



NCUA
National Credit Union Administration

**OFFICE OF INSPECTOR
GENERAL**

**AUDIT OF THE NCUA'S
CONTRACTING OFFICER'S REPRESENTATIVE PROGRAM**

**Report #OIG 23-06
May 16, 2023**



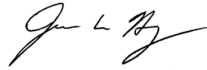


National Credit Union Administration

Office of Inspector General

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FROM: Inspector General James W. Hagen 

SUBJ: Audit of the NCUA's Contracting Officer's Representative Program

DATE: May 16, 2023

The National Credit Union Administration Office of Inspector General conducted this self-initiated audit to assess the NCUA's Contracting Officer's Representative (COR) program. Our objectives were to determine whether the NCUA adhered to its Acquisition Policy Manual (APM) regarding the COR program and whether: (1) staff serving in the role of COR have been appropriately nominated, appointed, and received training/certification; and (2) appointed CORs were performing contract administration in accordance with applicable policies and procedures. The scope of our audit covered contracts of more than \$10,000 that were in place, new, or renewed during the period from January 1, 2020, through December 31, 2021. In addition, the audit scope for the COR certification training was fiscal years 2018-2021.

Our audit determined the NCUA's COR program needs improvements. Specifically, we determined the COR program could improve with: (1) the maintenance of COR documents; (2) the invoice review process; (3) the accountability of CORs; (4) the timeliness of COR certifications after completing training; (5) the timeliness of replacing CORs; (6) the contract closeout process; and (7) providing names of nominated CORs to the NCUA Office of Ethics Counsel (OEC). As a result, we are making 17 recommendations, 11 of which are attributed to updating the APM; 3 are directed to the Division of Procurement Facilities Management (DPFM); 2 are directed to the Office of Human Resources (OHR) and 1 is for the OEC. Our report addresses the issues we identified.

We appreciate the cooperation and courtesies NCUA management and staff provided to us during the audit. If you have any questions on the report and its recommendations, please contact me at 703-518-6350.

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EXECUTIVE SUMMARY

The National Credit Union Administration (NCUA) Office of Inspector General (OIG) conducted this self-initiated audit to assess the NCUA's Contracting Officer's Representative (COR) program. Our objectives were to determine whether the NCUA adhered to its Acquisition Policy Manual (APM) regarding the COR program and whether: (1) staff serving in the role of COR have been appropriately nominated, appointed, and received training/certification; and (2) appointed CORs were performing contract administration in accordance with applicable policies and procedures. The scope of our audit covered contracts of more than \$10,000 that were in place, new, or renewed during the period from January 1, 2020, through December 31, 2021. In addition, the audit scope for the COR certification training was fiscal years 2018-2021.

Our audit determined the NCUA's COR program needs improvements. Specifically, we determined the COR program could improve with: (1) the maintenance of COR documents; (2) the invoice review process; (3) the accountability of CORs; (4) the timeliness of COR certifications after completing training; (5) the timeliness of replacing CORs; (6) the contract closeout process; and (7) providing names of nominated CORs to the NCUA Office of Ethics Counsel (OEC). As a result, we are making 17 recommendations, 11 of which are attributed to updating the APM; 3 are directed to the Division of Procurement Facilities Management (DPFM); 2 are directed to the Office of Human Resources (OHR) and 1 is for the OEC. Our report addresses the issues we identified.

We appreciate the cooperation and courtesies NCUA management and staff provided to us during this audit.



BACKGROUND

The NCUA is an independent federal agency that regulates, charters, and supervises federally insured credit unions. The NCUA's organizational structure consists of a Headquarters, Asset Management and Assistance Center, and three regional offices.¹ Within the Office of the Chief Financial Officer (OCFO), the DPFM is the agency's office responsible for entering into contracts for goods and services for the NCUA. The DPFM relies upon appointed CORs to perform technical and administrative oversight of assigned contracts.

The DPFM is responsible for the COR program, which includes COR appointments, training/certification, and oversight of COR duties. The DPFM procurement analyst or the contracting officer is responsible for notifying appointed CORs to complete required training through the Federal Acquisition Institute (FAI).² The APM defines a COR as an individual designated and appointed in writing by the contracting officer to perform specific technical and administrative functions as outlined in the COR appointment letter. The contracting officer can also appoint a contracting officer's technical representative when technical expertise is required; however, the COR manages the overall contract, ensuring that all aspects of a contract are fulfilled from pre-award through closeout.

The APM³ outlines the COR program's policies and procedures. The agency is not subject to the Federal Acquisition Regulation (FAR). However, the NCUA has independent procurement authority⁴ and has adopted the Federal Acquisition Certification for Contracting Officer's Representative (FAC-COR) requirements in the APM.

The NCUA's 2020-2021 budget justification included \$43.3 million for contracted services, which was approximately 14 percent of the agency's operating budget.⁵

Contracting Officer's Representatives

NCUA's CORs are delegated responsibilities to oversee contractor performance on behalf of the agency's contracting officers. The APM requires a COR delegation for all procurement actions exceeding \$10,000,⁶ with limited exceptions.⁷ In addition, CORs must be fully qualified in accordance with the COR certification program as outlined in a nomination letter and must accept the duties and responsibilities outlined in the COR appointment letter.

