MANAGEMENT ALERT

The Department's BAS Contract with Accenture

REPORT NO. OIG-27-007-A

November 19, 2026

U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Office of Audit and Evaluation
Washington, DC 20230

November 19, 2026

MEMORANDUM FOR: Olivia Bradley
Senior Procurement Executive
and Director of Acquisition Management
Office of Acquisition Management

FROM: Arthur L. Scott Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Management Alert: The Department's BAS Contract with Accenture*
Report No. OIG-27-007-A

Attached is the final management alert about significant projected cost increases to the U.S. Department of Commerce's Business Applications Solution (BAS) contract with Accenture Federal Services LLC. During our audit assessing the effectiveness of the Department's past performance evaluations and oversight of contract awards to Accenture, we discovered that the BAS contract's value is projected to be [redacted] its initial cost of approximately $341 million.

We will post the management alert on our website per the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404, 420).

By January 18, 2027, please provide an action plan addressing the alert's recommendations as required by Department Administrative Order 213-5.

We appreciate your staff's cooperation and professionalism during this audit.

Attachment

Introduction

In April 2020, the U.S. Department of Commerce's Enterprise Services Acquisition Office awarded Accenture Federal Services LLC a 20-year contract of approximately $341 million for the Business Applications Solution (BAS) program. The contract included a base year and 19 option years for system implementation, hosting, and operations and maintenance (O&M). BAS was designed as a Department-wide modernization initiative intended to reduce costs by replacing legacy financial and business systems with a commercial off-the-shelf (COTS), standard-configuration[1] financial management solution.[2] Accenture provides a software-as-a-service product, and the Department retains the rights to its data. The solicitation requirements outlined in the performance work statement (PWS) state multiple times that the Department "does not intend to customize the COTS administrative system solutions" and also state that "unique requirements shall be addressed with configuration and not customization." The PWS emphasizes a "single configuration" and states that BAS should be deployed with "minimal customizations" that are made only "when necessary." As of April 2026, BAS was slated for full implementation by October 2026, after which remaining contract costs would consist of optional time-and-materials (T&M) support, hosting, and O&M.

Shortly after initial deployment, BAS experienced technical and service delivery issues, including weeks of reduced functionality, a backlog in processing transactions, and challenges retrieving financial data for audit purposes. In response to these challenges, the Department began in December 2021 to issue a series of contract modifications that introduced custom software development, expanded requirements, and new work packages—changes that significantly departed from the original COTS-based approach and from the Office of Management and Budget's (OMB's) direction to avoid vendor-specific customizations and maintain modularity.[3] These changes materially altered the nature and scope of the contract.

[1] BAS was intended to use a single Department-wide COTS configuration, not separate customizations for each bureau.

[2] BAS will be used by all bureaus except for the United States Patent and Trademark Office.

[3] Modularity refers to a solution that is built in discrete, separable parts that can be updated or replaced without relying on a single vendor.

During our audit of the Department's past performance evaluations and oversight of BAS contract activities, we found that these cumulative scope changes have significantly increased costs. In its budgetary documents, the Department now projects that total contract value may be [redacted] the original $341 million award. Notably, in the Department's March 5, 2020, final price evaluation report and the source selection decision document signed April 24, 2020, the Department determined that proposals exceeding approximately $[redacted] million were not fair and reasonable. Current projections indicate the BAS contract may approach or exceed this threshold.

> The Department's price analysis determined that proposals exceeding $[redacted] **million** were not fair and reasonable, but **the BAS contract could exceed this threshold.**

We are concerned that cumulative scope changes and persistent contract performance issues may lead to additional costs not currently anticipated by the Department. We issued an advisory letter expressing these concerns on May 18, 2026 (see appendix 1).

Given the magnitude of the projected cost increases and the risk that the Department's actions have reduced competition and compromised price reasonableness, we are issuing this management alert to prompt immediate leadership action to limit further cost growth and reestablish competitive market pricing. A full audit report related to the Department's past performance evaluations and oversight of BAS contract activities, containing additional findings and recommendations, will follow. Appendix 2 details our scope and methodology.

