



U.S. Department of Justice

Office of the Inspector General

July 14, 2014

The Honorable Claire McCaskill
Chairwoman, Subcommittee on Financial and Contracting Oversight
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Madam Chairwoman:

I am writing to follow up on my earlier letter to you dated February 26, 2014, in response to your correspondence regarding inquiries relating to the acquisitions and procurement policies and procedures at the Federal Bureau of Investigation (FBI). As you know, representatives from the Department of Justice (Department) Office of the Inspector General (OIG) provided your staff with a briefing on May 20, 2014, describing our preliminary work in this area.

As discussed at the briefing, a team of OIG auditors collected information, assessed data, and interviewed numerous officials and personnel with the FBI, the General Services Administration (GSA), and Justice Management Division regarding the three procurement issues outlined in your January 2014 letter: (1) the \$40 million Enterprise Operations Center (EOC) task order; (2) the Facilities and Logistics Services Division's (FLSD) use of Reimbursable Work Authorizations (RWA) from August 2011 through September 2012; and (3) the FBI Director's Annual Awards for Excellence ceremony in September 2012. The results of our inquiry are articulated below.

Task Order for the Enterprise Operations Center

The EOC serves as the computer "help desk" for the FBI. With respect to the EOC task order, the OIG audit team reviewed the materials and interviewed FBI officials in order to assess whether there was a conflict of interest in the FBI process used to award the task order. In particular, your staff had conveyed an allegation that a retired Assistant Director for the FBI Information Technology Services Division (ITSD) went to work for Computer Sciences Corporation (CSC) after leaving the FBI and therefore awarding the EOC task order to CSC may have constituted a conflict of interest.

We learned that, based upon a request from the FBI's Criminal Justice Information Services Division, the FBI issued the EOC task order under a Blanket Purchase Agreement (BPA) it had established with CSC in October

2008. The BPA designated CSC as the contractor to support a wide range of call-in center and help desk services for the FBI over a period of up to five years, and therefore the ITSD was not involved in selecting CSC to work on the task order. Because of this timeline of events related to this award, the OIG audit team does not believe the ITSD was involved in selecting CSC to work on the task order, and that the Assistant Director of ITSD did not have a role in selecting CSC as the vendor for the EOC task order.

Use of Reimbursable Work Authorizations

A reimbursable work authorization is an interagency agreement that the FBI uses to request that the General Services Administration (GSA) act on its behalf and acquire facility-related services, overtime utilities, and furniture. The OIG audit team reviewed the materials and interviewed FBI officials in order to assess the allegation that there were numerous improper expenditures relating to the use of these agreements by the FBI's Facilities and Logistics Services Division (FLSD).

FBI officials advised that its Finance Division previously had handled such procurements, but ultimately could not keep pace with the volume of activity; therefore, in 2010, the FBI changed its procedures to include interagency agreements with GSA for these types of procurements. Under the changed procedures, the FBI Finance Division still reviews and approves the FLSD's annual interagency agreement spending plan before it is sent to leadership for final approval.

In December 2013, the FBI Inspection Division completed a review of the FLSD interagency agreement approval procedures, which the FBI provided to us. The Inspection Division review recommended that the FLSD ensure that financial managers or budget officers (instead of budget analysts, unit chiefs, or section chiefs) certify funding availability. Consistent with this recommendation, the FLSD reported it changed its interagency agreement procedures in October 2013 to require that financial managers or budget officers certify funds availability. In addition, the Inspection Division review identified as a best practice that FBI contract officers approve the requests. The FLSD's response included in the report noted that the approval of an FBI contracting officer for each agreement may not be necessary, because the GSA is the agency entering into the contract on behalf of the FBI, and GSA contracting officers have already reviewed and approved such contracts before issuance. The FBI reported that it is continuing to seek improvements in this area.

During our inquiry, we learned that from August 2011 through September 2012, the FBI established 820 interagency agreements with GSA. The OIG audit team reviewed a list of these agreements maintained by the

FLSD and, based on the data provided, we did not identify any procurements that appeared to be inappropriate.

FBI Awards Ceremony in September 2012

With respect to the FBI Awards Ceremony in September 2012, the OIG audit team reviewed materials in order to assess the allegation that the FBI did not obtain the necessary approvals from the Department to host the event.

The FBI spent \$234,336 on the award ceremony. Travel costs for the event totaled \$122,587 (52 percent of the total cost). The FBI permits each recipient to travel with one guest to the ceremony in Washington, D.C., and guest travel totaled \$53,627.

However, the Department policy on conferences, which is enclosed, does not consider award ceremonies to be "conferences," and thus they do not require approval from senior Department officials. See DOJ Policy Statement 1400.01, *Planning, Approving, Attending, and Reporting Conferences* (June 2012). Therefore, the FBI was not required to secure approval from the Department to host its annual award ceremony.

The OIG remains committed to ensuring that the FBI and other Department components effectively and efficiently oversee their procurement functions. I appreciate your concern about these important matters and your support for the work of this Office. If you have any questions, please do not hesitate to contact me or my Chief of Staff, Jay Lerner, at (202) 514-3435.

Sincerely,



Michael E. Horowitz
Inspector General

Enclosure