



April 30, 2020

MEMORANDUM FOR: Dr. Steven Dillingham
Director
U.S. Census Bureau

A handwritten signature in black ink that reads "Mark Zabarsky".

FROM: Mark H. Zabarsky
Principal Assistant Inspector General for Audit and Evaluation

SUBJECT: *2020 Census: The Bureau Can Improve Oversight of Time-and-Materials Delivery Orders on the Integrated Communications Contract*
Final Report No. OIG-20-025-A

This final report provides the results of our audit of the U.S. Census Bureau's (the Bureau's) integrated communications contract (ICC) with Young & Rubicam, Inc. (Y&R). Our audit objectives were to determine whether the Bureau is (1) administering time-and-materials (T&M) and labor-hour delivery orders in accordance with Federal Acquisition Regulation (FAR)¹ and *Commerce Acquisition Manual (CAM)* requirements and (2) effectively monitoring the contract to ensure schedules are met. If schedules were not met, we would determine if the Bureau is taking appropriate actions to mitigate the impact of delays.

Regarding our first objective, we found that the Bureau did not follow the FAR and CAM. Specifically,

- a contractor surveillance plan was not prepared; and
- required documentation was not obtained before paying the contractor's T&M vouchers.

We also note a separate matter for the Bureau's attention with respect to the evaluation of the contractor's accounting system.

Regarding our second objective, we found that the Bureau has implemented controls to monitor contractor performance and schedules.

To accomplish our objectives, we reviewed six orders with T&M line items that, at the time of our audit, were valued at \$72,859,754. See appendix A for specific details on our objectives, scope, and methodology.

¹ The FAR is codified in title 48 of the Code of Federal Regulations.

Background

The purpose of the Integrated Partnership and Communications Operation (IPC), one of 35 decennial census operations, is to communicate the importance of participating in the 2020 Census to the entire United States and its territories. A major component of the IPC is the 2020 Census ICC, which the Bureau awarded to Y&R on August 24, 2016. The contract was awarded for 1 base year and 5 option years through 2022, with a ceiling of \$415 million. At the time of our audit, the estimated value of the ICC is \$518 million.² With assistance from its subcontractors, Y&R agreed to plan, design, integrate, produce, implement, and assess an integrated communications program for the 2020 Census.

The Bureau awarded the ICC in accordance with FAR 16.503 as a requirements contract.³ Under the ICC, the Bureau issues individual orders as firm-fixed price (FFP), T&M, or hybrid orders containing a combination of FFP with labor-hour line items, materials, or both. The 2020 Census ICC includes FFP and non-FFP (e.g., T&M, labor-hour) contract line items.⁴

- *FFP contracts* provide prices that are not subject to any adjustment based on the contractor's cost experience in performing the contract. "This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss."⁵
- *T&M contracts* are not fixed-price, and may only be used when it is not possible at the time of placing the contract to (a) estimate accurately the extent or duration of the work or (b) anticipate costs with any reasonable degree of confidence.⁶ Unlike FFP contracts, T&M contracts do not provide incentives to the contractor for cost control or labor efficiency.

Of the 18 orders the Bureau issued as of August 7, 2019, 12 were active, 5 were closed, and 1 was cancelled. See appendix B for a list of all 18 orders the Bureau issued as of the end of our audit fieldwork.

Findings and Recommendations

In administering T&M and labor-hour delivery orders on the ICC, the Bureau's contracting officials did not perform such required actions as preparing a surveillance plan, nor did they obtain all required documentation from the contractor to support T&M vouchers. However, of the orders we tested, our review found that the Bureau complied with other FAR and CAM requirements such as ensuring T&M orders have (1) determination and findings, (2) ceiling

² In 2017 and again in 2018, the Bureau increased the estimated value of the contract because of increased lifecycle cost estimates.

³ Under FAR § 16.503, requirements contracts provide for "filling all actual purchase requirements of designated Government activities for supplies or services during a specified contract period (from one contractor), with deliveries or performance to be scheduled by placing orders with the contractor."

⁴ A *line item* is the basic structural element in a procurement instrument that describes and organizes the required product or service for pricing, delivery, inspection, acceptance, invoicing, and payment. See FAR § 2.101.

⁵ FAR § 16.202-1.

⁶ FAR § 16.601(c).

prices, and (3) requirements that are well defined with a clear vision of the desired product with measurable milestones and deliverables.