¹ The three regional offices are the Eastern, Southern, and Western regions.

² The FAI is charged with fostering and promoting the development of a professional acquisition workforce Government-wide. 41 U.S.C. § 1201.

³ The NCUA last updated the APM on December 16, 2019.

⁴ 12 U.S.C. § 1766(i).

⁵ NCUA 2020-2021 Budget Justification dated December 12, 2019.

⁶ The NCUA allows procurements less than or equal to \$10,000 per transaction to not be competed and be purchased with a government purchase card. The NCUA's \$10,000 threshold is the same as the micro-purchase threshold set out in FAR 2.101 that permits simplified acquisition procedures.

⁷ Limited exceptions may be granted after consultation with the DPFM procurement analyst, and the exception must be documented in the contract file.



NCUA CORs are certified through the FAI, FAC-COR program. The FAC-COR contains three levels of certification with varying training, experience, and continuous learning requirements, depending on the types of contracts being managed. FAC-COR requirements are governed by the Office of Management and Budget's (OMB) memorandum on Revisions to the Federal Acquisition Certification for Contracting Officer's Representatives (Sept. 6, 2011).

In this regard, NCUA's certification program requires all nominated CORs to register with the Federal Acquisition Institute Training Application System (FAITAS).⁸ However, in 2021, FAITAS transitioned to the Federal Acquisition Institute Cornerstone OnDemand (FAI CSOD) training module. Both FAITAS and FAI CSOD allows CORs to obtain and track their own training and certification levels.⁹ The system sends email notices to CORs when learning requirements are due to maintain their FAC-COR level. However, after the transition period in July 2021, CORs could not obtain training so the FAI informed CORs that those who were up-to-date with learning requirements as of February 1, 2020, would be considered up-to-date, and that this would remain in effect until April 30, 2022.¹⁰ On April 12, 2022, the FAI notified CORs via email that beginning May 1, 2022, the FAI CSOD would be available to allow CORs to obtain their required training (known as continuous learning points—CLP) by April 30, 2024.¹¹

Nomination Letter

NCUA's CORs are nominated by individual program offices through issuance of a nomination letter when the purchase request package is submitted within the NCUA's Purchase Request Information System (PRISM).¹² Program offices select CORs based on their technical and administrative qualifications and other requirements. The COR nomination letter allows the program office to consider someone who is already a certified COR before the contract is awarded. Program offices provide the DPFM contracting officers with the nomination letter in which the COR's supervisor acknowledges the nominated individual is either:

- Registered in FAITAS and has a valid and current FAC-COR certification for levels I, II, or III or
- Does not have a valid FAC-COR certification but will register in FAITAS and obtain FAC-COR level I certification or higher and provide a copy to the contracting officer within 90 days of the nomination letter.

⁸ FAITAS is an integrated and government-wide acquisition workforce career management system, which allows agencies to better manage their acquisition workforce members and training programs.

⁹ FAITAS transitioned between May and June 2021. The FAI CSOD is the recognized civilian agency training enrollment and acquisition workforce management system. To register for training within FAI CSOD, students must establish a profile completing all required information to include federal organization and supervisor.

¹⁰ Announced on July 7, 2021.

¹¹ The April 30, 2022, and May 1, 2022, dates are outside of our audit scope period.

¹² PRISM is the NCUA's contract writing system.



In addition, program offices acknowledge that CORs will meet and maintain the training, experience, and continuous learning requirements described in the APM. This acknowledgement includes:¹³

- incorporating training into a COR's individual development plan to ensure timely completion of FAC-COR certification training,
- CLPs every two years for the duration of the contract, and
- meeting with the NCUA's Ethics Officer (sic).

Appointment Letter

Based on the nomination letter, contracting officers appoint CORs for contracts with a written appointment letter. The appointment letter provides a clearly defined scope and limitations of the COR's authority and requires the COR to acknowledge receipt of the appointment letter by signing it. The appointment letter includes:

- Name of the COR
- Scope of authority
- COR responsibilities and duties
- Non-delegable functions and exclusions
- Contract file content and maintenance
- Appointment termination date
- COR acknowledgement

Training

To ensure CORs are trained and developed appropriately, as previously mentioned, the OMB's revised memorandum provides three levels of certification with varying requirements for training, experience, and continuous learning, depending on the types of contracts being managed. Before October 1, 2020, FAI provided a list of recommended initial training courses for each certification level; on October 1, 2020, FAI switched to one specific training course for levels I and II and two specific training courses for level III. OMB's FAC-COR Memorandum specifies the following requirements for certification, which are restated in the APM:

- Level I – 8 hours of training and no experience required. This level of COR is generally appropriate for low-risk contracts such as supply contracts and orders.
- Level II – 40 hours of training and 1 year of previous COR experience required. CORs with level II training may be called upon to perform general project management

¹³ NCUA's contracting officers are responsible for maintaining the acknowledgment document in the contract file.



activities and should be trained accordingly. This level of COR is generally appropriate for contracts of moderate to high complexity, including both supply and service contracts.

