also included a judgmental sample of 15 of 269 small business contractors from the GSA schedules that provides administrative support to agencies.

Our findings applied to the items reviewed and were not extrapolated to the universe from which our samples were obtained.

**High-Risk Areas.** GAO identified interagency acquisitions as a high-risk area in 2005.<sup>83</sup> GAO indicated that its work and that of the agencies' inspectors general had identified instances where interagency acquisitions were improperly used.<sup>84</sup> The identified causes of these deficiencies included increasing demands on acquisition staff, insufficient training and inadequate guidance.<sup>85</sup> GAO again

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<sup>83</sup> U.S. Government Accountability Office, "High-Risk Series: An Update," GAO-05-207, January 2005.

<sup>84</sup> Id. at p. 26.

<sup>85</sup> Id. at p. 27.

identified interagency acquisitions as a high-risk area in 2009, though it noted improvements have been made since 2005.<sup>86</sup>

**Prior Audit Coverage.** Our office, GAO and other inspector general offices issued reports regarding various aspects of interagency acquisitions as follows:

- “Interagency Agreements,” Report No. 228, issued by SEC/OIG, February 1, 1996.
- “Interagency Agreements to Use Other Agencies’ Contracts Need Additional Oversight,” Report No. 2007-P-00011, issued by U.S. Environmental Protection Agency/OIG, March 27, 2007.
- “Interagency Contracting: Need For Improved Information and Policy Implementation at the Department of State,” Report No. GAO-08-578, issued by GAO, May 2008.
- “Disbursing Operations Directorate at Defense Finance and Accounting Service Indianapolis Operations,” Report No. D-2008-052, issued by Department of Defense/OIG, February 19, 2008.

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<sup>86</sup> U.S. Government Accountability Office, “HIGH-RISK SERIES: An Update,” GAO-09-271, January 2009, at p. 79.

## Criteria

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**The Economy Act, 31 U.S.C. §§ 1535, 1536.** The Economy Act provides general authorization for agencies to place orders for goods or services with other agencies if: amounts are available; the order is in the U.S. Government's best interest; the agency filling the order can provide the goods and services or obtain them by contract; and the requesting agency cannot obtain the goods or services more cheaply or conveniently from a commercial enterprise. The Economy Act does not apply if a more specific authorization for a particular interagency acquisition exists.

**The Recording Statute, 31 U.S.C §1501(a).** This statute requires that the obligation of federal funds shall be supported by documentation of a binding agreement between the agency and another person (including another agency) for specific goods to be delivered, real property to be purchased or leased, or services to be provided.

**Federal Acquisition Regulation Subpart 17.5, Interagency Acquisitions Under the Economy Act (48 C.F.R. §§ 17.500-17.505).** This Subpart contains policies and procedures applicable to interagency acquisitions under the Economy Act. Specifically, among other things, it requires: Determinations and Findings documenting that the interagency acquisition meets the requirements in the Economy Act, identifies the information required to be included in an Economy Act order for supplies or services with another government agency, and prohibits payments of fees or changes in excess of actual or estimated costs on IAAs that requires the use of a contract by the servicing agency.

**Government Accountability Office Principles of Federal Appropriations Law (Red Book), Third Edition, Volume II, February 2006, and Volume III, September 2008.** These volumes serve as a detailed fiscal law guide covering those areas of law in which the Comptroller General renders decisions, and describes existing legal authorities to illustrate, the principles discussed, their application, and exceptions thereto.

**Treasury Financial Manual Bulletin No. 2007-03, "Intragovernmental Business Rules," Effective October 1, 2006.** This bulletin provides guidance to federal agencies for recording and reconciling intragovernmental exchange transactions, including interagency acquisitions.

## Appendix III (Cont.)

**“Interagency Acquisitions,” Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy, June 2008.**

This guidance is intended to help agencies achieve the greatest value possible from interagency acquisitions, wherein a requesting agency uses the contracts or contracting services of a servicing agency to obtain supplies and services. It does not address all interagency business transactions, but only those undertaken for the primary purposes of obtaining services or products from contractors.

