



Report In Brief

JUNE 19, 2015

Background

Undefinitized actions (UAs) are contract actions, issued as letter contracts and other instruments, for which the contract terms, specifications, or prices are not agreed to before performance begins. UAs are restricted for use to meet an urgent requirement of an agency and are for use only after it has been determined that no other alternative contracting method will fulfill the urgent need.

According to the federal government's central database of information on federal procurement actions—the Federal Procurement Data System—Next Generation (FPDS-NG)—in fiscal years (FYs) 2013 and 2014, the National Oceanic and Atmospheric Administration (NOAA) and National Institute of Standards and Technology (NIST) reported 123 UAs, representing total obligations of about \$7.9 million.

Why We Did This Review

We initiated this audit to determine whether contracting officials effectively managed and executed UAs. However, NOAA and NIST FPDS-NG data were not sufficiently reliable to identify the universe of UAs. Consequently, this report addresses the miscoding of UAs in FPDS-NG and contract file maintenance.

Using FPDS-NG data, we identified a total of 123 NOAA and NIST contract actions that had been coded as UAs in FYs 2013 and 2014. Of these, we sampled 75 contract actions and found that NOAA and NIST had incorrectly coded 74 of them as UAs.

OFFICE OF THE SECRETARY

Inaccurate Reporting of Undefinitized Actions in the Federal Procurement Data System—Next Generation

OIG-15-033-A

WHAT WE FOUND

We found that the Department needs to improve (a) its process for entering accurate and reliable data into Federal Procurement Data System—Next Generation (FPDS-NG) and (b) its controls to properly maintain and safeguard contract files. Specifically:

- *There was inaccurate reporting of UAs:* We found that (a) there were coding errors in FPDS-NG for contract actions awarded by NOAA and NIST, (b) contracting officials did not review and approve FPDS-NG data sheets, and (c) contracting officials lacked adequate training in data entry procedures for the FPDS-NG.
- *Contract files and FPDS-NG data sheets were missing:* NIST was unable to locate the contract file for one contract identified in our sample. The contract action had a total negotiated price of \$6.9 million, which included two option periods. Further, NOAA and NIST contracting officers did not consistently ensure that documentation to support acquisition data reported in FPDS-NG was maintained in the contract files. Specifically, we found that 35 contract files lacked the original or revised FPDS-NG data sheets.

WHAT WE RECOMMEND

We recommend that the Department's Director of Acquisition Management

1. Issue guidance to senior bureau procurement officials reemphasizing the importance of entering, reviewing, and approving the accuracy of information entered into the contract action reports to ensure the integrity of the data in FPDS-NG.
2. Issue guidance to senior bureau procurement officials reemphasizing the importance of maintaining contract files in accordance with federal and Department policies.

We recommend that the Director of the NOAA Acquisition and Grants Office

3. Ensure contracting officers properly code contract actions identified in this report.
4. Implement strong internal controls and oversight processes and procedures to ensure that (a) contract actions are properly coded in FPDS-NG and (b) contract files contain all required contract documentation.

We recommend that the Associate Director of the NIST Management Resources Office

5. Ensure contracting officers properly code contract actions identified in this report.
6. Implement strong internal controls and oversight processes and procedures to ensure that (a) contract actions are properly coded in FPDS-NG and (b) contract files contain all required contract documentation.