



**U.S. DEPARTMENT OF COMMERCE**  
**Office of Inspector General**

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***The Office of Acquisition Management  
Has Not Implemented New Contracting  
Policies in a Timely Manner***

*Final Report No. IPE-19045-1/June 2008*

**FOR PUBLIC RELEASE**

*Office of Audit and Evaluation*

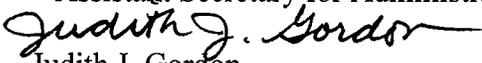




**UNITED STATES DEPARTMENT OF COMMERCE**  
**Office of Inspector General**  
Washington, D.C. 20230

JUN 26 2008

**MEMORANDUM FOR:** Otto Wolff  
Chief Financial Officer and  
Assistant Secretary for Administration

**FROM:**   
Judith J. Gordon  
Assistant Inspector General for Audit and Evaluation

**SUBJECT:** Inspection Report: *The Office of Acquisition Management Has Not Implemented New Contracting Policies in a Timely Manner (IPE-19045-1)*

During fieldwork at the National Institute of Standards and Technology (NIST) and the U.S. Patent and Trademark Office (USPTO) for our review of selected acquisition contracts awarded to companies classified as "Alaska Native Corporations," we found the Department has not notified contracting officers of the June 2007 partnership agreement on the 8(a) program<sup>1</sup> between Commerce and the Small Business Administration (SBA). We also found the Department has not implemented two new acquisition programs established by the Office of Management and Budget (OMB).

The partnership agreement tasks Commerce contracting officers with 8(a) contract execution and administration duties that SBA formerly performed. Under the agreement, Commerce contracting officers are to monitor contractor compliance with 8(a) requirements, as specified in the Federal Acquisition Regulation and 13 C.F.R. 124. Among other requirements, 13 C.F.R. 124 limits subcontracting activities under 8(a) contracts to prevent improper quantities of work from being passed noncompetitively to companies that do not qualify for 8(a) preferences.

One objective of our review was to determine whether NIST and USPTO contracting officers were monitoring the subcontracting activities of Alaska Native Corporations to ensure compliance with 13 C.F.R. 124. However, we found that the Department had not notified contracting officers that the current 8(a) partnership agreement holds them responsible for monitoring compliance with subcontracting limitations. The Office of Acquisition Management (OAM) told us that the agreement had not been disseminated because the Department's automated procurement system, C-STARS, had not been updated to support implementation of the new agreement. Acquisition personnel told us they will promptly complete this update and communicate the agreement to Commerce contracting officers. They cited staffing shortages as the reason for the delay in implementing the agreement.

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<sup>1</sup> The 8(a) Business Development Program, authorized by section 8(a) of the Small Business Act (15 U.S.C. § 637(a)), promotes business development by providing preferences for selected firms owned by socially and economically disadvantaged individuals, including Alaska Native Corporations. Among other preferences, the program makes it easier to award sole-source acquisitions in some circumstances.

We also found that the Department has not implemented OMB-mandated certification programs for program and project managers<sup>2</sup> and contracting officer technical representatives (COTRs).<sup>3</sup> The Department's existing program and project managers should have been certified by April 25, 2008. Certification for COTRs was required beginning May 26, 2008. Although Commerce established a certification program for COTRs in 2004, it does not meet OMB's requirements. OAM staff acknowledge that Commerce has not met the OMB deadlines but said they are actively working to implement the new policies.

OAM personnel told us OMB's certification policy for program and project managers was not ready to implement because (1) the policy did not adequately define the competencies to be developed, and (2) at times, class availability for the required courses at Federal Acquisition Institute was not sufficient to meet government-wide demand. They also told us OAM is actively participating in an interagency working group to develop common implementation approaches to address these issues. However, personnel in OMB's Office of Federal Procurement Policy told us that the Federal Acquisition Institute could have added more courses to ensure Commerce staff were able to obtain the necessary training to meet OMB program requirements before the deadline and other agencies have already certified both COTRs and program and project managers.

Commerce released a draft certification policy for program and project managers on May 23, 2008, and a draft certification policy for COTRs on May 30, 2008. OAM expects both policies to be finalized by the end of June.

#### Recommendations

We recommend the Department's Procurement Executive:

- o promptly communicate to Commerce contracting officers their new oversight requirements for 8(a) contracts under the June 2007 partnership agreement with SBA.
- o promptly begin implementing training and certification programs for procurement professionals according to requirements established by the Office of Federal Procurement Policy.

We thank the personnel in the Commerce Acquisition Performance, Policy, and Support Office for their assistance. If you have any questions, please contact me at (202) 482-5643.

cc: Helen Hurcombe, Procurement Executive  
Virna Evans, Acting Director, Commerce Acquisition Performance,  
Policy, and Support Office  
Trudy Gallic, Audit Liaison

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<sup>2</sup> *The Federal Acquisition Certification for Program and Project Managers (FAC-P/PM)*, Office of Management and Budget, Office of Federal Procurement Policy, April 25, 2007.

<sup>3</sup> *The Federal Acquisition Certification for Contracting Officer Technical Representatives (FAC-COTR)*, Office of Management and Budget, Office of Federal Procurement Policy, November 26, 2007.