To manage contractor performance and schedules, Program Management Office (PMO) officials performed monitoring activities to identify and mitigate potential risks to the IPC. Those activities included order-specific weekly status meetings with contractor personnel and subject matter experts to discuss key work performed and upcoming activities. In addition, Bureau and contractor order managers attended bi-weekly meetings to discuss the 2020 Census Integrated Master Schedule by task area for all 18 orders. At monthly and quarterly meetings, the contractor and Bureau staff discussed the executive timeline, overall status of each order, major accomplishments, upcoming activities, budget summaries, status of deliverables, and the status of each task area. While such controls are useful for monitoring performance and schedules, they are insufficient to satisfy some of the requirements specific to T&M contracts, resulting in an informal process that limits the Bureau's ability to provide assurances that T&M costs were incurred, fairly stated, and allowable.

I. A Contractor Surveillance Plan Was Not Prepared

We found that the Bureau's Acquisition Division did not create a Bureau-prepared surveillance plan outlining surveillance objectives, roles and responsibilities of the surveillance team members, and qualifications of personnel involved in surveillance. Among other things, this plan is meant to demonstrate that surveillance team members have the skills and capacity to perform effective management and oversight of T&M orders. Although the contractor developed a Quality Assurance Surveillance Plan and the PMO subsequently approved it, the Bureau did not prepare its own plan or use the contractor's Quality Assurance Surveillance Plan to develop a government surveillance plan.

Because T&M contracts do not provide incentives to the contractor for cost control or labor efficiency, appropriate government surveillance of contractor performance is required to provide reasonable assurance that efficient methods and effective cost controls are used.⁷ Furthermore, the CAM states that the contract file shall document, at a minimum, a surveillance plan outlining how the government will monitor contract performance.⁸

Although Bureau contracting officials were aware of the surveillance plan requirement, they concluded that (1) the activities outlined in the contractor's Quality Assurance Surveillance Plan as well as (2) surveillance activities performed by the PMO and order managers satisfy the surveillance plan requirement.

Even with the activities described in the contractor's plan and the contract monitoring by the Bureau's PMO and order managers, we found inconsistencies in the performance of

⁷ FAR § 16.601(c)(1).

⁸ CAM 1316.1 § 5.3.b explains that the surveillance plan shall (1) provide reasonable assurance that efficient methods and effective cost controls are used; (2) outline the roles and responsibilities of the government personnel involved in surveillance; and (3) demonstrate the skills and capacity of government personnel to perform adequate reviews before payment is made. The plan shall be signed by the contracting officer's representative, program manager, and contracting officer.

surveillance that might have been avoided had the Bureau had a formal surveillance plan. For instance, the Bureau uses the Contractor's Performance Evaluation Report to document its assessment of contract performance.⁹ We identified instances when the Bureau's contractor performance evaluation process was not followed as described in the contract's provisions. Specifically, we reviewed five reports that the contracting officer's representative provided to determine whether the reports contained any indications of significant performance problems. Our review found that the completion of the reports documents an assessment of the contractor's performance. Although completion of the reports serves as a form of surveillance, the reports do not substitute for a surveillance plan to monitor the contractor. Additionally, we found that the final report for one order was not prepared, and a final report for another order was prepared but not shared with the contractor, as required by the contract.¹⁰

Without a documented surveillance plan establishing control activities and personnel responsibilities and qualifications, the Bureau has no official written record of its framework for oversight of the contractor in achieving the objectives of the ICC and addressing related risks. Furthermore, a formal plan would also enhance the Bureau's control environment, as it would establish responsibilities and delegation of authority¹¹ between the Bureau's Acquisition Division officials and PMO staff.

II. Required Documentation Was Not Obtained Before Paying the Contractor's T&M Vouchers

The FAR and ICC require that the contractor substantiate T&M vouchers by providing evidence of actual payment, daily timekeeping records, and verification of personnel qualifications for the labor categories included in the voucher.¹² The government is then required to make payments to the contractor after contracting officer approval of each substantiated voucher. Of the 37 non-statistical sampled vouchers included in our audit—which total \$27,944,730 in value—the Bureau paid 8 T&M vouchers valued at \$7,702,880 without obtaining the required substantiating documentation.¹³

Bureau staff stated they did not require the contractor to provide evidence of actual payment for labor expenses, such as paystubs or cancelled checks, because the amounts Y&R invoices through the contractual labor rates will not equal the amounts paid to their subcontractors or to its own employees. This is because T&M rates account for labor,

⁹ The Contractor's Performance Evaluation Report is the title of a report found in an attachment to most ICC orders. On an interim basis and when the order has ended, Bureau order managers complete the Contractor's Performance Evaluation Report for their assigned orders. Completed interim reports describe contractor performance in areas such as technical direction and operations management; schedule maintenance; risk and quality management; and financial management. The final report includes a score for each performance category.

