



UNITED STATES GOVERNMENT  
National Labor Relations Board

Memorandum

TO Chairman James M. Stephens  
General Counsel Jerry M. Hunter

DATE: March 26, 1993

FROM Inspector General Bernard Levine

SUBJECT Final Audit Report - "Review of the National Labor Relations Board's Management Controls Over Advisory and Assistance Type Contracts"  
Audit Report No. OIG-AMR-13

Enclosed for each of you is a copy of the Office of Inspector General (OIG) audit report in the above referenced matter. Although the subject matter of the report originated on the General Counsel side of the Agency, a copy is being provided to each of you should the Chairman receive inquiries concerning the report. A draft of the report was submitted to the General Counsel for comment. The comments were considered in preparing this final report and are included in their entirety as an exhibit.

The report presents the results of an OIG audit which determined that the National Labor Relations Board needs to strengthen controls relating to advisory and assistance services. A total of 10 recommendations were made in this report, 7 of which have been adopted. Based upon the General Counsel's comments to the draft report, recommendation four was modified.

The General Counsel is hereby requested to provide an action plan which specifically implements audit recommendations 4 through 10. Management disagreed with recommendations one, two, and three. The action plan should set forth specific actions which implement each recommendation and a schedule for their implementation. Your action plan should be submitted to the Supervisory Auditor within 60 days of this report.

We appreciate the cooperation extended to the OIG, specifically to Auditor Kathryn Glaser, during the conduct of this audit. Should you have any questions or comments concerning this report, please do not hesitate to call upon us.

  
B.L.



# AUDIT REPORT

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*Office of Inspector General*

***REVIEW OF THE NATIONAL LABOR RELATIONS BOARD'S  
MANAGEMENT CONTROLS OVER ADVISORY AND  
ASSISTANCE TYPE CONTRACTS***



**National Labor Relations Board**

***AUDIT OIG-AMR-13***

**Issued: March 26, 1993**

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Attachment

EXHIBIT A - Comments on Discussion Draft Audit Report -  
"Review of the National Labor Relations  
Board's Management Controls Over Advisory and  
Assistance Type Contracts" (OIG-AMR-13)

## I. EXECUTIVE DIGEST

The National Labor Relations Board (NLRB) needs to strengthen controls relating to advisory and assistance services. There were 15 procurements of advisory and assistance services amounting to \$300,000 between October 1, 1990 and March 31, 1992. Centralized control over the use of advisory and assistance services had not been established within the Agency. A management official at the appropriate level had not been designated to assure compliance with the applicable laws and regulations.

Advisory and assistance services were procured and paid for without any evidence that the contractor's performance had been monitored and evaluated by Agency personnel. Services were procured without the required level of approval, and, in some instances, the official authorizing the action had also been the requestor. Some services were acquired without a written determination setting forth the Agency's need for advisory and assistance services. Procurements were not correctly identified and therefore not properly reported to the Federal Procurement Data Center which maintains a system to measure and assess the impact of federal purchases. A financial consultant performed operating functions and supervised Agency personnel, both of which are prohibited.

The Agency was not in conformance with Office of Management and Budget Circular A-120, "Guidelines for the Use of Advisory and Assistance Services," nor with Part 37 of the Federal Acquisition Regulations. Ten recommendations are being made in this report which would cause the Agency to:

- monitor and evaluate advisory and assistance services provided to the NLRB,
- require that the use of advisory and assistance services be authorized by an NLRB official at the appropriate level, and
- establish a process for identifying advisory and assistance arrangements so that the acquisition may be properly reported to the Federal Procurement Data Center.

## II. BACKGROUND

The NLRB is an independent Agency established in 1935 to administer the principle labor relations law of the United States, the National Labor Relations Act. The NLRB implements national labor policy to protect the public interest by helping to maintain peaceful relations among employers, labor organizations and employees; by encouraging collective bargaining; and by providing a forum for all parties to peacefully resolve representation and unfair labor practice issues. The Agency is headquartered in Washington, DC and has 33 Regional Offices, several of which have Subregional and/or Resident Offices. The Agency employs about 2,200 people and has an annual appropriation of approximately \$170,000,000.