Customization Changes to the BAS Program Increased Contract Costs

We found that the Department fundamentally altered the BAS contract from the originally competed COTS financial system to make it a heavily customized solution. We are questioning the resulting costs of $109,309,594 as unallowable or unreasonable.

Beginning in December 2021, the Department issued a series of contract modifications that introduced multiple customizations, expanded deliverables, and new work packages—some of which were not contemplated in the original solicitation or priced in the awarded contract. These changes significantly shifted the nature and scope of work, increased technical complexity, extended BAS implementation by approximately 2 years, and resulted in cost increases of $109,309,594, with an additional $[redacted] million to $[redacted]

million projected under the Department's rebaselining effort (see appendix 3). These scope changes were not isolated events; collectively, 13 contract modifications issued from December 2021 through April 2026 demonstrate a sustained pattern of out-of-scope expansion inconsistent with the original solicitation. Appendix 4 shows a list of modifications that have changed the scope of the contract after the initial award.

Under the federal contracting principles set forth in the Competition in Contracting Act (CICA),[4] federal agencies must obtain full and open competition unless a statutory exception applies. Accordingly, contract modifications should not be made without competition when the changes are outside the scope of the original contract. The U.S. Government Accountability Office (GAO) has previously stated that modifications are beyond the scope of an underlying contract when there is a "material difference between the modified contract and the contract that was originally awarded," such as "changes in the type of work, performance period, and costs between the contract as awarded and as modified" as well as "whether the modification could have changed the field of competition."[5] Here, because BAS was competed as a COTS, minimal-customization solution with customizations made only when necessary, the addition of custom software development and expanded requirements exceeded what offerors could have anticipated when developing their proposals. As such, the Department should have required either a new competition or a properly documented justification for limiting competition; however, the Department did not take either action.

The Federal Acquisition Regulation (FAR) reinforces these principles. FAR § 6.101(a) obligates contracting officers to promote full and open competition, and FAR § 6.001(c) specifies that competition requirements apply to "all acquisitions" with certain limited exceptions—for example, modifications within the scope of the original contract. The modifications the Department introduced—custom development and new deliverables—were outside the scope of the COTS-based award. This triggered FAR competition requirements that the Department did not meet.

Additionally, federal contract price principles (such as FAR § 12.209 and FAR § 15.4) require agencies to ensure prices are fair and reasonable. By relying on pricing structures negotiated for a COTS solution while adding custom development work and new labor categories without competitive rates or adequate market analysis, the Department did not ensure that increased costs were fair and reasonable. As a result, we are questioning $109,309,594 in contract increases through April 2026.

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[4] Competition in Contracting Act of 1984, Pub. L. No. 98-369, § 2711; 41 U.S.C. § 3301.

[5] U.S. Government Accountability Office. October 30, 2019. *Matter of: Leupold Stevens, Inc.*, B-417796, p. 6.

We also found that these scope changes directly conflicted with conditions established by OMB in its March 8, 2019, letter to the Department allowing the Department to proceed with the BAS modernization. OMB required the Department to keep software customizations to the absolute minimum possible to preserve modularity, avoid vendor-specific solutions, and maintain the ability to transition to shared services in the future. Nonetheless, Department officials reported that the COTS applications did not meet bureau needs and expanded the contract's scope beginning in December 2021 to include custom development. In a June 2024 letter to the Deputy Secretary, Department officials explicitly acknowledged that BAS had deviated from the goal of a single Department configuration due to cost growth and schedule delays. This admission confirms that the Department recognized internally that its actions were inconsistent with both OMB directives and the original acquisition strategy.