¹⁰ The contract requires sharing the final review report in person with the contractor order manager.

¹¹ U.S. Government Accountability Office, September 2014. *Standards for Internal Control in the Federal Government*, GAO-14-704G. Washington DC: GAO, 27.

¹² FAR § 52.232-7 (a)(5).

¹³ Of the eight T&M vouchers lacking substantiating documentation, one of them relates to order 4 and the remaining seven relate to order 9.

indirect expenses, and profit.¹⁴ During our audit, Bureau staff informed us that for non-labor direct costs, they do require that the contractor submit copies of invoices received from their subcontractors and third party vendors, which provides evidence of the actual cost invoiced to the government. However, the documentation accepted from the contractor, which we observed during our review of records supporting T&M vouchers, does not provide evidence of actual funds the contractor disbursed and, therefore, is not satisfactory evidence of actual payment.

For example, for some of its subcontractors the contractor did not submit weekly or bi-weekly timesheets containing daily timekeeping information for labor hours included in the T&M vouchers. Bureau staff did not require the contractor to submit this information because there were several subcontractors that did not have weekly or bi-weekly time tracking capabilities. Contracting officials were notified of the timekeeping records that were available, and decided to accept the contractor-proposed approach without modifying contract provisions to formally authorize submission of monthly timekeeping records that omit daily timekeeping information to support hours billed.

Rather than requiring the contractor to submit the records verifying it met the contractual labor category qualification requirements, such as resumes for all personnel charging labor in the T&M vouchers, Bureau staff relied on the contractor to ensure personnel met their labor category qualification requirements. As explained to us, order managers also monitor and evaluate actual contractor performance to ensure employees are fulfilling their responsibilities for their respective labor category.

By allowing the contractor to omit submission of evidence of payment, the Bureau lacks assurance that the contractor can demonstrate that claimed costs were incurred, are fairly stated in the voucher, and are allowable.¹⁵ Without obtaining and reviewing documentation such as weekly or bi-weekly timesheets and records substantiating personnel qualifications, the Bureau may (1) pay vouchers containing preliminary hours or (2) fail to detect labor performed by unqualified contractor personnel. Therefore, the Bureau's payment of 8 T&M vouchers totaling \$7,702,880 represents unsupported costs because contracting officials did not obtain the FAR-required supporting documentation before the Bureau paid those vouchers (see appendix C).

¹⁴ FAR § 16.601 (c)(2)(i) states "The contract shall specify separate fixed hourly rates that include wages, overhead, general and administrative expenses, and profit for each category of labor."

¹⁵ FAR § 52.216-7(b) states that, for the purpose of reimbursing allowable costs, the term costs includes only those recorded that, at the time of the request for reimbursement, the contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the contract. FAR § 31.201-2(d) states that a contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with applicable cost principles in this subpart and agency supplements.

Recommendations

We recommend that the Acquisition Division Chief of the U.S. Census Bureau do the following:

1. Develop a contractor surveillance plan for Bureau staff to follow for all applicable contracting actions.
2. Require contracting officers to obtain the FAR-required supporting documentation from the contractor to meet the contract requirements and before authorizing payment of T&M vouchers.

Other Matter

The Contractor's Accounting System Was Not Evaluated

Before agreeing on a contract type other than FFP, the FAR requires that contracting officers ensure that the contractor's accounting system will permit timely development of all necessary cost data in the form required by the proposed contract type.¹⁶ An accounting system survey completed during the preaward period assists the contracting office with determining whether the contractor's system is acceptable for award of a prospective contract.¹⁷

At the inception of the requirements contract, Bureau contracting officials had not yet determined which orders would be FFP, T&M, or a hybrid of both contract types. Consequently, instead of performing an evaluation of the contractor's accounting system, Bureau contracting officials accepted Y&R's description of its financial systems, which was submitted with the contractor's proposal.