**Office of Personnel Management Training and Management Assistance (TMA) Program Process Guidance.** This guidance provides federal agencies with a six-step process for obtaining training and human capital solutions through the TMA reimbursable program, including the development of a statement of objectives.

**SEC Regulation 10-2, SEC Contracting Authorities and Appointments, June 24, 2008.** Establishes uniform policies and procedures for the acquisition of products and services for the SEC.

**SEC Regulation 10-14, Contract Administration, April 28, 2005.** Establishes the Commission’s contract closeout program and explains how it functions and implements various FAR provisions. States that it applies to all contracts and Economy Act acquisitions.

## List of Recommendations

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### **Recommendation 1:**

The Office of Acquisitions (OA), in coordination with the Office of Financial Management (OFM), should identify its universe of open interagency acquisitions and the corresponding amounts obligated and expended on each interagency acquisition. Once this is accomplished, OA should reconcile its universe of active and open interagency acquisitions with the financial information maintained by OFM regarding active and open interagency acquisitions and the corresponding amounts obligated and expended.

### **Recommendation 2:**

The Office of Acquisitions should maintain its interagency acquisition data in the appropriate centralized automated system to ensure appropriate access to and accuracy of data and to provide for report generation capabilities.

### **Recommendation 3:**

The Office of Acquisitions should establish appropriate internal controls to provide reasonable assurance that, in the future, interagency acquisition agreement data is accurate, timely, complete and reliable.

### **Recommendation 4:**

The Office of Acquisitions should develop internal written policies and procedures to guide it in administering interagency acquisitions. These policies and procedures should be based on appropriate risk assessments, address both Economy Act and Non-Economy Act acquisitions, and incorporate Federal Acquisition Regulation Subpart 17.5, the Office of Federal Procurement Policy's guidance on interagency acquisitions, and other requirements regarding interagency acquisitions as appropriate.

### **Recommendation 5:**

In developing written policies and procedures for assisted interagency acquisitions the Office of Acquisitions should incorporate the requirements of the Economy Act, the Office of Federal Procurement Policy guidance on interagency acquisitions, and other controlling authorities, and coordinate with the Office of Financial Management to assure its minimum requirements are also included. The Office of Acquisitions should ensure that its written policies and procedures for interagency acquisitions include guidance on:

- Ensuring that statements of work for interagency acquisitions related to assisted services meet the applicable requirements;
- Ensuring the reasonableness of interagency acquisition costs;
- Including the appropriate documents in interagency acquisition files;
- Recording and maintaining complete information on interagency acquisitions; and
- Closing expired interagency acquisitions.

### **Recommendation 6:**

The Office of Acquisitions should benchmark other federal agencies' written policies and procedures for interagency acquisitions when developing its interagency acquisition agreement written policies and procedures.

### **Recommendation 7:**

The Office of Acquisitions should develop written policies and procedures regarding interagency acquisitions that include timeframes and procedures for closing out Economy Act and non-Economy Act interagency acquisitions and deobligating funds for both assisted and direct acquisitions. The closeout procedures should also identify the Commission's process for coordinating with servicing agencies.

### **Recommendation 8:**

The Office of Acquisitions should promptly identify fully all interagency acquisition agreements that have expired and have not been closed. The Office of Acquisitions should further deobligate any funds that remain on the expired agreements.

**Recommendation 9:**

The Office of Acquisitions should take action to close the interagency acquisitions we identified for which the performance expired and deobligate the \$6.9 million in unused funds that remain on the interagency acquisitions, in accordance with the appropriate close-out procedures.

**Recommendation 10:**

The Office of Acquisitions should update its interagency acquisition Determinations and Findings and interagency acquisition forms to include the information required by the Federal Acquisition Regulation, Treasury Financial Manual Bulletin No. 2007-03 (in consultation with the Office of Financial Management), and the Office of Federal Procurement Policy guidance on interagency acquisitions.

**Recommendation 11:**

The Office of Acquisitions should develop and implement appropriate procedures to review interagency acquisition cost estimates to ensure they are reasonable and properly supported.