Title 31 U.S.C. Section 1114 (b) requires the Inspector General of each agency to evaluate the progress of the agency in establishing effective management controls and improving the accuracy and completeness of the information provided to the Federal Procurement Data Center regarding contracts for consulting services. This audit was included in the Annual Audit Plan of the Office of Inspector General (OIG) for Fiscal Year 1992. Advisory and assistance services may be acquired by personnel appointment or through the procurement process. The NLRB did not use personnel appointments as a means of obtaining advisory and assistance services during the period covered by this audit.

Advisory and assistance services are acquired from non-government sources and may take the form of information, advice, opinions, alternatives, conclusions, recommendations, training, and direct assistance. All procurement actions for advisory and assistance services are administered by the Procurement and Facilities Branch. "Sole source" procurement actions must be sent to a level above the Procurement and Facilities Branch to the Director of the Division of Administration to be signed. Requests to use advisory and assistance services are sent to the Chief, Procurement and Facilities Branch who evaluates the request based on OMB Circular A-120 and Subpart 37.2 of the Federal Acquisition Regulations. The office requesting the service usually prepares the specifications for the service being requested and the Procurement and Facilities Branch takes the necessary steps to acquire the services.

All procurement actions, including those for advisory and assistance services, must be reported to the Federal Procurement Data Center to be included in the Federal Procurement Data System (FPDS). Procurement actions over \$25,000 are reported on an Individual Contract Action Report. Procurement actions under \$25,000 are reported to the Federal Procurement Data Center on a Summary Contract Action Report.

### III. OBJECTIVES, SCOPE, AND METHODOLOGY

This audit evaluated management controls over advisory and assistance services arrangements and determined the accuracy of the information reported to the Federal Procurement Data Center. We reviewed the process for requesting, authorizing, procuring, monitoring, evaluating, and reporting on advisory and assistance services.

Our audit scope was October 1, 1990 through March 31, 1992 during which time the NLRB issued over 1800 purchase orders totaling over \$9.8 million. We identified 15 procurements totalling about \$300,000 relating to the acquisition of advisory and assistance services.

Procurement reports, purchase order records, and contract files were examined. There were documentation reviews of work statements, authorizations, evaluations, disbursements, and, when applicable, deliverables prepared by the contractors. Officials in the Procurement and Facilities Branch and other NLRB officials were interviewed to identify Agency policies and procedures. We examined compliance with applicable laws and regulations, including OMB Circular A-120, Federal Acquisition Regulations Parts 13 and 37, and the FPDS Reporting Manual.

This audit was performed in accordance with generally accepted Government auditing standards at NLRB's Headquarters during April - November 1992.

#### IV. FINDINGS AND RECOMMENDATIONS

##### A. Contractor Performance Was Not Monitored or Evaluated

Advisory and assistance services were procured and paid for without any evidence that the contractor's performance was monitored and evaluated by Agency personnel. Sections 8.C.(7) and 8.C.(8) of OMB Circular A-120 state: "Each agency will assure that for all advisory and assistance service arrangements: advisory and assistance service arrangements are properly administered and monitored to ensure that performance is satisfactory;" and "the service is properly evaluated at the conclusion of the arrangement to assess its utility to the agency and the performance of the contractor;".

There were 15 procurements relating to advisory and assistance services. There was no evidence that the contractor's performance had been monitored for 10 of these procurements. The services received as a result of 13 procurements were not evaluated. The Contracting Officer's Technical Representatives (COTR) were not instructed to maintain records of monitoring or to prepare evaluations of the contractor's performance after completion of the tasks. The guidelines for the use of advisory and assistance services require more than was done by the NLRB which used signed receiving reports and vendor's invoices initialed by Agency personnel as evidence that the contractor's performance had been monitored and evaluated.

