



United States Department of Agriculture

OFFICE OF INSPECTOR GENERAL





Farm and Foreign Agricultural Services' Compliance with Contractor Past Performance Reporting Requirements

Audit Report 50601-0002-12

What Were OIG's Objectives

Our objective was to determine whether the FFAS mission area was recording past performance contractor information in CPARS.

What OIG Reviewed

To determine if FFAS was in compliance with CPARS requirements, we compared 100 percent of the applicable contract actions from the Integrated Acquisition System to the contractor reports in CPARS for FY 2013 contract actions. We analyzed data, conducted interviews with applicable FFAS personnel, and reviewed relevant documentation.

What OIG Recommends

We recommended that FFAS establish a process to ensure contracting staff obtain CPARS access. Additionally, FFAS AMD should establish procedures to ensure all CPARS evaluations are entered and completed in a timely manner.

The Office of Inspector General reviewed whether the Farm and Foreign Agricultural Services' mission area was recording contractor past performances information in the Contractor Performance Assessment Reporting System.

What OIG Found

In September 2010, the Office of Procurement and Property Management (OPPM) released a procurement advisory officially establishing the Contractor Performance Assessment Reporting System (CPARS) as the system used to collect, maintain, and disseminate contractor performance evaluations. We found that the Acquisition Management Division (AMD), which is responsible for non-commodity procurements in the Farm and Foreign Agricultural Services' (FFAS) mission area and its respective agencies, did not register contracts or report any contractor past performance in CPARS. Specifically, we found that FFAS AMD did not complete any of its past performance evaluations in CPARS for 156 contract actions originating in fiscal year (FY) 2013.

This occurred because the FFAS AMD Head of the Contracting Activity Designee (HCAD), who is responsible for CPARS compliance, did not effectively monitor FFAS AMD compliance with CPARS requirements. FFAS AMD recognized in August 2014 it was not a registered organization in CPARS and subsequently notified the system administrator and OPPM. However, in April 2015, FFAS found that AMD was still not registered in CPARS, thus no users were able to enter or monitor contractor past performance data. As a result of this noncompliance, current, complete, and accurate information on contractor performance is not available for other agencies and Departments to use when evaluating a potential contractor.

Once the HCAD for FFAS AMD realized it could not enter information into CPARS, FFAS began coordinating with the Departmental CPARS point of contact to obtain access. FFAS generally agreed with the recommendations in this report and we have reached management decision on 2 of the 3 recommendations.



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: September 24, 2015

AUDIT
NUMBER: 50601-0002-12

TO: Michael Scuse
Under Secretary
Farm and Foreign Agricultural Services

ATTN: Ben Thomas
Chief of Staff

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: Farm and Foreign Agricultural Services Compliance with Contractor Past
Performance Reporting Requirements

This report presents the results of the subject audit. Your written response, dated September 22, 2015, is included in its entirety at the end of the report. Excerpts from your response and the Office of Inspector General's (OIG) position are incorporated in the relevant sections of the report.

Based on your written response, we accept management decision on Recommendations 2 and 3. Management decision has not been reached for Recommendation 1. The action needed to reach management decision for this recommendation is described under the relevant OIG Position section.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned, and timeframes for implementing the recommendations for which management decisions have not been reached. Please note that the regulation requires management decision to be reached on all recommendations within 6 months from report issuance, and final action within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publically available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.

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Background and Objectives

Background

This audit is one in a series of audits of the Department of Agriculture's (USDA) mission areas to determine USDA's compliance with contractor past performance reporting requirements. For this audit, we selected the Farm and Foreign Agricultural Services (FFAS) mission area, which focuses on supporting America's farmers and ranchers as they face the uncertainties of weather and markets. The agencies in this mission area deliver commodity, credit, conservation, disaster, and emergency assistance programs that help improve the stability and strength of the agricultural economy. In fiscal year (FY) 2013, the FFAS mission area issued contract actions, totaling over \$120 million that were documented in USDA's Integrated Acquisition System (IAS).¹

The Federal Acquisition Regulation (FAR) establishes the Head of the Contracting Activity (HCA) as the official who has overall responsibility for managing the contracting activity. Based on the FAR, USDA's Agriculture Acquisition Regulation (AGAR) allows the HCA to designate an individual from each of USDA's various contracting activities to carry out the functions of the HCA—the Head of the Contracting Activity Designee (HCAD)—and allows the HCAD to exercise all authority delegated to the HCA.