**Recommendation 12:**

The Office of Acquisitions should assess the Mid-Atlantic Cooperative Administrative Support Unit (CASU) interagency agreement to determine if the costs incurred are reasonable and the CASU interagency acquisition agreement is in the best interest of the Commission.

**Recommendation 13:**

The Office of Acquisitions should consider sources of administrative support services that charge lower amounts if it determines that the Mid-Atlantic Cooperative Administrative Support Unit interagency agreement does not provide the best value to the Commission.

**Recommendation 14:**

The Office of Acquisitions should provide additional training to its contracting staff and customers regarding interagency acquisitions. This training should include developing and ensuring the adequacy of statements of work and statements of objectives according to applicable guidance and requirements.

**Recommendation 15:**

The Office of Human Resources, in consultation with the Office of Acquisitions, should ensure that future Memoranda of Understanding provide appropriate specificity with regard to the types of products and services required, in accordance with applicable requirements.

## Management Comments

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**MEMORANDUM**  
March 12, 2010

TO: H. David Kotz  
Inspector General  
Office of Inspector General (OIG)

FROM: Sharon Sheehan   
Associate Director  
Office of Administrative Services (OAS)

SUBJECT: OIG Draft Audit of Management and Oversight of Interagency  
Acquisition Agreements at the SEC, Report No. 460

Thank you for the opportunity to comment. OAS has begun taking appropriate steps to address these recommendations. You will see that OAS non-concurs with Recommendation 14, and concurs with all other recommendations.

**Recommendation 1:**

OAS concurs. OAS is changing its operating procedures and developing a holistic record-keeping system. OAS recently deployed its new automatic procurement system (PRISM), thus giving OA an automated system to facilitate a consolidated record of active, pending, completed, modified, or cancelled contracts. PRISM is being deployed in two phases, with the second phase creating a link between PRISM and OFM's Momentum® financial system. This will allow both offices to track interagency agreements (IAAs), and generate a consolidated list of IAAs.

**Recommendation 2:**

OAS concurs. Interagency acquisitions are now created in PRISM, which will soon interface with Momentum®. The interface, which contains key A-123 controls, will allow for accurate record keeping.

**Recommendation 3:**

OAS concurs. OA will develop appropriate guidance on IAAs for staff.

**Recommendation 4:**

OAS concurs. As discussed in our response to Recommendation 3, OA will develop guidance on IAAs for staff.

**Recommendation 5:**

OAS concurs.

**Recommendation 6:**

OAS concurs.

**Finding 3:**

Although the servicing agency's contracting officer will close out the IAA, we will improve our administration and work collaboratively with the servicing agency to assure IAA timely closeout.

**Recommendation 7:**

OAS concurs. OAS again requests that this recommendation be included as part of Recommendation 4 with respect to issuing policy. The policy will reflect SEC support for close-out functions of the servicing agency's contracting officer.

**Recommendation 8:**

OAS concurs. OA began consolidating lists of all open contracts and interagency acquisitions in January 2010. OA will rely on the data generated by PRISM to track expiration dates.

**Recommendation 9:**

OAS concurs. Once a complete list is validated, OA will begin scheduling expired interagency acquisitions for reconciliation and will work with the servicing agency to assure timely closeout.

**Recommendation 10:**

OAS concurs. As discussed in the comment to Recommendation 3, OA will develop appropriate guidance on IAAs for staff.

**Recommendation 11:**

OAS concurs. As discussed in the comment to Recommendation 3, OA will develop appropriate guidance on IAAs for staff.

**Recommendation 12:**

OAS concurs. OA completed its analysis of the Department of Health and Human Service's Cooperative Administrative Support Units (CASU) requests Recommendations

12 and 13 be closed prior to final issuance of the audit. OA confirmed with CASU that the administrative fee is two percent. OA previously contracted with two other sources for similar support without success. Their rates were high and talent was lacking. OA will procure services in accordance with the FAR to obtain best value.

**Recommendation 13:**

OAS concurs. As discussed in the comment to Recommendation 12, OA contacted Department of Health and Human Service's CASU, which confirmed the set administrative fee is two percent for all its Federal customers.