##### 1. Recommendation 1 of 10

That records be maintained evidencing the Agency's monitoring of contractors during the performance of advisory and assistance services.

##### 2. Recommendation 2 of 10

That advisory and assistance services be evaluated at the conclusion of the period of performance.

##### Management Response

As above, we believe that several procurements which are considered advisory and assistance services were not susceptible to the type of monitoring and evaluation called for by the report. With several of the others, it is unclear what kind of final evaluation would add measurably to simply signing a receiving report. We would welcome the opportunity to discuss this recommendation with your office.

Prior to issuing our draft report, the OIG contacted the General Counsel to arrange an exit conference for discussing

the findings and recommendations developed during this audit. The acting Deputy General Counsel, speaking for the General Counsel, instructed the OIG to issue our draft report and she indicated that the appropriate official would contact us if additional information or clarification was needed. After receipt of the General Counsel's formal Comments, we met with procurement officials regarding finding A. Procurement officials indicated that a consultant's performance was adequately monitored and evaluated if a COTR was designated for the procurement and a receiving report was signed evidencing receipt of the service. We believe the previously stated guidelines set forth by OMB require more as do the Federal Acquisition Regulations which state at Part 37.205: "OMB Circular A-120 requires each agency to establish procedures for a written evaluation at the conclusion of the contract to assess the utility of the deliverables to the agency and the performance of the contractor." We reaffirm recommendations one and two.

B. No Centralized Control Over Advisory and Assistance Services

The Agency did not have centralized management control over advisory and assistance services as required by OMB Circular A-120 Section 8.D.(1) which states: "Each agency head shall designate a single official reporting directly to him or her who shall be responsible and accountable for assuring that the acquisition of advisory and assistance services meets the provisions contained in this circular. The single official shall have minimum responsibility for the procurement of such services." No such Agency official has been designated for the NLRB.

In the "Redelegation" dated July 20, 1987, from the Director of the Division of Administration to the Chief of the Procurement and Facilities Branch; the Chief was "authorized...To be responsible for securing agency compliance with laws and regulations and with directives of GAO, OMB, GSA, OPM and other departments and agencies which have government-wide responsibility regarding matters within the functional area of the branch." This delegation does not meet the requirements of A-120 because: the delegation was not from the head of the Agency, the responsible official does not report directly to the head of the Agency, and the Chief, Procurement and Facilities Branch has extensive responsibility for the procurement of services.

1. Recommendation 3 of 10

That the General Counsel designate the Deputy General Counsel as the responsible official prescribed by Section 8.D.(1) of Circular A-120. The Deputy General Counsel, if so designated, would meet the requirement of reporting directly

to the head of the Agency and has minimum procurement responsibility.

#### Management Response

Since the current delegation of authority to the Director of Administration has not been documented, this will be corrected. As discussed above, the Director of Administration is not directly involved in most procurements of advisory and assistance services. Accordingly, delegation to her would comply with Section 8.D.(1). The quoted redelegation to the Procurement and Facilities Branch is intended to cover normal responsibilities of the Branch and is not a redelegation of the responsibilities of section 8.D.(1).

The OIG noted that the Director of Administration was the contracting official for 9 of the 15 procurements relating to advisory and assistance services. Therefore, the Director does not have minimum procurement responsibility. We reaffirm recommendation three.

#### C. Who Approved the Use of Advisory and Assistance Services?

The use of consultants was not properly authorized. OMB Circular A-120 Section 8.C.(2) states: "Each agency will assure that for all advisory and assistance service arrangements: as prescribed by the Federal Acquisition Regulations, written approval of all advisory and assistance services arrangements will be required at a level above the organization sponsoring the activity. Additionally, written approval for all advisory and assistance service arrangements during the fourth fiscal quarter will be required at the second level or higher above the organization sponsoring the activity;". These required levels of approval were not obtained for 9 of 15 procurements. Two of these nine procurements were requested and approved by the same official.