Our assessment of the 37 contract modifications issued as of April 2026 further demonstrates the extent to which the program departed from the originally competed COTS scope. Of these, 13 modifications increased BAS contract costs by $109,309,594 during the first 6 years and introduced substantial new requirements, including custom software development, expanded deliverables, and changes from firm fixed-price (FFP) to T&M contracting. Specifically, modifications increased FFP amounts, added new T&M line items, and changed the terms of BAS implementation and O&M work from FFP to T&M. GAO[6] and OMB[7] consider T&M contracts to be a higher risk to the government because the contractor is reimbursed for hours worked (in addition to materials), reducing incentives for efficiency and cost control. The Department also added help desk support, new or revised software components, and custom functionality. Moreover, contract modification 29 incorporated multiple customizations into a revised PWS, confirming that the nature and quantity of the added work was significantly beyond what offerors reasonably could have anticipated. These cumulative changes materially altered BAS's cost and schedule as well as the fundamental nature of its procurement, reinforcing our conclusion that recompetition or a properly justified limited competition was required under CICA and FAR.

These changes—initiated despite OMB's explicit instructions to minimize customization—demonstrate that the modifications were outside the scope of the original competition. Because the Department competed BAS as a COTS solution, offerors could not reasonably have anticipated these new requirements while they developed their proposals.

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[6] GAO. June 7, 2022. *Federal Contracting: Opportunities Exist to Reduce Use of Time-and-Materials Contracts*, GAO-22-104806.

[7] Office of Management and Budget. January 5, 2021. *Increasing Attention to Federal Contract Type Decisions*, M-21-11.

Accordingly, these changes should have required either a new competition or a properly documented justification for limiting competition, neither of which occurred.

In summary, the Department's decision to add significant customizations and expand requirements without recompeting the contract or preparing a CICA-compliant justification violated federal competition requirements, undermined price reasonableness, increased program risk, and significantly changed the nature and cost of the BAS acquisition. These scope changes reduced competition, increased reliance on a single vendor, and are projected to [redacted] the contract's original value—potentially exceeding the amount the Department previously determined was not fair and reasonable.

Recommendations

We recommend that the Department's Senior Procurement Executive and Director of Acquisition Management:

1. Reestablish FFP terms and convert T&M tasks to FFP tasks wherever requirements are sufficiently defined.
2. Conduct a formal scope compliance review of all BAS contract modifications to identify out-of-scope changes and pursue recompetition or prepare adequate CICA-compliant justifications for limiting competition.
3. Strengthen oversight of contract modifications to ensure future changes comply with FAR competition requirements and include complete and supportable cost reasonableness determinations.
4. Review the allowability of the $109,309,594 in questioned costs and recover funds that are unallowable or unreasonable.
5. Evaluate whether the projected $[redacted] million to $[redacted] million in future cost increases should be competed to ensure fair and reasonable pricing.
6. Document lessons learned and bureau-specific requirements to strengthen future PWSs and maintain alignment with OMB's shared services guidance.
7. Coordinate with the Chief Information Officer to reassess the long-term viability and cost effectiveness of continuing with the customized BAS solution and evaluate alternatives.

Summary of the Department's Response and OIG's Comments

The Department reviewed a draft version of this alert and responded to our findings and recommendations. In its response, the Department concurred with all of our recommendations and described actions it plans to take to address them. The Department's complete response is included in this report as appendix 5.

The Department also provided technical comments on the draft report. We considered these comments and revised the report where appropriate.

In addition, at the Department's request, we have redacted from the public version of this report certain business-sensitive information and other information otherwise protected from disclosure.

We are pleased that the Department concurs with our recommendations. We look forward to receiving the Department's action plan, which will provide details on its corrective actions.

Appendix 1. Management Advisory

The management advisory is on the next two pages. We removed contact information from the original memo prior to publication.