- Level III – 60 hours of training and 2 years of previous COR experience required on contracts of moderate to high complexity that require significant acquisition investment. Level III CORs are the most experienced CORs within an agency and should be assigned to the most complex and mission critical contracts within the agency. These CORs are often called upon to perform significant program management activities and should be trained accordingly. At a minimum, CORs for major investments, as defined by OMB Circular A-11, shall generally be designated as level III CORs.¹⁴

CORs certified under the various levels must maintain their COR certification level through continuous training. CORs can satisfy their training requirements and continuous learning points through the FAI, the Defense Acquisition University, private vendors, and other government agencies.¹⁵ Certified CORs must accumulate the number of Continuous Learning Points reflective of their level of certification every 2 years to maintain their certification to act as a COR, either beginning with the date of their certification or in a standard cycle as determined by their agency. The DPFM staff must monitor the continuous learning requirements for employees holding FAC-COR certifications to ensure they meet these requirements. However, it is the COR's responsibility to ensure that his/her continuous learning requirements are met, and that the courses taken are relevant to the work performed as a COR. The following are the required CLPs for each certification level:

- Level I – 8 hours of CLPs every 2 years
- Level II – 40 hours of CLPs every 2 years
- Level III – 40 hours of CLPs every 2 years

Contracting Officer Representative File Administration

CORs are responsible for maintaining a document file for the contracts they monitor. At contract closeout and after all COR duties are accomplished, CORs must send their complete physical file to the contracting officer, with a memorandum documenting the transfer of possession from the COR to the contracting officer. The contracting officer is responsible for placing the COR file in the contract file as part of the contract closeout procedures.

To ensure the COR file is complete, the APM provides a COR contract file documentation checklist (COR file checklist), which includes the contractor's name, contract number, period of performance, and related COR documents.¹⁶ Selected COR documents include, for example:

- Copies of the signed COR appointment and designation letters
- A copy of the contract/purchase order and all modifications

¹⁴ OMB Circular A-11, Preparation, Submission and Execution of the Budget (August 2021).

¹⁵ The Defense Acquisition University is a corporate university of the United States Department of Defense offering acquisition, technology, and logistics training to military and federal civilian staff and federal contractors.

¹⁶ The COR contract file documentation checklist includes 21 documents that should be included in the COR file.



- A copy of the contractor's technical and price proposal
- All deliverables
- All invoices, the invoice review checklist, and the invoice tracking log¹⁷
- Final contractor suitability notifications from the Office of Continuity and Security Management (OCSM)
- Inventory of government furnished property

In February 2021, the NCUA revised the APM to require contracting officers (or procurement analysts) to review COR files quarterly rather than annually to ensure CORs were performing their contract administration and management duties in accordance with the APM.¹⁸ The DPFM also updated the COR file review process, which includes the DPFM's procurement analyst reviewing approximately 25 contracts per fiscal quarter, made up from a selection of newly awarded contracts in the current fiscal year, as well as contracts awarded in prior fiscal years. For the COR file review process, a procurement analyst randomly selects a mix of 25 current and prior year contracts and notifies the associated CORs to meet within 10-15 business days after notification. During the meeting, CORs provide the procurement analyst with an overview of the contract file based on attributes outlined in the APM. These attributes include elements from the COR file checklist including:

- Whether the COR file is stored in a secure location
- Pre-award: Solicitation and amendments
- Pre-award: Awardee's proposal
- Post-award: Contract and modifications
- Post-award: COR appointment
- Post-award: Deliverables
- Post-award: Invoices and documentation

Results of the COR file reviews are provided to the DPFM director.

In addition, the DPFM memorandum included an electronic COR folder template to assist CORs with electronic contract filing and organization. The template was initially created due to the NCUA's mandatory telework posture during the COVID-19 pandemic, which limited access to physical documents.¹⁹ CORs can upload the folder template from DPFM's SharePoint site for their reference.

Invoice Review and Approval

The NCUA uses the Department of Transportation's Enterprise Services Center (DOT-ESC) to process contractor payments. During our audit scope period, contractor payments were processed

¹⁷ The invoice review checklist is guidance for ensuring invoices are properly and consistently reviewed and analyzed in a standard manner prior to making payments to contractors. The invoice review checklist must be uploaded to Delphi as an attachment to the invoice.

¹⁸ On February 17, 2021, DPFM issued the memorandum, titled "DPFM COR File Review Process," which notified the CORs of changes to the COR file review process.

¹⁹ The NCUA resumed a required on-site work posture (Phase 3) on October 17, 2022.



through two systems: Delphi AME Workflow and Delphi eInvoicing.²⁰ For the first 18 months of our audit scope period, the NCUA processed contractor payments under the Delphi AME Workflow, which required level 1 and level 2 approvals from staff other than the COR and the contracting officer. During the latter part of our audit scope period, July 1, 2021, to present, the NCUA transitioned to the new Delphi invoice payment process called eInvoice, which identifies the COR (level 1) and the DPFM contracting officer (level 2) as the invoice approvers when a contract is initially awarded. In addition, the eInvoice system provides auto notification and auto escalation on the status of invoices and allows DPFM officials to obtain a weekly report on invoices.