The only documented approval for the use of advisory and assistance services was purchase orders which were signed by a contracting official with the level of signature authority required to cover the amount of the procurement or by the Director of the Division of Administration who signed purchase orders relating to "sole source" procurements. The procurement official's signature on the purchase order would have been sufficient if there had been evidence that an official at the appropriate level, as defined by A-120, had approved the use of advisory and assistance services. We did not take exception to 6 of 15 procurements because the purchase orders were signed by the Director of Administration and she was a level above the organization sponsoring the activity.

1. Recommendation 4 of 10

That the use of advisory and assistance services be approved by an official at a level above the organization sponsoring the activity.

Management Response

We believe that approval of advisory and assistance services need not necessarily be approved by the Director of Administration and should remain at a level above the sponsoring activity. For example, an Associate General Counsel may approve a request submitted by a branch within his/her organization. In the fourth quarter, approval should be two levels above the sponsoring activity.

2. Recommendation 5 of 10

That the Deputy General Counsel approve any requests from the Director of the Division of Administration and Associate General Counsels.

Management Response

We agree with this recommendation.

3. Recommendation 6 of 10

That the approval for the use of advisory and assistance services be in writing and maintained in the procurement file.

Management Response

We agree with this recommendation.

D. Did the Agency Need to Use Advisory and Assistance Services?

There was no formal determination regarding the need for some advisory and assistance services. OMB Circular A-120 Section 8.C.(3) states: "Each agency will assure that for all advisory and assistance services arrangements: every requirement is appropriate and fully justified in writing. Such justification will provide a statement of need and will certify that such services do not unnecessarily duplicate any previously performed work or services;". There was no written request justifying the use of advisory and assistance services for 5 of the 15 procurements. Purchase orders for two of those five procurements did include a statement of need. The Chief, Procurement and Facilities Branch stated that he evaluated the requests, oral and written, for the use of advisory and assistance services and then made the

determination whether to use these services based on criteria in OMB Circular A-120 and the Federal Acquisition Regulations.

1. Recommendation 7 of 10

That the use of advisory and assistance services be justified in a written request which also includes a certification that such services do not unnecessarily duplicate any previously performed work or services.

Management Response

It is not clear how the OIG determined which of the files adequately justified the procurements and which did not. We would welcome the opportunity to discuss this with your office. Nevertheless, we agree with the recommendation that requests for advisory and assistance services should be justified in writing with the above noted appropriate certification.

The OIG met with procurement officials and discussed the process we utilized to determine whether documentation in the files adequately justified the procurements.

E. Reporting Inaccurate Procurement Data

Advisory and Assistance type procurements were not identified and reported as such. Other type procurements were erroneously identified and reported as advisory and assistance services. Section 9.A. and 9.B. of OMB Circular A-120 state: "Contracted advisory and assistance services shall be reported to the Federal Procurement Data System (FPDS) in accordance with the instructions in the FPDS Reporting Manual. Contract actions of \$25,000 or less reported on the Summary Contract Action Report (\$25,000 or less) (SF 281) are not covered by this reporting requirement." The FPDS is maintained to measure and assess the impact of federal procurements.

Three of the 15 procurements relating to advisory and assistance services exceeded \$25,000. Two of these procurements, totalling over \$111,000, were not identified and reported to the Federal Procurement Data Center as advisory and assistance type procurements. Two other procurements, totalling \$690,000, were improperly identified and, as a result, erroneously reported to the Federal Procurement Data Center as advisory and assistance type arrangements. The FPDS Reporting Manual stipulates that agencies use Individual Contract Action Reports (ICAR) to collect and remit procurement information to the Federal Procurement Data Center. Box 14 on the ICAR, which is used to indicate if the procurement was for advisory and assistance services, was not properly marked by the

Procurement and Facilities Branch. There was no documentation in the procurement files which provided responsible personnel with a basis for marking box 14 of the ICAR.

1. Recommendation 8 of 10

That purchase orders, where appropriate, include a statement that the procurement is for advisory and assistance services.

Management Response

We agree with this recommendation.