**Recommendation 14:**

OAS non-concurs with the responsibility for conducting Statement of Work training. Developing adequate requirement statements, such as SOWs, SOOs, PWS's, etc., is the responsibility of the requiring activities. Training sources for documenting requirements are readily available in the commercial market and online at "Acquisition Central" [www.acquisition.gov/sevensteps/home.html](http://www.acquisition.gov/sevensteps/home.html).

**Recommendation 15:**

OAS concurs.

## OIG Response to Management's Comments

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We are pleased that OAS fully concurred with 14 of 15 recommendations pertaining to its office and OFM and OHR each concurred with the recommendation that related to its respective offices as well. We believe these recommendations will improve the Commission's ability to manage interagency acquisitions, comply with mandated statutes, regulations and guidance as they pertain to their management and oversight, and increase opportunities for cost savings.

The OIG's response to OAS's non-concurrence to recommendation 14 is as follows. We believe that recommendation 14 which states that OA "should provide additional training to its contracting staff and customers regarding interagency acquisitions," including developing and ensuring the adequacy of statements of work, may have been misinterpreted. In its management comments, OA states that: "Developing adequate requirement statements, such as statement of work, statement of objectives, performance work statements, etc., requirements documents is the responsibility of the requiring activities. Training sources for documenting requirements are readily available in the commercial market and online at 'Acquisition Central'. . . ."

We agree that the customer has responsibility for developing its own requirements and are not recommending that OA prepare requirements documents for customers. We also acknowledge that OA customers may obtain training from commercial vendors in developing requirements documents. However, since OA develops acquisition-related policies and procedures for the Commission, it is in a position to assist its customers in ensuring the requirement documents they prepare meet the applicable acquisition-related requirements. We found evidence in our audit that these requirements are not being met. OA is the only office within the Commission that has the expertise to ensure that customers obtain the knowledge necessary to meet the pertinent requirements. Thus, we believe that it would be useful for these customers and the Commission as a whole for OA to conduct this training.

In addition, we note that since OA signs the IAA agreements that obligate funding, it is in OA's interest to ensure that the related requirements adequately describe the goods and services that are requested in the statement of work and statement of objectives. Thus, we remain convinced that OA should further provide guidance to its customers to help them ensure the adequacy of statements of work and statements of objectives according to applicable guidance and requirements.

## Universe of IAAs Provided by OAS

**Table 3: Universe of the Commission's IAAs OAS Provided to OIG**

Name of Servicing Agency	Authority for Interagency Agreement	Total Cost	Total Obligated	Period of Performance	Status: Open or Expired
1. GSA	Economy Act	\$156,825,306	\$51,021,149	Sept 30, 2008	Expired
2. OPM	Economy Act	\$1,200,000	\$1,931,327	Not Indicated	Expired
3. Treasury	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Expired
4. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
5. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
6. FedLink	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
7. Treasury	Not Indicated	Not Indicated	\$83,292	Not Indicated	Expired
8. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
9. DOT	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
10. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
11. FOH	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
12. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
13. FOH	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
14. NARA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
15. NARA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
16. USPS	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
17. GAO	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
18. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
19. GSA	Economy Act	\$12,732,185	\$12,732,185	Oct 1, 2003 - Dec 14, 2009	Open
20. GSA	Economy Act	\$1,359,170	\$4,202,170	Sept 30, 2007	Expired
21. FTC	Economy Act	\$200,000	\$45,000	Not Indicated	Open
22. GSA	Economy Act	\$5,752,548	\$5,752,548	Oct 1, 2004 - Sept 30, 2009	Open
23. GSA	Economy Act	Not Indicated	\$8,776,320	Oct 1, 2004 - Sept 30, 2007	Expired
24. GSA	Economy Act	\$206,285	\$206,285	Oct 01, 2004 - Sept 27, 2005	Expired