Proper Invoice Processing

The APM provides guidance related to invoice review and approval to ensure invoices are properly and consistently reviewed and analyzed in a standardized manner prior to making payments to contractors. In addition, the APM states adherence to the guidance will:

- avoid interest penalties due to late payments pursuant to the Prompt Payment Act,
- mitigate the risks of improper payments, and
- prevent opportunities for fraud, inefficient, or wasteful business practices.²¹

CORs must review invoices thoroughly to ensure adequate information exists to support timely payment of contractor invoices. CORs must consider the elements of a proper invoice outlined in the NCUA's submission of invoices contract clause. A proper invoice must include: (1) name and address of the contractor; (2) invoice date and number; (3) contract or task order/delivery order/purchase order number; (4) contract line-item number (CLIN) as identified in the contract, which describes the goods or services and the amount invoiced for each line-item number in the contract; (5) description, quantity, unit of measure, unit price, extended price of goods delivered or services performed (extended price includes all cost of acquisition), and the total invoice amount; (6) payment terms (including discounts for prompt payment); (7) remittance address; (8) name, title, email address, and phone number of person to notify in event of defective invoice; (9) shipping information with shipping charges identified as a separate item on the invoice; and (10) any other information or documentation required by the contract.

To complete the invoice process for payment, CORs must prepare and upload the invoice review checklist into Delphi as an attachment. The invoice review checklist requires CORs to enter the invoice reviewer, invoice date, amount, vendor, contract number, invoice number, COR name,

²⁰ Delphi is the NCUA's financial system. Each system uses "level 1" and "level 2" approval roles. Delphi AME Workflow level 1 requires approval by the program office representative, who is the COR, an administrative assistant, or a budget representative). Delphi level 2 requires approval by the program office representative, who can be the budget officer or the level 1 approver's supervisor.

²¹ In the event proper invoices are not paid on-time, interest begins to accrue at a rate set by the United States Department of the Treasury. The NCUA is obligated to pay such interest even if the contractor has not requested that interest be paid.



and the COR's signature. The invoice review checklist also requires CORs to respond to questions related to firm-fixed price contracts/CLINs, time-and-material/labor-hour contracts/CLINs, and funding. In addition, the APM requires CORs to maintain an invoice tracking log with unexpended/remaining funds balances that tracks all payments by the government to expenditures, to not exceed money available.

Contract Closeout

CORs support the contracting officer to close out a contract when it is completed or terminated.²² The APM provides guidance to CORs on the closeout process after they accomplish all their duties, which requires CORs to send their complete physical COR file to the contracting officer with a memorandum documenting the transfer of possession from the COR to the contracting officer.

In addition, the COR closeout certification process requires CORs to certify to the contracting officer that the contractor has been paid for all services rendered and/or goods accepted, certify to the contracting officer in writing that all deliverables, goods, and/or services have been received, and that all contract requirements have been satisfactorily met. In addition, as applicable, CORs must certify that all personal identity verification or local access cards have been retrieved from all contractor personnel and sent to the OCSM with a notice that the contract has ended, and that all agency-furnished property or property developed or acquired under the contract has been returned, if required, in good working condition.²³

CORs also certify and recommend to the contracting officer to either close out the contract and de-obligate funds as appropriate if the contract requirements have been satisfactorily met, or do not close out the contract and de-obligate funds because the contract requirements have not been satisfactorily met.²⁴

²² A completed contract should not be closed if audit activities are pending, the contract is in litigation or under investigation, a termination action is pending, or there is an outstanding claim.

²³ Good working condition means no obvious physical damage and the equipment can power up.

²⁴ De-obligation requires the COR to initiate a PRISM requisition for modification to de-obligate funding on a contract.



RESULTS IN DETAIL

Audit Follow-up

In 2017, we conducted an audit of the NCUA's procurement program and issued an audit report that included four recommendations to NCUA management related to the COR program.²⁵ The four recommendations management agreed to were: (1) Appoint CORs throughout the NCUA to assist in preventing internal control deficiencies; (2) Inform staff and contractors of the elements of a proper invoice and advise invoice approvers to return invoices that do not meet the standards of the Prompt Payment Act; (3) Ensure CORs maintain documentation in the contract file to provide a complete history of all procurement-related actions and the basis for informed decisions at each step in the acquisition and contract oversight process; and (4) Ensure CORs adhere to policy and maintain contract files in a secure environment throughout the life of the contract.

In 2017 and 2018, the OIG closed these four recommendations based on supporting information the NCUA provided to us at the time. We also determined that since implementing these recommendations, the NCUA has further improved the COR program by appointing CORs throughout the NCUA not just in the Office of the Chief Information Officer (OCIO).

In addition, the NCUA included in its policies:

- training for CORs on both the invoice process to learn the elements of a proper invoice, and the new eInvoice process
- implementation of a COR file review process to ensure CORs' contract documents are subjected to a random review on a quarterly basis
- requiring CORs to maintain their COR files in a secure location (NCUA's internal network)

However, we found areas where improvements and efficiencies are still needed, which include: (1) the maintenance of COR documents; (2) the invoice review process; (3) the accountability of CORs; (4) the timeliness of COR certifications after completing training; (5) the timeliness of replacing CORs; (6) the contract closeout process; and (7) providing names of nominated CORs to the NCUA Office of Ethics Counsel.