F. Consultant Performed Inherently Governmental Functions

A financial consultant performed operating functions and supervised Agency personnel, both of which are prohibited. Section 7.B.(1) of OMB Circular A-120 states: "Advisory and assistance services shall not be used in performing work of a policy, decision-making, or managerial nature which is the direct responsibility of agency officials;". The Federal Personnel Manual, Chapter 304, states that "Consultant means a person who serves primarily as an adviser to an officer or instrumentality of the Government, as distinguished from an officer or employee who carries out the agency's duties and responsibilities. A consultant provides views or opinions on problems or questions presented by the agency, but neither performs nor supervises performance of operating functions."

Some tasks inappropriately performed by the consultant included: reviewing applications and interviewing candidates for positions with the NLRB, instructing accounting staff to deobligate funds, contacting vendors to determine if balances due were overstated and deobligating any surplus amounts, and preparing Agency reports for submission to the Department of Treasury and the Office of Management and Budget. The statement of work on the purchase orders indicated tasks which were consistent with the role of a consultant. Monitoring advisory and assistance services arrangements, as previously recommended, would provide greater assurance that consultants do not perform tasks prohibited by regulations.

We noted that each of the three purchase orders issued to the consultant, totaling over \$28,000, were "sole source" Part 13.105 section c (2) of the Federal Acquisition Regulations states: "If only one source is solicited, an additional notation shall be made to explain the absence of competition, except for acquisition of utility services available only from one source or of educational services from nonprofit institutions." The procurement records did

not address the absence of competition regarding these purchases.

1. Recommendation 9 of 10

That Agency personnel involved in the procurement and utilization of advisory and assistance services be instructed that consultants shall not be used in performing work of a policy, decision-making, or managerial nature which is the direct responsibility of Agency officials.

Management Response

Noting the above explanation, we agree with this recommendation.

2. Recommendation 10 of 10

That the procurement file be noted with an explanation when only one source is solicited.

Management Response

Noting the above explanation, we agree with this recommendation.

G. Funds Deobligated upon Receipt of Final Invoices

We identified seven procurements relating to advisory and assistance services for which the vendor's final invoice had been received and the contractors paid. There remained about \$8,300 in unliquidated obligations applicable to these procurements. We identified the specific transactions involved and the Chief of the Finance Branch deobligated the funds. Financial procedures have been revised and no recommendations are necessary.



UNITED STATES GOVERNMENT  
National Labor Relations Board

Memorandum

TO Bernard Levine  
Inspector General

DATE: March 15, 1993

FROM Jerry M. Hunter  
General Counsel

SUBJECT: Comments on Discussion Draft Audit Report - "Review of the National Labor Relations Board's Management Controls Over Advisory and Assistance Type Contracts" (OIG-AMR-13)

This is in response to your request for comments on the draft audit report dated February 11, 1993, regarding the review of the Agency's management controls over advisory and assistance contracts.

Before I address the specific findings and recommendations contained in the report, I believe it would be appropriate to discuss the Agency's procedure for controlling advisory and assistance services. Under current delegations, the Director of Administration is responsible and accountable for assuring that the acquisition of advisory and assistance services meets the provisions of OMB Circular A-120 and the Federal Acquisition Regulations. The Circular requires that services be approved at a level above the organization "sponsoring the activity". In most cases, the approving level would be the Regional Director or a Division Director, although it could, in some cases, be a Branch Chief depending on the nature of the work. Monitoring and evaluating the work is accomplished through Contracting Officer Technical Representatives (COTR) and closeout procedures. The nature and degree of monitoring can vary depending on the size and duration of the work. For example, procurements of very small dollar value and short duration may require very little "monitoring" while very large or more complex contracts may require more on-going and rigorous monitoring.

The office requesting the service usually prepares the specifications for the service, monitors performance of the contractor, reports any performance problems to the Procurement and Facilities Branch, evaluates performance under the contract, and approves the work performed by the contractor. The Procurement and Facilities Branch takes the necessary steps to acquire the service, takes appropriate action to remedy performance problems or any other contract dispute, and closes out contracts.