Without an evaluation of the contractor's accounting system, the Bureau does not have reasonable assurance that the accounting system is capable of accurately accumulating, reporting, and billing costs under T&M orders and contract line items, which total \$268,692,906 in estimated costs under the ICC. While the acceptability of Y&R's accounting system was outside the scope of our audit, as of the conclusion of our fieldwork, the Bureau's contracting officials still had not taken appropriate steps to confirm that the accounting system permits timely development of necessary cost data in the form required by the contract.

¹⁶ FAR § 16.104(i).

¹⁷ FAR § 53.209-1 prescribes Standard Form (SF) 1408, *Preaward Survey of Prospective Contractor-Accounting System*, for use in conducting preaward surveys, which the Defense Contract Audit Agency uses to perform pre-award accounting system surveys. Benefits of completing a survey include, but are not limited to, determining whether the accounting system properly (1) segregates direct costs from indirect costs, (2) identifies costs by contract line item, (3) excludes costs that are not allowable under FAR Part 31, and (4) provides a timekeeping system that identifies employees' labor by intermediate or final cost objectives.

Summary of Agency Response and OIG Comments

On April 3, 2020, we received the Bureau's response to the draft report's findings and recommendations, which we include within this final report as appendix D. In its response to our draft report, the Bureau agrees with our findings and describes planned actions to address both recommendations.

Pursuant to Department Administrative Order 213-5, please submit to us an action plan that addresses the recommendations in this report within 60 calendar days. This final report will be posted on OIG's website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 4 & 8M).

We appreciate the cooperation and courtesies extended to us by your staff during this audit. If you have any questions or concerns about this report, please contact me at (202) 482-3884 or Chris Rose, Audit Director, at (202) 482-5558.

cc: Molly Shea, Chief, Acquisition Division, Census Bureau
Cory Harris, Contracting Officer, Acquisition Division, Census Bureau
Colleen Holzbach, Program Manager for Oversight Engagement, Census Bureau
Corey J. Kane, Audit Liaison, Census Bureau
Kemi A. Williams, Program Analyst for Oversight Engagement, Census Bureau
Pamela Moulder, Senior Program Analyst, OUS/EA

Appendix A. Objectives, Scope, and Methodology

We initiated this audit of the Bureau's ICC with Y&R on February 12, 2019. The objectives of our audit were to determine whether the Bureau is (1) administering T&M and labor-hour delivery orders in accordance with FAR and CAM requirements and (2) effectively monitoring the contract to ensure schedules are met. If schedules were not met, we would determine if the Bureau is taking appropriate actions to mitigate the impact of delays.

To accomplish our objectives, we did the following:

- We reviewed the following laws, regulations, policies, procedures, and schedules:
 - Federal Acquisition Regulation
 - *Commerce Acquisition Manual*
 - 5 C.F.R. Part 1315, Prompt Payment
 - Census Bureau Finance Division's invoice routing and approval internal policies and procedures for ensuring contractor billings are properly substantiated and promptly paid
 - 2020 Census Integrated Master Schedule¹⁸
 - 2020 Census ICC Risk Register¹⁹
- Examined six T&M and labor-hour delivery orders' procurement documentation—such as the determinations and findings, requirements contract award documents, contractor's proposal, and Acquisition Division plans—to determine whether the Bureau conducted delivery order planning and execution in a consistent manner with the FAR and CAM.
- Analyzed the T&M and labor-hour delivery orders' requirements provisions to determine if they clearly defined the desired product with measureable milestones and deliverables.
- Verified the existence of *Certificate of Appointment as Contracting Officer*, which demonstrates professional business and technical competencies essential for effectively performing contracting duties, for the contracting officer and contract specialist assigned to the ICC.
- Interviewed the Bureau's acquisition officials assigned to the contract, such as the contracting officer, contracting officer's representative, and order managers.

¹⁸ The Bureau's PMO uses the Integrated Master Schedule to monitor orders by task area.

¹⁹ The ICC Risk Register (1) contains statements describing identified risks, (2) categorizes challenges, and (3) captures the probability of the risk occurring as well as the schedule impact if the risk event occurs. The Bureau and the contractor use the register to manage risks and their potential impact.