The objectives of our audit were to determine whether the NCUA adhered to the APM regarding the COR program. Specifically, we determined whether: (1) staff serving in the role of COR were appropriately nominated, appointed, and received training/certification; and (2) appointed CORs performed contract administration in accordance with applicable policies and procedures. The detailed results of our audit follow.

²⁵ Report OIG-17-07, Audit of NCUA's Procurement Program, dated June 28, 2017.



NCUA's Contracting Officers and Contracting Officer's Representatives Did Not Consistently Maintain Contract Documents

We determined contracting officers and CORs did not consistently maintain their contract files. Specifically, we determined that for 38 percent (62 of 165) of the contracts monitored by CORs, the contracts were missing, on average, 28 percent of the documents that should have been maintained in the files.²⁶ According to the APM, CORs are responsible for maintaining a COR

file and a COR file checklist. The COR appointment letter and the COR file checklist provide a list of documents that should be maintained. The checklist helps ensure CORs keep copies of contract documents in their COR file. In addition, the APM states the contracting officer or procurement analyst must review the COR file on an annual basis, at a minimum, to ensure the COR is performing contract administration and management in accordance with the APM.²⁷ We were told CORs did not consistently maintain their contract files for several reasons, including program offices did not provide the required documentation, the contract was transferred from another COR so the current COR had no control over what had been previously filed, or the NCUA has other controls in place. Therefore, by not consistently maintaining COR files in accordance with the APM, the COR cannot provide a full contract history.

Audit Follow-up

We made a recommendation in our 2017 procurement audit report, OIG-17-07, regarding CORs maintaining documentation in contract files to provide a complete history of all procurement-related actions and the basis for informed decisions at each step in the acquisition and contract oversight process. The NCUA addressed this recommendation by providing guidance on COR files and creating a contract file with file organization and documentation, structure and assembly, and content requirements. In addition, management established in its policies an internal contract file review process and clarified the requirements for legal review.

Details

The Standards for Internal Control in the Federal Government (Green Book), component control activities, principle 10, states that management should clearly document internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination and that documentation and records should be properly managed and maintained.²⁸

We determined DPFM staff performed their internal contract file reviews in 2020 and 2021 and provided CORs with appropriate communications and training related to maintaining COR files. In addition, we also determined that contracting officers did not maintain the nomination letters

²⁶ We randomly selected a sample of 153 contracts NCUA issued during the scope period of our audit to determine the timeliness of the COR nomination and appointment letters process through the dates, as well as the date the COR acknowledged (signed) the appointment letter. We also selected a judgmental sample of 12 contracts to determine whether the associated COR files contained the required contract documents.

²⁷ During our audit scope period, the DPFM increased the frequency of COR file reviews to quarterly.

²⁸ GAO-14-704G, dated September 2014.



even though 91 percent (139 of 153) of the contracts had a certified COR monitoring the contract and CORs did not maintain the required sampled contract documents. Therefore, DPFM staff may need to review other contract documents and other types of contracts in their contract file review process.

Contract Documents

The APM states that CORs are responsible for maintaining COR files and completing the COR file checklist. In addition, the COR appointment letter also states that CORs must create and maintain a file to document COR actions taken under contracts. COR files, at a minimum, should include:

- A complete copy of the contract
- A copy of the appointment memorandum
- Copies of any related correspondence
- A record of both oral and written communications with the contractor
- Invoices and invoice approval documentation
- All records of the contractor's performance, such as performance monitoring, inspection reports, and other documents, as applicable

The APM states CORs are to maintain a list of contractor personnel who will be working at the NCUA facility and/or who need access to NCUA's information technology systems, when applicable. In addition, the APM also states contracting officers must provide a complete history of all procurement-related actions, the basis for informed decisions at each step in the acquisition, and contract oversight. The contracting officer's contract file checklist provides that the COR nomination letter be maintained as a pre-solicitation document and the appointment letter be maintained as contract administration document.

We randomly selected and reviewed 65 percent (94 of 144) of NCUA's contracts that had appointment letters in the file to determine whether CORs timely signed them.²⁹ To determine timeliness, we compared the date on the appointment letter to the date the COR signed it. We determined 13 percent (12 of 94) of the CORs took longer than 30 days to sign the letter, with 42 percent (5 of 12) of those CORs taking from 121 days to 735 days to sign their appointment letters.

In addition to testing the timeliness of CORs signing their appointment letters, we also determined that contracting officers did not always maintain copies of nomination letters in their contract files. We determined 27 percent (41 of 153) of contracts did not have a nomination letter

²⁹ Nine contracts were excluded from testing because the appointment letters were not in the contracting officer's files, which resulted in the OIG testing 144 contracts.



in the contract file.³⁰ NCUA staff told us there were many reasons for missing nomination letters in these contract files including:

- The COR's appointment was made prior to the 2016 implementation of the COR nomination requirement,
- The contract was a subscription, so nomination and appointment letters were not needed,
- The COR was nominated through an email,
- The contract was a promotional order, or
- The COR was the DPFM director.

