



Treasury Inspector General for Tax Administration Office of Audit

BETTER ADHERENCE TO REQUIREMENTS IS NEEDED TO JUSTIFY AND DOCUMENT NONCOMPETITIVE CONTRACT AWARDS

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Highlights

Highlights of Report Number: 2014-10-030 to the Internal Revenue Service Deputy Commissioner for Operations Support.

IMPACT ON TAXPAYERS

One of the goals of Federal contracting is to promote competition when buying goods and services. Awarding noncompetitive contracts without the proper justifications and approvals could result in procurement of products or services at a higher cost, resulting in inefficient use of taxpayer funds.

WHY TIGTA DID THE AUDIT

Our objective was to determine whether the IRS is in compliance with Federal Acquisition Regulation (FAR) requirements and other applicable authorities for noncompetitive contract awards.

WHAT TIGTA FOUND

TIGTA determined that the IRS is generally in compliance with FAR requirements and other applicable authorities for the majority of the noncompetitive contract awards reviewed. However, 15 of 35 contracts reviewed by TIGTA did not comply with all the requirements for noncompetitive awards.

TIGTA found that contracting officers obtained approval for noncompetitive contracts from the appropriate officials within the time frames required for 30 of the 35 contracts reviewed. However, for seven contracts, the award was not properly justified because the responsible contracting officer did not adequately explain why there was only one capable source available to fulfill the requirement. Further, 25 of the contracts TIGTA reviewed required documentation of 12 content requirements mandated by the FAR. Eight of 25 forms justifying awards for these contracts either did not include sufficient information or were not adequately supported and therefore did not meet FAR requirements permitting other than full and open competition.

Finally, three contracts totaling \$14.9 million were improperly coded within the Federal Procurement Data System–Next Generation. These contracts were

incorrectly recorded as being awarded noncompetitively because they were under the dollar threshold of \$150,000 when the actual award amounts were not under those dollar limits.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Deputy Commissioner for Operations Support use the results of these 35 contract cases to reemphasize to IRS program office and procurement office personnel the need to obtain proper approval, adequately justify noncompetitive awards, and fully address FAR requirements prior to solicitation and award. In addition, the Chief, Agency-Wide Shared Services, should use TIGTA's contract review results to enhance periodic oversight reviews of contract files and should verify that contracts are properly coded within the Federal Procurement Data System–Next Generation.

In their response, IRS management agreed with our recommendations and plans to issue a communication to IRS employees on the need to obtain proper approval to adequately justify noncompetitive awards and follow appropriate FAR requirements prior to solicitation and award of contracts. In addition, the IRS plans to review the results of the 35 contract cases and determine where increased focus is necessary in periodic reviews of contract files to ensure contracting officer compliance with FAR requirements for noncompetitive contracts. Finally, the IRS stated that the Office of Procurement was provided with the list of the Federal Procurement Data System–Next Generation entries in question and corrections were made where appropriate.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2014reports/201410030fr.pdf>

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