- Selected a non-statistical sample of 37 of 143 paid contractor billings and evaluated whether the Bureau's documentation collected adequately substantiated the contractor's billings for payment in accordance with FAR and contract requirements.
- Verified whether the contractor's billings were promptly paid in accordance with the *Prompt Payment Act* using the payment data in the Bureau's financial accounting system.
- Obtained a non-statistical sample of 37 of 312 contractor and subcontractor personnel to verify they met qualifications requirements for their job positions.
- Tested whether the Bureau satisfied the FAR and CAM requirements relating to adequate contractor surveillance.
- Reviewed meeting minutes, spend plans, monthly and weekly status reports, and program management review presentations to determine whether the Bureau is effectively managing and monitoring the contractor's performance.

We obtained an understanding of the internal controls significant within the context of the audit objectives by interviewing Bureau officials, reviewing relevant policies and procedures, and reviewing documentation. We reported the internal control weaknesses in the "Findings and Recommendations" sections of this report.

We relied on computer-processed data in the Bureau's financial accounting system. We tested the reliability of the financial accounting system data by comparing the data to supporting documentation, performing reasonableness tests, and searching for missing data, calculation errors, data outside valid timeframes, data outside designated values, negative values in positive-only fields, and duplicate records. We did not identify any significant issues with the reliability of the data in our samples and consider it sufficiently reliable for our audit objectives.

We conducted our review from February through August 2019 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. App.), and Department Organization Order 10-13, dated April 26, 2013. We performed our audit fieldwork at Bureau headquarters in Suitland, Maryland, and at OIG offices in Seattle and Washington, DC.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B. Census ICC Orders as of August 7, 2019

Order Number	Order Name	Order Type ^a	Status	Order Value ^b	Total Obligations ^c
1	30-day Planning	FFP	Closed	\$ 333,580	\$ 333,580
2	Travel	Materials	Active	3,172,073	2,254,023
3	FY17 Program Management	FFP	Closed	3,052,599	3,052,599
4	2018 Census End to End Test - Communications Support	T&M	Cancelled	345,700	345,700
5	Foundational Research and Analytics	FFP	Closed	8,831,987	8,831,987
6	FY18 Program Management	FFP	Closed	3,799,890	3,799,890
7	Research	Hybrid	Closed	7,418,873	7,202,461
8	Communications Support to Field Recruitment	Hybrid	Active	3,211,736	3,178,830
9	Consulting and Strategic Planning	T&M	Active	14,000,000	13,560,000
10	Modeling and Segmentation	Hybrid	Active	6,581,831	3,150,351
11	FY19 Program Management	FFP	Active	7,066,108	7,066,108
12	Creative Development and Production	Hybrid	Active	59,750,862	43,152,513
13	Support to Partnership Program	Hybrid	Active	28,176,061	17,642,479
14	Support to the 2020 Statistics in School Program	Hybrid	Active	14,283,495	11,055,256
15	Media Planning and Buying	Hybrid	Active	210,656,339	81,500,068
16	Design of the 2020census.gov Website	Hybrid	Active	8,377,825	4,800,715
17	Earned, Shared and Owned Media	Hybrid	Active	40,481,769	20,831,294
18	Campaign Monitoring and Optimization	Hybrid	Active	9,483,223	7,496,091

Source: Census 2020 Integrated Communications PMO

^a Order types include FFP, materials, T&M, and hybrid.

- FFP contracts provide for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden upon the contracting parties.
- Materials means other direct costs. Specifically, order 2 funds contractor support of the IPC operation by covering travel costs that are required over the lifecycle of the contract.
- T&M contracts provide for acquiring supplies or services on the basis of (1) direct labor hours at specified fixed hourly rates that include wages, overhead, general administrative expenses, and profit; and (2) actual cost for materials.
- Hybrid contracts are a combination of FFP with T&M line items, labor-hour line items, or both.

^b Order value equals the contract price for FFP orders, and price ceilings for T&M orders or contract line items on hybrid orders.

^c An agency incurs an obligation when it places an order, signs a contract, awards a grant, purchases a service, or takes other actions that require the government to make payments to the public or from one government account to another.

Appendix C. Potential Monetary Benefits

	Questioned Costs	Unsupported Costs ^a
Finding II and Recommendation 2	\$7,702,880	\$7,702,880
Totals	\$7,702,880	\$7,702,880

^a The term *unsupported cost* means a cost that is questioned by OIG because it found that, at the time of the audit, such cost is not supported by adequate documentation.