We also judgmentally selected 12 contracts to determine whether CORs maintained their COR files in accordance with the APM. Specifically, we tested 11 COR attributes and determined the 12 contracts were missing an average of 42 percent of the required documents.³¹ We found CORs did not consistently maintain the contractor's on-boarding documents, the OCSM's suitability determination, and for contracts that included using NCUA-issued information technology-related equipment, an inventory of such equipment. Following are the results of our COR file documents test.

Nomination Letter

Nomination letters are submitted by program offices to inform the DPFM of the name(s) of staff who will provide contract oversight. Our testing determined that for 23 percent (34 of 146) of the contract files we reviewed, contracting officers did not maintain nomination letters in the contract file. This occurred despite the nomination letter being one of the initial documents prepared in the contract lifecycle that contracting officers are responsible for maintaining in their contract files.

We interviewed the DPFM director to determine why contracting officers did not consistently maintain nomination letters in contract files. The DPFM director told us the letters could be missing from the files because the program office failed to submit one or if the COR from the incumbent contract created the purchase requisition package for the program office and is continuing in the COR role. In addition, the director indicated there are times when DPFM may relax the nomination letter requirement when DPFM staff know for a fact that the individual who will serve as the COR completed COR level II training from an FAI-approved training contractor and DPFM is in possession of their training certificate.³²

³⁰ Nomination letters were not applicable for 7 of the 153 contracts, which resulted in reviewing a total of 146 contracts for this test.

³¹ The COR attributes we tested included: (1) secure location; (2) contract and modification(s); (3) deliverables; (4) appointment letter; (5) list of contractors; (6) on-boarding documents; (7) OCSM's determination; (8) invoice tracking log; (9) invoices; (10) invoice checklist; and (11) inventory of NCUA issued equipment.

³² The DPFM maintains copies of certificates for OCFO-sponsored COR training. In addition, the DPFM director can verify training certification through FAI CSOD.



Thus, although the APM and the contracting officer's contract file checklist both require the contracting officer to keep a copy of the nomination letter in the file, we determined that was not always the case. To address this issue, the NCUA could change the APM to permit an email instead of the formal nomination letter for the contract file. As previously mentioned, the OMB's September 2011 memorandum states that the program office shall normally provide a written nomination for a technically qualified, responsible, and certified COR to the contracting officer, which does not specify the format of the nomination. Regardless of the format used to nominate a COR, the document should be maintained as required in the APM. However, when COR nomination letters are not present in the contract files as required by the APM, DPFM should require verification that nominated CORs have met minimum training and certification requirements through the FAI CSOD as part of the APM nomination process.

On-boarding and OCSM Suitability Notification

All contractors and subcontractors must go through a security vetting process to determine suitability before gaining access to NCUA facilities or agency information technology systems. The OCSM must determine their eligibility before access is granted. NCUA Instruction 9300, Identity Credential and Access Management Program, states that CORs are responsible for initiating a request to OCSM for contractor employee fitness (suitability) determinations and to ensure contractor employees complete required security screening prior to being granted access to NCUA facilities, information technology systems, or both.³³ In addition, NCUA Instruction 9903.2 (Rev. 1), Security Screening Program for Contractors and Affiliates, states that CORs are responsible for ensuring contractor employee or affiliate applicants complete all processing requirements, including submitting the personnel security paperwork and completing the fingerprint appointment. Once a contractor employee or affiliate applicants have gone through the vetting process, the OCSM communicates the determination for fitness to work for or on behalf of the NCUA to the contractor employees or affiliates.³⁴

During our audit, we learned that OCSM maintains files of all on-boarding documents they process for contractors. We inquired with the OCSM director about whether CORs should maintain contractor personnel security documents in their COR files. The OCSM director informed us she does not believe CORs need to maintain those documents because: (1) her office maintains those documents and (2) the on-boarding documents often include personally identifiable information, and she has no control over how CORs safeguard it. In addition, the OCSM director told us that CORs do not need to maintain the on-boarding documents once submitted but should maintain the OCSM's email notification sent to the COR and the contractor regarding the contractor's suitability. As a result of the OCSM director's statements, we believe the DPFM director should update the COR checklist by eliminating the need for CORs to maintain the personnel security paperwork in the COR file. However, the COR checklist should continue to require that CORs maintain the OCSM's notification of the contractor's suitability in their COR files.

³³ NCUA Instruction 9300, Identity Credential and Access Management Program, dated December 5, 2016.

³⁴ NCUA Instruction 9903.2 (Rev. 1), Security Screening Program for Contractors and Affiliates, dated November 14, 2018.