Exhibit  
A  
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IV. Findings and Recommendations:

A. Contractor Performance Was Not Monitored or Evaluated

As mentioned above, performance is monitored and evaluated through the COIR's and the contract closeout procedure. We believe that this procedure adequately meets the guidelines of the OMB Circular. Our review of the 15 procurements disclosed that COIR's had been designated for all but two of the procurements. No performance problems were reported in any of the procurements, and receiving reports were obtained in each case. (Receiving reports indicate whether the goods or services are accepted or rejected. If the goods or services are rejected for any reason, there is a block on the form indicating "Reason for Rejection" which should be filled out) Regarding the two procurements for which COIR's were not designated, the Director of Administration chose to retain the authority to personally monitor these procurements, and she did not experience any performance problems in these cases.

Four of the procurements involved witnesses in a case held in Atlanta, and one involved analysis and expert testimony related to the Eagle Bus Manufacturing, Inc. case. These five procurements simply do not lend themselves easily to "monitoring" or evidence thereof in the manner contemplated by the draft audit report. Obviously, in those situations, the performance of the witnesses would have been seen by regional personnel handling the cases and monitored in that manner. Another contract was for a four-day training course which was attended by the COIR who reported no problems.

**Recommendations 1 and 2: That records be maintained evidencing the Agency's monitoring of contractors during the performance of advisory and assistance services; and that advisory and assistance services be evaluated at the conclusion of the period of performance.**

As above, we believe that several procurements which are considered advisory and assistance service were not susceptible to the type of monitoring and evaluation called for by the report. With several of the others, it is unclear what kind of final evaluation would add measurably to simply signing a receiving report. We would welcome the opportunity to discuss this recommendation with your office.

**Recommendation 3: That the General Counsel designate the Deputy General Counsel as the responsible official prescribed by Section 8.D.(1) of Circular A-120. The Deputy General Counsel, if so designated, would meet the requirement of reporting directly to the head of the Agency and has minimum procurement responsibility.**

Since the current delegation of authority to the Director of Administration has not been documented, this will be corrected. As discussed above, the Director of Administration is not directly involved in most procurements of

advisory and assistance services. Accordingly, delegation to her would comply with Section 8.D.(1). The quoted redelegation to the Procurement and Facilities Branch is intended to cover normal responsibilities of the Branch and is not a redelegation of the responsibilities of Section 8.D.(1).

Who Approved the Use of Advisory and Assistance Services?

We acknowledge that two of the requests were not approved in writing at a level above the organization "sponsoring the activity", and that two of the procurements during the fourth quarter of the Fiscal Year were approved by the Director of Administration rather than at two levels above the organization sponsoring the activity.

One of the two requests not approved in writing at a level above the organization sponsoring the activity was for reconciliation of the cash account recorded in the FEDCOUNT system and to determine the validity of "M" account balances represented by Fiscal Years 1984, 1985, 1986, and 1987. While the Director of Administration did not sign an approval document, she was fully aware of the requirement and gave verbal authorization to proceed.

The other request which was not approved in writing at a level above the organization sponsoring the activity was related to the Eagle Bus Manufacturing, Inc. case. The need for this service was well documented in a memorandum dated February 28, 1991, from Margery E. Lieber, Assistant General Counsel for Special Litigation, and while it was not approved in writing at a level above Ms. Lieber, it was verbally approved by the Acting Deputy General Counsel.

- \* Recommendation 4: That the Director of the Division of Administration approve the use of advisory and assistance services unless the Director or an Associate General Counsel is the requestor of such services.

We believe that approval of advisory and assistance services need not necessarily be approved by the Director of Administration and should remain at a level above the sponsoring activity. For example, an Associate General Counsel may approve a request submitted by a branch within his/her organization. In the fourth quarter, approval should be two levels above the sponsoring activity.

Recommendation 5: That the Deputy General Counsel approve any requests from the Director of the Division of Administration and Associate General Counsels.