Name of Servicing Agency	Authority for Interagency Agreement	Total Cost	Total Obligated	Period of Performance	Status: Open or Expired
25. Treasury	Economy Act	Not Indicated	\$38,827	Not Indicated	Open
26. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
27. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
28. Pacer	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
29. Treasury	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
30. FOH	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
31. DOT	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
32. NARA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
33. NARA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
34. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
35. FOH	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
36. DOI	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
37. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
38. DOI	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
39. Treasury	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
40. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
41. D.C. Treasurer	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
42. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
43. PCIE/ECIE	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
44. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
45. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
46. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
47. DOI	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
48. GAO	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
49. DOI	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
50. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated

Name of Servicing Agency	Authority for Interagency Agreement	Total Cost	Total Obligated	Period of Performance	Status: Open or Expired
51. UNICOR	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
52. UNICOR	Economy Act	\$1,549,556	\$1,549,480	Sept 21, 2005- Sept 30, 2008	Expired
53. DOT	Economy Act	\$2,036,638	\$2,036,638	Oct 1, 2005 - Sep 30, 2006	Expired
54. NARA	Economy Act	\$276,500	\$276,500	Oct 01, 2006 - Sept 30, 2007	Expired
55. NARA	Economy Act	\$10,000	\$10,000	Oct 1, 2005 - Sept 30, 2006	Expired
56. PACER	Economy Act	\$229,981	\$229,981	Oct 1, 2005 - Sept 30, 2008	Expired
57. GSA	Economy Act	\$27,750	\$27,750	Oct 1, 2005 - Sept 30, 2006	Expired
58. RTD	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
59. LOC	Economy Act	\$7,499	\$7,499	Oct 1, 2005 - Sept 30, 2006	Expired
60. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
61. GSA	Economy Act	\$32,248	\$32,248	Oct 1, 2005 - Sept 30, 2006	Expired
62. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
63. DOJ	Economy Act	\$9,706,186	\$9,706,186	Oct 1, 2006 - Sept 30, 2007	Expired
64. DOI - NBC	Economy Act	\$842,534	\$842,534	Not Indicated	Open
65. Treasury	Economy Act	\$260,000	\$260,000	Sept 30, 2006	Expired
66. GAO	Economy Act	\$1,000,000	\$1,000,000	Feb 28, 2007	Expired
67. FOH	Economy Act	\$3,164,619	\$2,758,050	Oct 1, 2006 - Sept 30, 2009	Expired
68. DOI	Economy Act	\$122,650	\$122,650	Oct 1, 2005 - Sept 30, 2006	Expired
69. DOJ	Economy Act	\$150,000	\$98,550	July 31, 2007	Expired
70. OPM	Economy Act	\$19,092	\$19,092	Oct 1, 2006 - Aug 29, 2007	Expired
71. OPM	Economy Act	\$28,750	\$28,750	Oct 1, 2007 - Sept 30, 2007	Expired
72. OPM-TMA	Economy Act	\$5,055,700	\$5,055,700	Oct 1, 2006 - Sept 30, 2009	Open
73. OPM	Economy Act	\$200,000	\$80,000	Not Indicated	Open
74. GOVWORKS	Economy Act	Not Indicated	Not Indicated	Oct 1, 2006 - Sept 30, 2008	Expired
75. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated

Name of Servicing Agency	Authority for Interagency Agreement	Total Cost	Total Obligated	Period of Performance	Status: Open or Expired
76. FED EXE BOARD	Economy Act	\$10,000	\$10,000	Oct 1, 2006 - Sept 28, 2007	Expired
77. GSA	Economy Act	\$400,000	\$400,000	Not Indicated	Open
78. LOC	Economy Act	\$7,720	\$7,720	Oct 1, 2006 - Sept 28, 2007	Expired
79. DOT	Economy Act	\$2,121,886	\$2,121,886	Sept 30, 2007	Expired
80. NARA	Economy Act	\$286,380	\$688,931	Oct 1, 2005 - Sept 28, 2007	Expired
81. NARA	Economy Act	Not Indicated	\$24,000	Not Indicated	Open
82. DOI - NBC	Economy Act	\$926,356	\$926,356	Oct 1, 2006 - Sept 28, 2007	Expired
83. Treasury	Economy Act	\$55,000	\$55,000	Dec 1, 2006 - Nov 30, 2007	Expired
84. OPM	Economy Act	\$906,528	\$906,528	Jan 1, 2004 - Dec 31, 2008	Expired
85. DCAA	Economy Act	\$19,981	\$19,981	Oct 1, 2007 - Sept 30, 2008	Expired
86. DOI	Economy Act	\$120,800	\$120,800	Oct 1, 2006 - Sept 28, 2007	Expired
87. USDA	Economy Act	\$500	\$500	Apr 30, 2007	Expired
88. LOC	Economy Act	\$31,516	\$31,516	Oct 1, 2006 - Sept 28, 2007	Expired
89. GAO	Economy Act	\$1,000,000	\$1,000,000	May 25, 2007 - May 24, 2008	Expired
90. MACASU	Economy Act	\$191,368	\$191,368	Apr 1, 2006 - Sept 30, 2008	Expired
91. LOC	Economy Act	\$27,853	\$27,853	Oct 1, 2006 - Sept 28, 2007	Expired
92. GSA	Economy Act	\$6,530,124	\$7,771,824	Not Indicated	Open
93. GSA	Economy Act	Not Indicated	\$1,501,000	Not Indicated	Open
94. OPM	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
95. GSA	Economy Act	\$22,500	0	Not Indicated	Open
96. DOS	Economy Act	\$45,000	\$45,000	Oct 1, 2007 - Sept 30, 2008	Expired
97. DOJ	Economy Act	\$91,925	\$91,925	Oct 1, 2007 - Sept 30, 2008	Expired
98. OPM	Economy Act	\$56,371	\$56,371	Oct 1, 2007 - Sept 30, 2008	Expired
99. OPM	Economy Act	\$33,800	\$33,800	Oct 1, 2007 - Sept 30, 2008	Expired
100. OPM	Economy Act	\$5,437	\$5,437	Oct 1, 2007 - Sept 30, 2008	Expired

Name of Servicing Agency	Authority for Interagency Agreement	Total Cost	Total Obligated	Period of Performance	Status: Open or Expired
101.OPM	Economy Act	\$5,000	\$5,000	Oct 1, 2006 - Sept 30, 2007	Expired
102.DOT	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
103.OPM	Economy Act	\$845,500	\$945,500	Not Indicated	Open
104.GSA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
105.GSA	Economy Act	\$11,940	\$11,940	Oct 1, 2007 – Sept 30, 2008	Expired
106.DOT	Economy Act	\$1,731,372	\$1,731,372	Oct 1, 2007 – Sept 30, 2008	Expired
107.GSA	Economy Act	\$55,000	\$55,000	Oct 1, 2007 – Sept 30, 2008	Expired
108.DOI	Economy Act	\$184,611	\$184,611	Oct 1, 2007 – Sept 30, 2008	Expired
109.DOI	Economy Act	\$855,394	\$855,394	Oct 1, 2007 - Mar 31, 2008	Not Indicated
110.GPO	Economy Act	\$58,000	\$58,000	June 30, 2008 - Sept 30, 2009	Open
111.MACASU	Economy Act	\$5,000,000	\$78,104	Jul 31, 2013	Open
112.MACASU	Economy Act	\$659,850	\$437,224	Aug 19, 2008 - Sept 30, 2009	Open
113.OPM	Economy Act	\$37,391	\$37,391	Aug 28, 2008 - Sept 30, 2009	Open
114.LOC	Economy Act	\$37,028	\$37,028	Oct 1, 2007 - Sept 30, 2008	Expired
115.Treasury	Economy Act	\$3,300	\$3,300	Mar 1, 2008 - Sept 30, 2008	Expired
116.GSA	Economy Act	\$3,056,513	\$3,056,513	June 30, 2008 - Sept 30, 2009	Open
117.GAO	Economy Act	\$1,768,696	\$1,768,696	Apr 25, 2008 - Apr 24, 2009	Expired
118.DOJ	Economy Act	\$10,000	\$10,000	May 28, 2007 - May 30, 2008	Expired
119.DOE	Economy Act	\$45,000	\$45,000	Oct 01, 2007 - Sept 30, 2008	Expired
120.GPO	Economy Act	\$35,000	\$35,000	July 1, 2008 - June 30, 2010	Open
121.DOJ	Economy Act	\$108,952	\$108,952	July 1, 2008 - June 30, 2009	Open
122.DOS	Economy Act	\$250,000	\$50,000	Not Indicated	Open
123.OPM	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated-
124.DOJ	Economy Act	\$250,000	\$50,000	Not Indicated	Open