Inventory of NCUA Equipment

We determined the NCUA provided information technology equipment for 42 percent (5 of 12) of the contracts we tested. For each of these five contracts, although we later determined that the NCUA has sufficient controls for accountable property in place, we determined the CORs did not maintain an inventory of the equipment provided to the contractors. We interviewed the CORs who monitored these five contracts to determine what controls, if any, they used to track or maintain an inventory of the NCUA-furnished equipment. All five CORs informed us they did not personally track the equipment or maintain other records to account for the property. Rather, the CORs advised us they relied on the NCUA's OneStop application to track the disposition of NCUA-furnished equipment.³⁵

The APM states CORs must work with contractors to control NCUA-furnished property in accordance with the contracting officer's instructions. CORs are required to maintain the official NCUA property records when NCUA property is furnished to a contractor. NCUA property furnished and maintained by contractors, under the terms of NCUA contracts, must be reconciled periodically with official NCUA property records. In addition, the APM requires CORs to monitor and document the disposition of all NCUA-furnished property throughout the life of the contract. In addition, the COR document checklist requires CORs to maintain an inventory of all NCUA-furnished property provided to contractors in accordance with the contract requirements, when applicable. In addition to tracking and maintaining a list of NCUA-furnished equipment throughout the contract, keeping track of the inventory of agency furnished equipment during the contract closeout process is essential because when property is furnished, CORs must certify that the contractor returned the property to the agency in good working condition.

In 2019, we conducted an audit and issued a report on the NCUA's information technology equipment inventory. Results of this audit included our recommendation that NCUA management implement a comprehensive asset management system in which designated employees must update the disposition of information technology equipment in accordance with NCUA's instructions, handbook, and related documents.³⁶ NCUA management addressed this recommendation with the implementation of ServiceNow-OneStop, which includes an accountable property function that allows property assigned to staff or contractors to be verified during the annual property verification process.

We learned during our audit that the process for the annual verification of accountable property for contractors is the same as for NCUA employees, which is through an email notification. When contractors with an NCUA email receive the annual inventory verification message, contractors log into OneStop and either select "Confirm and Validate," "This Does Not Match" or "I Do Not Have This" to verify their assigned equipment. When NCUA-issued property is not listed under their name, contractors can use the link "Something's Missing" in OneStop to add the asset. With this control activity in place, CORs only get involved in the annual verification

³⁵ The NCUA uses OneStop-Accountable Property to manage its assets. OneStop is used for NCUA's annual physical inventory audit. Accountable property only includes NCUA-issued laptops, smart phones, external hard drives, thumb or flash drives, hot spots, and tablets.

³⁶ OIG-19-05, Audit of the NCUA's Information Technology Equipment Inventory, dated March 28, 2019.



process if the contractor does not verify the equipment timely or if the contractor did not receive the email to verify the equipment. In addition, at the end of every contract, all furnished equipment is returned to the OCIO for their inventory-related processes. Therefore, we believe using the agency's inventory system through OneStop is a suitable control to track and maintain the disposition of NCUA-issued equipment provided to contractors rather than having CORs maintain a separate inventory.

COR File Review

To ensure CORs maintain COR documents in their contract files, the DPFM instituted a COR file review. As previously mentioned, the DPFM increased the frequency of the COR file review from annually to quarterly during our audit scope period. The DPFM director informed us that the new process is to include the highest dollar value and complex contracts, along with a sampling of newly awarded contracts, to reduce overall risk. The director explained that given limited DPFM resources, this new process will help the DPFM monitor the large contracts while also ensuring new CORs are learning their responsibilities. Further, when we interviewed the DPFM procurement analyst that conducts the COR file reviews, he informed us that other document attributes should be tested and that there needs to be a better way to include all offices in the NCUA by looking at other items from the COR file checklist.

To determine the efficiency of COR file reviews, we judgmentally selected 12 contracts that were not reviewed by DPFM in 2020 and 2021. For each of the 12 selected contracts, we reviewed 11 attributes from the APM and the COR checklist to test whether we could find documentation of these 11 attributes within the COR file. The documents we selected included 7 of the 10 attributes that DPFM reviewed during its quarterly COR file reviews.³⁷

Results of our test determined that overall, 23 percent of the documents were not maintained by the CORs. This included missing on-boarding documents (42 percent), missing OCSM notification of employment suitability (42 percent), and missing inventory of NCUA-issued equipment (42 percent). Although we believe these percentages are high for 3 of the 11 attributes tested, our test also determined that for the remaining 8 attributes, CORs did not maintain an average of 20 percent of the documents for these 8. In addition, if the DPFM were to eliminate the maintenance of these documents because the agency has other controls in place, we believe any redundancy maintaining these files would be decreased or eliminated altogether. As a result of the issues, we identified with contracting officers and CORs not consistently maintaining their contract files, we are making the following recommendations.

³⁷ COR attributes tested were: (1) secure location; (2) contract and modification(s); (3) deliverables; (4) appointment letters; (5) list of contractors; (6) on-boarding documents; (7) OCSM's determination; (8) invoice tracking log; (9) invoices; (10) invoice checklist; and (11) inventory of NCUA-issued equipment. Our attribute testing overlapped with DPFM's COR file review which, included: (1) secure location; (2) contract and modification(s); (3) deliverables; (4) appointment letters; (5) invoice tracking log; (6) invoices and (7) invoice checklist.