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Office of Audit and Evaluation
Washington, DC 20230

May 18, 2026

MEMORANDUM FOR: Olivia Bradley
Senior Procurement Executive and
Director of Acquisition Management
Office of the Secretary
U.S. Department of Commerce

FROM: Arthur L. Scott Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Management Advisory: Concerns Identified During Audit of the Department's Past Performance Evaluations and Oversight of the Accenture BAS Contract* (Project No. 2025-516-B)

We are issuing this management advisory regarding the planned rebaselining of the Department's contract with Accenture Federal Services LLC for the Business Applications Solution (BAS) program to inform you of concerns we have identified that we believe would benefit from immediate action by Department leadership.

Our ongoing audit of the Department's previous performance evaluations and oversight of the Accenture BAS contract (Contract Number 1331L520C13OS0005) revealed considerable issues regarding recent and upcoming contract changes. Persistent contractor performance problems have resulted in delays for all bureaus during the implementation phase. Contract costs have risen by over $100 million—now totaling more than $441 million—due to the expanded scope, new or enhanced program requirements, and significant customizations of financial applications. Further, we understand that changes to the originally established firm-fixed-price amounts and the addition of time-and-materials line items may push total expenses above $[redacted] million. Additional scope changes, especially those involving customizations and contract modifications, are likely to further increase costs and will require greater oversight from the Department, particularly for additional operations and maintenance support and in light of ongoing concerns about Accenture's performance.

Given these issues, we are concerned that proceeding with the rebaselining effort prior to fully assessing and addressing operations and maintenance requirements and contractor performance issues may increase the risk of continued delays, cost growth, reduced program effectiveness, and diminished ability to achieve the contract's objectives. Further, expanding the contract scope and associated funding before determining whether prior deficiencies have been effectively mitigated may expose the Department to heightened operational, financial, and acquisition management risks. Accordingly, the Department should reconsider proceeding with rebaselining until it thoroughly assesses the contractor performance and program risks and determines whether the proposed scope expansion and associated cost increases are justified, reasonable, and supportable.

We will provide additional details in an upcoming management alert; however, this memorandum is intended to provide management with timely awareness of the risks we identified during our ongoing work. We anticipate issuing our management alert with findings and recommendations in the coming weeks.

Appendix 2. Scope and Methodology

The objective of our audit was to assess the effectiveness of the Department's past performance evaluations and oversight of contract awards to Accenture. Our audit work focused on Accenture's BAS contract with the Department. To accomplish our objective, we performed the following actions:

- Reviewed applicable laws, regulations, and standards, as well as Office of Acquisition Management (OAM) policies and procedures relevant to past performance and oversight of contracts, including:
    - FAR § 6.001, "Applicability"
    - FAR § 6.101, "Policy"
    - FAR § 12.209, "Determination of Price Reasonableness"
    - FAR § 15.4, "Contract Pricing"
    - Competition in Contracting Act of 1984, as amended
    - OMB Memorandum, *Increasing Attention to Federal Contract Type Decisions*, January 5, 2021
    - GAO, *Federal Contracting: Opportunities Exist to Reduce Use of Time-and-Materials Contracts*, June 7, 2022
- Reviewed the BAS official contract file and documentation related to BAS contract costs
- Reviewed GAO's decision relevant to a contract modification protest
- Interviewed OAM and Office of Financial Management Systems (OFMS) officials and staff involved with awarding and overseeing the BAS contract

We assessed the internal controls that were significant to our objective by interviewing OAM and OFMS officials and reviewing documentation for evidence of internal control procedures. We identified weaknesses in internal controls related to contract management, as noted in the "Finding and Recommendations" section of this management alert.

We did not rely on computer-processed data to support our finding, conclusions, and recommendations. We reviewed documentation in the contract file retained by the Department, as well as other documentation, and believe it is sufficiently reliable to support our finding and conclusions. Additionally, we consulted with OIG information technology experts regarding changes to the scope of the contract. This included an

assessment of the customizations made to the core BAS systems and whether they were significant changes from the original scope of the contract.