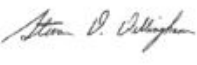
Appendix D. Agency Response



UNITED STATES DEPARTMENT OF COMMERCE
U.S. Census Bureau
Office of the Director
Washington, DC 20233-0001

April 3, 2020

MEMORANDUM FOR: Mark H. Zabarsky
Principal Assistant Inspector General for Audit and Evaluation
Office of the Inspector General

From: Dr. Steven D. Dillingham
Director
U.S. Census Bureau 

Subject: Response to Office of the Inspector General Draft Report: *2020 Census: The Bureau Can Improve Oversight of Time-and-Materials Delivery Order on the Integrated Communications Contract*

Thank you for the opportunity to submit comments to the Office of Inspector's General draft report titled "2020 Census: The Bureau Can Improve Oversight of Time-and-Materials Delivery Order on the Integrated Communications Contract." The Census Bureau respectfully submits the attached comments.

Attachment



[census.gov](https://www.census.gov)

U.S. Census Bureau Comments on Office of Inspector General Draft Report:

***"2020 Census: The Bureau Can Improve Oversight of Time-and-Materials Delivery Order
on the Integrated Communications Contract "***

March 2020

General Comments

The U.S. Census Bureau appreciates the opportunity to comment on this draft report. The Census Bureau is committed to effective contract management, internal controls and contractor oversight in accordance with all applicable Federal Acquisition Regulations (FAR) and Department of Commerce (DOC) policies.

We appreciate the Office of the Inspector General (OIG)'s report on the management of Time & Materials orders and schedule for the 2020 Integrated Communications Contract (ICC). The ICC is responsible for communicating the importance of participating in the 2020 Census to the entire population of the 50 states, the District of Columbia, Puerto Rico and the island areas to: a) engage and motivate people to self-respond, preferably via the internet; and b) raise and maintain awareness throughout the entire 2020 Census to encourage response.

For a successful 2020 communications campaign, it is imperative that contractor performance, operational and contract schedules, and timelines are properly managed. We aim to reach audiences with specific messaging, at strategic points during the campaign, where they are, and in the format of their preference. We recognize the OIG report acknowledges that the Census Bureau has implemented useful controls for the monitoring of contractor performance and schedules for the 2020 ICC as it evidences our commitment to have the best, most effective communications campaign possible.

We are pleased with OIG's acknowledgment that the Census Bureau has complied with FAR and DOC policies and requirements such as the establishment of 1) Documentation & Findings, 2) Ceiling prices; and 3) Well defined requirements for the issuance of time and materials orders under the 2020 ICC contract. At the Census Bureau, we make every effort to manage our programs and contracts in accordance with established guidelines and policies to ensure the government receives high quality services that are on-time and in accordance with defined technical requirements.

We welcome the recommendations to enhance the Census Bureau's management and administration of time-and-materials (T&M) and labor-hour delivery orders.

We have the following comments regarding the two findings and recommendations in your draft report.

A Contractor Surveillance Plan Was Not Prepared

The Census Bureau agrees with the finding that a Contractor Surveillance Plan was not prepared and included in the contract file. While a surveillance plan was not present in the contract file, we agree with the OIG's observation that the Bureau has implemented controls to monitor the contractor's performance to ensure schedules are met. To date, these controls have been effective and we are happy to report that the contractor is performing successfully and on schedule.

Required Documentation Was Not Obtained Before Paying the Contractor's T&M Vouchers

The Census Bureau agrees with this finding and the importance of receiving documentation to provide assurance that costs were incurred, are fairly stated in the voucher, and are allowable.

Recommendation 1- Develop a contractor surveillance plan for Bureau staff to follow for all applicable contracting actions.

The Census Bureau acknowledges the requirement to develop and implement a contractor surveillance plan for all applicable contracting actions. The Census Bureau will develop materials and provide training for contracting officials and program personnel. The materials and training will reinforce the requirements to develop surveillance plans, and will provide guidance for the development and utilization of surveillance plans that are tailored to the specific contract actions.

Recommendation 2: Require contracting officers to obtain the FAR-required supporting documentation from the contractor to meet the contract requirements and before authorizing payment of T&M vouchers.

The Census Bureau acknowledges the requirement to obtain the FAR-required supporting documentation in support of time and materials vouchers. The Census Bureau will develop materials and provide training on the FAR-required supporting documentation to Contracting Officers, Contracting Officers Representatives and Program personnel on the review and approval of time and materials vouchers.