We agree with this recommendation.

- \* Based upon the General Counsel's comments to the draft report, recommendation 4 was modified to state: That the use of advisory and assistance services be approved by an official at a level above the organization sponsoring the activity.

Recommendation 6: That the approval for the use of advisory and assistance services be in writing and maintained in the procurement file.

We agree with this recommendation.

Did the Agency Need to Use Advisory and Assistance Services?

While the files do not contain certifications that such services do not unnecessarily duplicate any previously performed work or services, the use of advisory and assistance services was justified.

Recommendation 7: That the use of advisory and assistance services be justified in written requests which also includes a certification that such services do not unnecessarily duplicate any previously performed work or services.

It is not clear how the OIG determined which of the files adequately justified the procurements and which did not. We would welcome the opportunity to discuss this with your office. Nevertheless, we agree with the recommendation that requests for advisory and assistance services should be justified in writing with the above noted appropriate certification.

Reporting Inaccurate Procurement Date

We agree with the OIG findings in this area.

Recommendation 8: That purchase orders, where appropriate, include a statement that the procurement is for advisory and assistance services.

We agree with this recommendation.

Consultant Performed Inherently Governmental Functions

We agree with the OIG that a consultant should not perform work of a policy, decision-making or managerial nature or perform or supervise the performance of operating functions. However, in addressing this issue as it relates to the financial consultant used by the Agency beginning in the fall of 1990, the circumstances surrounding her contract must be examined: Shortly after the consultant arrived, the Agency's Comptroller and Finance Officer departed and the Budget Officer, in addition to his responsibilities for the budget, was designated as the Acting Finance Officer. The Agency was in a period of fiscal crisis and the consultant was brought in because of her expertise in the financial management area. She was able to quickly identify problems in the Finance Office and make recommendations about the steps the Agency needed to take to address the problems. The consultant, on every day she spent at the Agency, would meet with the Director of Administration in the morning to discuss and make recommendations on what needed to be accomplished on that day and at the end of the day, would meet with the Director to discuss what had been accomplished. While in the Finance Office during the course of the

day, the consultant would work closely with the Acting Finance Officer and with his approval and, speaking on his behalf, would advise employees on steps to take to make the necessary corrections in the financial systems. Because of the short time frame available to the Agency to correct certain problems, the consultant would often communicate directly with the staff rather than through the Acting Finance Officer.

The consultant worked very closely with employees of the Finance Office, particularly certain supervisory employees, and instructed them in the appropriate procedures for certain tasks, such as the preparation of certain reports to Treasury and OMB. Under the emergency conditions existing at the time, the line between advising and performing operating tasks may have occasionally become blurred, but it was never intended that the consultant would supervise employees or perform operating functions.

We do, however, take issue with the conclusion that it was inappropriate for the consultant to review applications and interview prospective employees under circumstances where a manager with hiring authority conducted the interview with the consultant present and utilized the consultant solely for advice/assessment of the technical expertise of the applicants. The consultant had no authority to hire or recommend the hire of applicants.

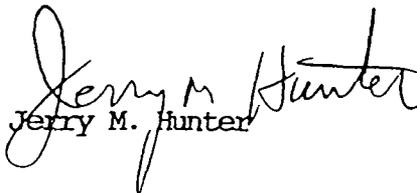
With regard to the necessity to ascertain that the procurement file contain an explanation of a sole source award, the failure to place such an explanation in the file in the case of the financial consultant is the exception to a well-established practice of the Procurement and Facilities Branch.

**Recommendation 9:** That Agency personnel involved in the procurement and utilization of advisory and assistance services be instructed that consultants shall not be used in performing work of a policy, decision-making, or managerial nature which is the direct responsibility of Agency officials.

Noting the above explanation, we agree with this recommendation.

**Recommendation 10:** That the procurement file be noted with an explanation when only one source is solicited.

Noting the above explanation, we agree with this recommendation.

  
Jerry M. Hunter

1.1