We conducted our audit from March 2025 through September 2026 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. §§ 401-424), and Department Organization Order 10-13, as amended October 21, 2020.

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

Appendix 3. Potential Monetary Impacts

Table 1 summarizes the questioned costs we identified. We categorize questioned costs as either (1) unallowable or unreasonable or (2) unsupported.

1. An unallowable or unreasonable cost is a cost that we determined does not comply with governing law, regulation, contract, or agreement or that should not have been charged to the government because it is not justifiable or necessary.
2. An unsupported cost is a cost that we determined is not supported by adequate documentation.

Table 1. Summary of $109,309,594 in Questioned Costs

Finding	Recommendation	Unallowable or Unreasonable Costs	Unsupported Costs
Customization Changes to the BAS Program Increased Contract Costs	4	$109,309,594	–
Total	–	**$109,309,594**	–

Source: OIG analysis of incurred BAS contract costs

Table 2 summarizes funds we identified that OAM could put to better use. A recommendation to put funds to better use is based on our conclusion that the funds could be used more efficiently—for example, by recompeting the BAS contract.

Table 2. Summary of Funds to Be Put to Better Use

Finding	Recommendation	Funds to Be Put to Better Use
Customization Changes to the BAS Program Increased Contract Costs	5	$[redacted] - $[redacted]
Total	–	$[redacted] - $[redacted]

Source: OIG analysis of projected BAS contract costs

Appendix 4. Contract Requirement Changes

Table 3 summarizes the modifications to the BAS contract that made changes to the contract requirements after the initial contract award, increasing the initial total contract value of approximately $341 million by over $109 million.

Table 3. Summary of Contract Modifications That Changed Original Contract Requirements

Modification No.	Effective Date	Summary of Changes Outside the Original Contract Scope	Contract Cost Change
P22004	12/15/2021	Added new requirements, including COTS customizations	$383,521
P22005	1/31/2022	Added new deliverables, including a COTS customization	$4,898,174
P22008	8/15/2022	Added new requirements, including support for customizations	$9,653,321
P23010	6/20/2023	Added new requirements, including support for customizations	$13,722,233
P24013	11/17/2023	Added new requirements, including COTS customizations	$14,534,569
P24014	1/8/2024	Added help desk personnel to support customizations to address implementation issues	$291,365
P24016	4/3/2024	Added help desk personnel to support customizations to address implementation issues	$831,837
P24018	4/24/2024	Added new requirements, including support for customizations	$23,339,137
P24020	8/6/2024	Added new requirements, including a new statement of work	$14,077,476
P24023	9/20/2024	Added additional labor hours due to inadequate estimates	$19,800
P25029	4/24/2025	Added new requirements, including replacing the PWS with one that includes multiple customizations (some of which were from prior modifications) and a requirement to provide associated necessary support	$32,222,650

Modification No.	Effective Date	Summary of Changes Outside the Original Contract Scope	Contract Cost Change
P25031	9/22/2025	Added new requirements, including rebaselining the contract, replacing the PWS, and adding costs to support customizations	$33,389,007
P26037	4/23/2026	Added labor hours to fulfill new contract requirements	$1,196,077
Subtotal			$148,559,167
Less deobligations, administrative costs, and remaining amounts on original contract that may not be spent			$(39,249,571)
Total*			$109,309,594

Source: OIG analysis of BAS contract modifications

*This amount has a $2 variance due to rounding.

Appendix 5. The Department's Response

The Department's response to our draft management alert begins on the next page.