The Farm Service Agency's (FSA) Acquisition Management Division (AMD) is responsible for the procurement of goods and services other than food commodities for FSA, the Foreign Agricultural Service (FAS), and the Risk Management Agency (RMA), which all make up the FFAS mission area.² The director of AMD is FFAS' HCAD and is responsible for recording FFAS' non-commodity contracts in the Contractor Performance Assessment Reporting System (CPARS). CPARS is a web-enabled application containing contractor past performance reports and has been designated as the Government-wide reporting system for all applicable contract and order past performance evaluations.³

The Office of Procurement and Property Management (OPPM) released Procurement Advisory 96 in September 2010, which established specific CPARS procedures that each of USDA's HCADs were required to implement. Although CPARS is the Government-wide past performance reporting system, the procurement advisory officially adopted CPARS as the single USDA system used to collect, maintain, and disseminate contractor performance evaluations. It also includes procedures and responsibilities with regards to CPARS compliance.

¹ Contract modifications can increase or decrease the value of the contract. The \$120 million is a net total, including all contract increases and decreases for FY 2013.

² Commodity contracts are managed by the FSA Kansas City Commodity HCAD.

³ A web application is a program stored on a remote server and accessed over the Internet via a browser.

Past performance evaluations are required to be prepared at least annually, and at the time the work under a contract or order is completed.⁴ These evaluations provide an assessment of a contractor's performance and provide a record, both positive and negative, on a given contract or order for a specific period of time. Each report should be based on objective facts and supported by program and contract management data. These reports reflect the degree to which contractors demonstrated their ability to meet cost, schedule, and performance expectations on a specific contract or order.⁵ The evaluations also reflect the contractor's record of customer satisfaction, integrity, business ethics, and other important information to help Federal acquisition officials make a more fully informed source selection.⁶

Following the implementation of CPARS, the Office of Management and Budget's (OMB) Office of Federal Procurement Policy (OFPP) found performance evaluations across the Government to be incomplete, of poor quality, and lacking sufficient information. Subsequently, OFPP issued memoranda in July 2009 and January 2011 calling for improvements in past performance reporting, stating that source selection officials rely on clear and timely assessments of contractor past performance to make informed business decisions when awarding federal contracts. Meaningful past performance assessments are critical to ensuring that the Government does business with companies that deliver quality goods and services on time and within budget. In March 2013, OFPP issued a memorandum requiring that all Federal agencies gradually implement contractor past performance reporting. By September 30, 2015, agencies are required to report all past performance information for applicable contracts and orders in CPARS.

The use of CPARS promotes report consistency, increases data integrity, and motivates improved contractor performance. On a weekly basis, completed CPARS reports are transferred to the Past Performance Information Retrieval System, making the reports accessible to contracting officials across the Federal government for contract award decisions.

Prior Office of Inspector General (OIG) reports identified CPARS compliance issues within USDA that indicated the usefulness of further audit work.⁷ Also, the Government Accountability Office (GAO) completed a review of agency past performance reporting compliance.⁸ Specifically, in August 2014, GAO reported that agencies have generally improved their level of compliance with past performance reporting requirements; however, the rate of compliance varies widely by agency and most have not met the reporting targets. Regarding USDA's compliance levels, GAO reported a compliance rate of 13 percent as of April 2013 and 27 percent as of 2014. GAO made no recommendations for corrective actions directly to USDA.

⁴ Past performance evaluations are required for all contracts and orders above the simplified acquisition threshold of \$150,000; construction contracts totaling \$650,000 or more; and architect-engineer services contracts totaling \$30,000 or more, as well as for any construction or architect-engineer services contract that is terminated for default regardless of contract value (FAR 42.15 FAC 2005-69, September 3, 2013).

⁵ FAR 42.15 FAC 2005-69, September 3, 2013.

⁶ This is the process of evaluating a bid or proposal to select the option that represents the best value.

⁷ OIG Audit Report 03501-0001-12, *Review of Farm Service Agency's Initiative to Modernize and Innovate the Delivery of Agricultural Systems (MIDAS)* (May 2015) and OIG Report 50099-0002-12, *Assessment of USDA's Contracting Officer's Representatives* (March 2015).

⁸ Audit Report GAO-14-707, *Contractor Performance, Actions Taken to Improve Reporting of Past Performance Information* (August 2014).