Name of Servicing Agency	Authority for Interagency Agreement	Total Cost	Total Obligated	Period of Performance	Status: Open or Expired
125.OCC	Economy Act	\$53,282	\$53,282	Sept 1, 2008 - Sept 30, 2008	Expired
126.DOI	Economy Act	\$1,149,446	\$0	Oct 1, 2008 - Sept 30, 2009	Open
127.GSA	Economy Act	\$28,600	\$28,600	Nov 25, 2008 - Nov 24, 2009	Open
128.DOT	Economy Act	\$1,236,402	\$1,236,402	Sept 30, 2009	Open
129.LOC	Economy Act	\$763	\$763	Oct 1, 2008 - Sept 30, 2009	Open
130.DOE	Economy Act	\$45,000	\$45,000	Oct 1, 2008 - Sept 30, 2009	Open
131.OPM	Economy Act	\$367,893	\$367,893	Oct 1, 2009 - Sept 30, 2014	Open
132.Treasury	Economy Act	\$12,500	\$12,500	Jan 1, 2009 - Sept 30, 2009	Open
133.GAO	Economy Act	\$1,300	\$1,300	Apr 20, 2009 - Apr 19, 2010	Open
<b>Total</b>		<b>\$233,791,514</b>	<b>\$136,279,546</b>		
Total Entries	176				
Total Amendments	9				
Total Duplicates	20				
Total Non-IAs	14				
Total Adjustments	43				
Total Number Adjusted of IAs	133				

Source: OIG Generated

## Duplicates, Amendments, & Errors

**Table 4: Duplicates, Amendments, and Errors**

Name of Servicing Agency	Authority for IAA	Total Cost	Total Obligated	Period of Performance	Status: Open, Expired, Closed
1. NARA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
2. NARA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
3. NARA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
4. NARA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
5. NARA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
6. NARA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
7. NARA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
8. MACASU	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
9. GAO	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
10. FED-SOURCE	Economy Act	\$260,000	Not Indicated	Not Indicated	Open
11. GAO	Economy Act	\$1,000,000	\$1,000,000	Not Indicated	Expired
12. GAO	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
13. OPM	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
14. DOS	Economy Act	\$45,000	\$45,000	Not Indicated	Expired
15. DOJ	Economy Act	\$91,925	\$91,925	Not Indicated	Expired
16. OPM	Economy Act	\$56,371	\$56,371	Not Indicated	Expired
17. OPM	Economy Act	\$33,800	\$33,800	Not Indicated	Expired
18. OPM	Economy Act	\$5,437	\$5,437	Not Indicated	Expired
19. MSPB	Economy Act	\$5,000	\$5,000	Not Indicated	Expired

<b>Name of Servicing Agency</b>	<b>Authority for IAA</b>	<b>Total Cost</b>	<b>Total Obligated</b>	<b>Period of Performance</b>	<b>Status: Open, Expired, Closed</b>
20. OPM	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
21. GPO	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
22. LOC	Economy Act	\$37,029	\$37,029	Oct 1, 2007 – Sept 30, 2008	Expired
23. GAO	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
24. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
25. GAO	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
26. GSA	Economy Act	Not Indicated	Not Indicated	Not Indicated	Not Indicated
27. FOH	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
28. DOI	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
29. MACASU	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
30. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
31. CFTC	Economy Act	\$238,586	\$238,586	Dec 31, 2008	Expired
32. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
33. GSA	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
34. WDC - DPW	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
35. HUD	Economy Act	\$64,478	\$64,478	Oct 1, 2005 - Sept 30, 2006	Expired
36. CAST	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
37. Treasury	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
38. QUINDI	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
39. SourceFire	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
40. Total Recall Corp	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
41. DOJ	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
42. OPM	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated
43. DOC	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated

Source: OIG Generated

## Expired IAAs With Outstanding Funding

**Table 5: Expired IAAs That Have Outstanding Funds**

Vendor	Outstanding Amount	IAA Expired	Closed and Deobligated	Projected Date For Deobligating Funds and Closeout
GSA OFFICE SUPP	\$735,228.21	Yes	No	First Qtr FY 2010
GSA FEDSIM	\$5,277,003.42	Yes	No	First Qtr FY 2010
UNICOR	\$49,096.65	Yes	No	First Qtr FY 2010
GSAFTS1	\$9,376.12	Yes	No	First Qtr FY 2010
UNICOR	\$11,021.00	Yes	No	First Qtr FY 2010
GSA, FEDERAL TECHNOLOGY SERV (FTS)	\$39,748.20	Yes	No	First Qtr FY 2010
GSA Federal Technology Services National Capital Region	\$66,949.10	Yes	No	First Qtr FY 2010
NARA	\$1,332.29	Yes	No	Before 30 Sept 2009
GSA PERSONAL PROPERTY CENTER	\$21,725.00	Yes	No	First Qtr FY 2010
FEDLINK	\$3,173.97	Yes	No	Before 30 Sept 2009
GSA Federal Technology Services National Capital Region	\$11,580.00	Yes	No	First Qtr FY 2010
DOI Payroll Service	\$2,880.00	Yes	No	First Qtr FY 2010
FEDLINK FISCAL OPERATIONS	\$3,192.28	Yes	No	Before 30 Sept 2009
DEPARTMENT OF JUSTICE/ENRD	\$67,084.84	Yes	No	First Qtr FY 2010
OFFICE OF PERSONNEL MANAGEMENT	\$3,099.20	Yes	No	First Qtr FY 2010
U.S. DEPARTMENT OF TRANSPORTATION	\$80,001.00	Yes	No	First Qtr FY 2010
U.S. GENERAL ACCOUNTING OFFICE	\$190,487.00	Yes	No	Before 30 Sept 2009
THE OFFICE OF COMPTROLLER OF THE CURRENCY	\$33,668.99	Yes	No	First Qtr FY 2010
FEDSOURCE	\$187,832.93	Yes	No	First Qtr FY 2010
GSA VERIZON	\$58,303.29	Yes	No	First Qtr FY 2010
UNICOR	\$587.44	Yes	No	First Qtr FY 2010
OPM	\$40,000.00	Yes	No	First Qtr FY 2010

DOT	\$52,459.76	Yes	No	First Qtr FY 2010

Source: OIG Generated

## Schedule of Cost Savings

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**Table 6. Schedule of Cost Savings**

<b>Number of Expired IAAs</b>	<b>Amount to De-obligate</b>	<b>Cost Savings</b>
23 (See Appendix IX)	\$6,945,831	\$6,945,831
<b>Total</b>	<b>\$6,945,831</b>	<b>\$6,945,831</b>

Source: OIG Generated

# Audit Request and Ideas

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The Office of Inspector General welcomes your input. If you would like to request an audit in the future or have an audit idea, please contact us at:

U.S. Securities and Exchange Commission  
Office of Inspector General  
Attn: Assistant Inspector General, Audits (Audit Request/Idea)  
100 F Street, N.E.  
Washington D.C. 20549-2736

Tel. #: 202-551-6061  
Fax #: 202-772-9265  
Email: [oig@sec.gov](mailto:oig@sec.gov)

## Hotline

To report fraud, waste, abuse, and mismanagement at SEC,  
contact the Office of Inspector General at:

Phone: 877.442.0854

Web-Based Hotline Complaint Form:  
[www.reportlineweb.com/sec\\_oig](http://www.reportlineweb.com/sec_oig)