UNITED STATES DEPARTMENT OF COMMERCE
Office of the Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

AGENCY COMMENTS ON OIG DRAFT REPORT

TO: Arthur L. Scott Jr.
Assistant Inspector General for Audit and Evaluation

FROM: Olivia Bradley
Senior Procurement Executive
and Director of Acquisition Management
Office of Acquisition Management

OLIVIA BRADLEY Digitally signed by OLIVIA BRADLEY Date: 2026.10.13 18:18:39 -04'00'

SUBJECT: **Audit Report:** *The Department's BAS Contract with Accenture*
Draft Management Alert

Report Date: September 22, 2026

Audited Entity: Office of the Secretary

Thank you for the opportunity to respond to the OIG draft Management Alert entitled *The Department's BAS Contract with Accenture.*

The Department concurs with the findings, with each of the recommendations below, and with the potential monetary benefits identified for recommendations 4 and 5. See below for a brief description of actions planned to implement each recommendation. The Department will prepare a more detailed formal action plan upon issuance of OIG's final report.

Title of Finding: Customization Changes to the BAS Program Increased Contract Costs.

- **OIG's Recommendation #1:** We recommend that the Department's Senior Procurement Executive and Director of Acquisition Management: Reestablish FFP terms and convert T&M tasks to FFP tasks wherever requirements are sufficiently defined.

  Planned action: As part of the contract rebaselining effort, the acquisition team will maintain the existing FFP contract type for future operations and maintenance, and hosting CLINS and convert time and materials tasks to FFP wherever requirements are sufficiently defined.

- **OIG's Recommendation #2:** We recommend that the Department's Senior

Procurement Executive and Director of Acquisition Management: Conduct a formal scope compliance review of all BAS contract modifications to identify out-of-scope changes and pursue recompetition or prepare adequate CICA-compliant justifications for limiting competition.

Planned Action: The Contracting Officer will conduct a scope compliance review of all BAS contract modifications to identify out-of-scope changes and prepare adequate CICA-compliant justifications for limiting competition if required.

- **OIG's Recommendation #3:** We recommend that the Department's Senior Procurement Executive and Director of Acquisition Management: Strengthen oversight of contract modifications to ensure future changes comply with FAR competition requirements and include complete and supportable cost reasonableness determinations.

  Planned Action: The Senior Procurement Executive, in coordination with the BAS Executive Board, will develop processes to strengthen oversight for modifications to ensure future changes comply with FAR competition requirements and include complete and supportable price reasonableness determinations.

- **OIG's Recommendation #4:** We recommend that the Department's Senior Procurement Executive and Director of Acquisition Management: Review the allowability of the $109,309,594 in questioned costs and recover funds that are unallowable or unreasonable.

  Planned Action: The Contracting Officer will conduct a review of all price changes included in BAS contract modifications and analyze or conduct as appropriate the price reasonableness analysis and recover funds for any changes found unreasonable.

- **OIG's Recommendation #5:** We recommend that the Department's Senior Procurement Executive and Director of Acquisition Management: Evaluate whether the projected [redacted] in future cost increases should be competed to ensure fair and reasonable pricing.

  Planned Action: As part of the contract rebaselining effort, the Contracting Officer and BAS Program Office will evaluate whether contemplated scope changes should be competed, or if integral to the BAS requirement, prepare a CICA-compliant justification for limiting competition.

- **OIG's Recommendation #6:** We recommend that the Department's Senior Procurement Executive and Director of Acquisition Management: Document lessons learned and bureau-specific requirements to strengthen future PWSs and maintain alignment with OMB's shared services guidance.

  Planned Action: The bureaus, BAS Program Office, and Contracting Officer will document lessons learned and bureau-specific requirements to strengthen future PWSs and maintain alignment with OMB's shared services guidance.

- **OIG's Recommendation #7:** We recommend that the Department's Senior Procurement Executive and Director of Acquisition Management: Coordinate with the Chief Information Officer to reassess the long-term viability and cost effectiveness of continuing with the customized BAS solution and evaluate alternatives.

  Planned Action: Through the BAS Executive Board, the BAS Program Office will coordinate with the Chief Information Officer to reassess the long-term viability and cost effectiveness of continuing with the BAS solution and evaluate alternatives.

If you have any questions, please contact, MaryAnn Mausser, Commerce Audit Liaison, at mmausser@doc.gov.

REPORT

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