Objectives

The objective of this audit was to determine whether the FFAS mission area (and its respective agencies) was recording past performance information in CPARS for its FY 2013 contract actions.

Section 1: Compliance with CPARS Reporting Requirements

Finding 1: FFAS' AMD Did Not Enter or Complete Required Contractor Past Performance Evaluations in CPARS

We found that AMD, which is responsible for non-commodity procurements in FSA, FAS, and RMA, had not registered any contracts or reported any contractor past performance information in CPARS. This occurred because the FFAS AMD HCAD was not effectively monitoring staff responsibilities relating to CPARS requirements. Pursuant to the FAR and USDA's AGAR, the HCAD has overall responsibility for managing contract activities within USDA mission areas. As a result, current, complete, and accurate information on contractor performance is not available for other agencies to use when evaluating contractors during the award process.

The Office of Procurement and Property Management (OPPM) released a procurement advisory in September 2010, which establishes specific CPARS procedures that each of USDA's HCADs should implement. The procurement advisory established CPARS as the single system used by USDA to collect, maintain, and disseminate contractor performance evaluations. It also includes procedures and responsibilities in regards to CPARS compliance, such as making the HCAD responsible for designating an individual to serve as the CPARS Focal Point for the contracting activity. In addition to FAR and OPPM guidance, OMB issued a memorandum in March 2013, requiring Federal agencies to reach 100 percent CPARS reporting compliance by the end of FY 2015.⁹

We found FFAS' AMD did not complete any of its 156 past performance evaluations in CPARS for applicable FY 2013 contract actions. The 156 contract actions totaled approximately \$115 million.¹⁰ This occurred because the FFAS AMD HCAD was not effectively monitoring FFAS AMD staff for compliance with the CPARS requirements. For example, the HCAD did not verify that FFAS AMD contracting staff had access to CPARS, designate a CPARS Focal Point, or verify that contracting officials and other staff with contracting related responsibilities (i.e., CORs) were registering required performance evaluations in CPARS, as required. In August 2014, FFAS AMD recognized that it needed its own organization set up in CPARS and contacted the system administrator and OPPM.¹¹ However, in April 2015 it realized that its personnel still did not have access to CPARS. FFAS researched this issue further and found that its non-commodity contracting activity, AMD, was not registered as an entity within CPARS; therefore, FFAS AMD did not have any registered users in CPARS who could enter or monitor past performance data for non-commodity acquisitions.¹² Had FFAS AMD's HCAD been adequately monitoring its CPARS compliance, or if an FFAS AMD contracting official

⁹ OMB's OFPP Memorandum, *Improving the Collection and Use of Information about Contractor Performance and Integrity* (March 6, 2013).

¹⁰ Although FFAS had over \$120 million of contract actions in IAS, only \$115 million met the criteria which required them to be entered into CPARS.

¹¹ The CPARS system and website are developed and maintained by the program office at the Naval Sea Logistics Center. <https://www.nslptsmh.csd.disa.mil>.

¹² FSA commodities are not included in IAS and therefore were not in the scope of this audit. However, FSA commodities was a registered entity within CPARS and had past performance evaluations in the system.

attempted to enter past performance information into CPARS, as required, he or she would have identified the lack of CPARS access prior to April 2015.

As a result of this noncompliance, current, complete, and accurate information on FFAS contractor performance is not available for other agencies and Departments to use when evaluating potential contractors' past performance. Past performance information reflects the degree to which contractors demonstrated their ability to meet cost, schedule, and performance expectations on a specific contract or order.¹³ CPARS also includes data on the contractor's record of customer satisfaction, integrity, business ethics, and other important information to help Federal acquisition officials make a more fully informed selection. Ultimately, this lack of information has the potential to cost the Government additional time and money due to contractual inefficiencies. In order to correct the issues noted, FFAS' AMD HCAD needs to take action to ensure reporting in CPARS is timely and accurately completed for the benefit of any Federal entity awarding a contract. Meaningful past performance assessments are critical for ensuring that the Government does business with companies that deliver quality goods and services on time and in accordance with the contract. It is essential that contractor past performance information be reported to ensure Federal funds are not inappropriately spent on poor performing contractors.

Once the HCAD for FFAS AMD realized he or she did not have the ability to enter information into CPARS, FFAS began coordinating with the Departmental CPARS point of contact to obtain access for the mission area.

Recommendation 1

The Farm and Foreign Agricultural Services' (FFAS) Acquisition Management Division (AMD) needs to establish a process to ensure its present and future staff have access to the Contractor Performance Assessment Reporting System (CPARS), complete the required training, and register to establish CPARS access.

Agency Response

In its September 22, 2015, response, FFAS agreed with this recommendation and stated that it worked with OPPM to register FFAS AMD in CPARS. This was accomplished in June 2015. FFAS AMD immediately began the process of obtaining CPARS access for its team which consists of completing the required training and then registering the employee in CPARS. Currently about half of FFAS AMD has completed the required training and have gained access to CPARS. The remaining members of the FFAS AMD team will be required to complete the training and registration no later than October 31, 2015. In addition, all new FFAS AMD team members will complete this process as part of the on-boarding requirements.

¹³ FAR 42.15 FAC 2005-69, September 3, 2013.

OIG Position

While we agree with the actions taken and proposed, we are unable to reach management decision based on FFAS' response. In order to reach management decision, FFAS needs to provide the date that the updated on-boarding process will be formalized and implemented.

Recommendation 2

FFAS AMD needs to establish procedures to ensure present and future past performance evaluations for applicable contract actions are entered and completed in CPARS in a timely manner.

Agency Response

In its September 22, 2015, response, FFAS agreed with this recommendation and stated that because the Agency was not listed in CPARS until June 2015, FFAS AMD agrees that there is a considerable backlog of CPARS required entries. Therefore FFAS AMD is engaging a contractor to assist with CPARS entries for FY 2013, 2014, 2015, and 2016. This contractor will be documenting the procedures required to keep FFAS current and FFAS AMD will be implementing these procedures as the contractor transitions out and FFAS AMD takes over this process completely by the end of September 2016.

OIG Position

We accept FFAS' management decision.

Recommendation 3

FFAS AMD needs to establish a review process to verify that all past performance evaluations have been completed in CPARS.

Agency Response

In its September 22, 2015, response, FFAS agreed with this recommendation and stated that it will establish a review process no later than November 1, 2015, consistent with the reporting function in CPARS and the worklist provided by the Department each month. In addition, FFAS AMD will validate CPARS records against the Federal Procurement Data System - Next Generation on a quarterly basis. FFAS AMD will work closely with OPPM to assure compliance with CPARS status and requirements and completeness and accuracy of CPARS reports. Additional correspondence from FFAS stated that all components of the review process contained within its response are estimated to be completed by November 1, 2015.

OIG Position

We accept FFAS' management decision.

Scope and Methodology

We conducted this audit to determine whether the FFAS mission area (and its respective agencies) was recording past performance information in CPARS for contract actions entered into during FY 2013. Fieldwork was conducted at USDA offices located in Washington, D.C. from April 2015 through July 2015.

We chose our scope period based on CPARS reporting requirements. Past performance evaluations are required at least annually and when the contract or order is completed. Therefore, once a contract is awarded, it is possible a CPARS evaluation will not be completed for up to 485 days. The 485 day calculation is based on the number of days in a typical calendar year (365) plus the maximum number of days allowable for completing an evaluation in CPARS (120). Based on this timeframe, we reviewed contract actions for the FFAS mission area and its agencies that were issued in FY 2013 since it was the most recent and complete FY that should have had completed CPARS evaluations for all applicable contract actions (485 days from September 30, 2013, to January 28, 2015).

We requested FY 2013 contract action information from OPPM contained in two databases: CPARS and the Integrated Acquisition System (IAS). IAS is a procurement system used by USDA to track procurement activities for USDA from the initial requisition through award. It is also used for contract management. All data was requested in order to determine the universe of contract actions that required CPARS evaluations. In total, FFAS had 2,449 contract actions in FY 2013, totaling over \$120 million. From these data, we were able to perform testing to identify 100 percent of the CPARS eligible non-commodity contract actions for the FFAS mission area and its agencies. This universe of 156 contract actions, totaling approximately \$115 million, included all FFAS non-commodity contract actions over the simplified acquisition threshold, all construction contracts of \$650,000 or more, all architect-engineer services contracts of \$30,000 or more, and any construction or architect-engineer services contract that was terminated for default regardless of contract value.

To determine if FFAS was complying with current CPARS requirements, we compared 100 percent of the applicable contract actions from IAS to the contractor performance reports from CPARS using computer assisted auditing techniques, specifically with the software program ACL Analytics. In addition to analyzing the data, we conducted interviews with appropriate FFAS and OPPM personnel and reviewed applicable guidelines and supporting documentation.

We did not evaluate the accuracy of past performance evaluations or look for supporting documentation regarding the content of the evaluation. Instead, we looked for the compliance level of past performance evaluations reported in CPARS. Additionally, we only relied on data contained within IAS. Although IAS is the procurement system of record for USDA, USDA has other procurement systems that are used for specialized purchases, such as Web Based Supply Chain Management (WebSCM) and a Forest Service fire management system. Additionally, we did not perform tests to verify all applicable contract actions were contained within IAS. Therefore, we only conducted an analysis of CPARS compliance with known contract actions contained within IAS.

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

Abbreviations

AMD	Acquisition Management Division
AGAR	Agriculture Acquisition Regulation
COR	Contracting Officer's Representative
CPARS	Contractor Performance Assessment Reporting System
FAR	Federal Acquisition Regulation
FAS	Foreign Agricultural Service
FFAS	Farm and Foreign Agricultural Services
FSA	Farm Service Agency
FY	Fiscal Year
GAO	Government Accountability Office
HCA	Head of the Contracting Activity
HCAD	Head of the Contracting Activity Designee
IAS	Integrated Acquisition System
OFPP	Office of Federal Procurement Policy
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPPM	Office of Procurement and Property Management
RMA	Risk Management Agency
USDA	Department of Agriculture

**USDA'S
FFAS
RESPONSE TO AUDIT REPORT**



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of Inspector General

FROM: Michael T. Scuse 
Under Secretary
Farm and Foreign Agricultural Services

SEP 22 2015

SUBJECT: Response to OIG Official Draft Report Farm and Foreign Agricultural Services' Compliance with Contractor Past Performance Reporting Requirements, Audit 50601-0002-12

The Farm and Foreign Agricultural Services (FFAS) has reviewed the findings and recommendations identified by the Office of Inspector General (OIG) in the subject report. OIG identified three recommendations. The following is FSA's response to each recommendation.

Recommendation 1:

The Farm and Foreign Agricultural Services' (FFAS) Acquisition Management Division (AMD) needs to establish a process to ensure its present and future staff have access to the Contractor Performance Assessment Reporting System (CPARS), complete the required training, and register to establish CPARS access.

FSA Response:

FSA worked with the Office of Policy and Procurement Management (OPPM) to create the Agency in CPARS. This was accomplished in June 2015. FFAS AMD immediately began the process of obtaining access to CPARS for the FFAS AMD team which consists of completing the required training and then registering the employee in CPARS. Currently about half of the FFAS AMD has completed both the training and registration and has access. Training is offered only through the CPARS team at the Department of Defense on a first come, first served basis. The remaining team members were delayed due to the on-line training being unavailable for a number of weeks and, although now available, coincides with the end of the Government Fiscal Year (FY). The FFAS AMD team must focus on completion of awards by September 30, 2015 so all remaining members of the FFAS AMD team will be required to complete the training and registration no later than October 31, 2015. In addition, all new FFAS AMD team members will complete this process as part of the on-boarding requirements.

Recommendation 2:

FFAS AMD needs to establish procedures to ensure present and future past performance evaluations for applicable contract actions are entered and completed in CPARS in a timely manner.

FSA Response:

Because the Agency was not listed in CPARS until June 2015, FFAS AMD agrees that there is a considerable backlog of CPARS required entries. Therefore FFAS AMD is engaging a contractor to assist with CPARS entries for FY 2013, 2014, 2015, and 2016. This contractor will be documenting the procedures required to keep FFAS current and FFAS AMD will be implementing these procedures as the contractor transitions out and FFAS AMD takes over this process completely by the end of September 2016.

Recommendation 3:

FFAS AMD needs to establish a review process to verify that all past performance evaluations have been completed in CPARS.

FSA Response:

FFAS AMD will establish a review process no later than November 1, 2015, consistent with the reporting function in CPARS and the worklist provided by the Department each month. In addition, FFAS AMD will validate CPARS records against Federal Procurement Data System New Generation on a quarterly basis. FFAS AMD will work closely with OPPM to assure compliance with CPARS status and requirements and completeness and accuracy of CPARS reports.

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