RECOMMENDATIONS:

We recommend NCUA management:

1. Ensure the Director, Division of Procurement and Facilities Management, assesses when Contracting Officer's Representative nomination letters are needed and their impact on the timing of the Contracting Officer's Representative appointments.
2. Ensure the Director, Division of Procurement and Facilities Management, updates the Acquisition Policy Manual requirements for the nomination and appointment process to ensure each document is maintained in the contract file.
3. Ensure the Director, Division of Procurement and Facilities Management, reviews and updates the Contracting Officer's Representative contract documentation checklist to eliminate documents and streamline processes that are no longer needed or need revision because the NCUA has other internal methods to obtain and account for this information.

Management Response:

Management agreed with these recommendations. Management indicated they plan to complete them by December 31, 2023, by updating the Acquisition Policy Manual to address when COR nomination letters are needed and their impact on timing of the COR appointments and to reflect a more concise and streamlined checklist for the COR to follow for maintenance of the contract file.

OIG Response:

We concur with management's planned actions.

**NCUA's Invoice
Review Process
Needs Improvement**

We determined that CORs did not consistently process invoices for payment in accordance with the APM. Specifically, we determined CORs took more than 7 days to review and approve invoices, paid invoices that did not comply with the NCUA submission of invoice clause outlined in the APM, and CORs did not consistently upload a fully completed invoice review checklists.³⁸ The APM requires CORs within 7 days of receipt of an invoice, to review the invoice to determine if it is a proper invoice or if it must be rejected. An invoice is proper if it has the 10 data elements mentioned earlier in the report. In addition, the APM requires CORs to upload the invoice review checklist into Delphi as an attachment. However, we determined CORs, and

³⁸ Questions CORs did not always answer: (Question 4) in Section I: "Do the prices listed in the contract match those stated on the invoice?" (Question 4) in Section II: "Do the labor categories listed on the invoice match what is in the contract?" and (Question 10) in Section III: "Will payment of the current invoice cause NCUA to exceed total ceiling price of the Contract/CLIN?" On May 19, 2021, the checklist was updated with a new question (Question 11) in Section III: "Does the invoice cite the correct CLIN(s) for which services were performed?"



contracting officers did not consistently ensure the invoice review checklist was complete and accurate due to a lack of oversight in the Delphi AME Workflow and that invoices were not consistently in compliance with the APM and reviewed within 7 days. As a result of not consistently processing invoices for payment in accordance with the APM, the NCUA may have paid invoices that had financial or other discrepancies.

Audit Follow-up

We made a recommendation in our 2017 procurement audit report, OIG-17-07, regarding informing staff and contractors of the elements of a proper invoice and advised invoice approvers to return invoices that did not meet the standards of the Prompt Payment Act. NCUA management addressed this recommendation by revising guidance in the APM to state that a proper invoice must be submitted in accordance with the NCUA's submission of invoices clause. In addition, the DPFM, in conjunction with DOT-ESC, provided training on what is considered a proper invoice for approval and when to reject an improper invoice.³⁹

Details

Invoices

We conducted tests regarding invoices using the same 12 contracts we used to conduct our COR file review testing. We obtained the list of invoices processed during our audit scope period for the 12 contracts and selected 117⁴⁰ specific invoice transactions from 107 invoices to test whether: (1) CORs had uploaded the invoice review checklist into Delphi and (2) CORs reviewed and approved the invoice within 7 days.

To conduct our test, we obtained invoices from the CORs and other invoice information, as well as the invoice review checklist from DPFM.⁴¹ For each invoice, we tested 9 of the 10 data elements for a proper invoice and the 5 attributes and data elements for the invoice review checklist.⁴² In addition, we reviewed the questions on the invoice review checklist to determine whether they were completed.

We determined for the 107 invoices tested, on average, 25 percent of the invoices were not in compliance with NCUA's contract clause. Specifically, we found invoices did not have the invoice date and number (24 percent); CLIN with description of goods and invoiced amount (24 percent); payment terms (31 percent); remittance address (58 percent); and the name, title, email address, and telephone number of a vendor contact person if problems were found with the invoice (62 percent). Although these invoices were missing key information, which should have

³⁹ Presentation in June and July 2021 titled "eInvoicing Approver Training for CORs and Contracting Officers."

⁴⁰ Originally, we selected 118 invoice transactions but determined that one of these transactions was not an actual transaction, but an adjustment made through Delphi.

⁴¹ DPFM officials provided us a Drill-to-Invoice report from Delphi, which provided details for each invoice.

⁴² The proper invoice data elements are listed on page 7 of this report. The attributes and data elements we tested for the invoice review checklist were: whether the invoice was uploaded into Delphi; whether it was signed and by whom; and whether there was a reconciliation with the invoice's contract number, dollar amount, and invoice number.



made them unacceptable and therefore not approved, in every case, the invoice and the invoice review checklist were uploaded into the Delphi eInvoicing system and the NCUA paid the invoice.

Invoice Review Checklist

We determined for the 107 invoice review checklists we tested, 30 percent (32 of 107) of the invoice numbers on the invoice review checklist did not match. We also found CORs used various versions of the invoice review checklist and did not consistently answer the questions, particularly the question related to whether the prices listed in the contract matched the invoice and whether the payment would cause the NCUA to exceed the total ceiling price of the contract. Auditor's Note: For 18 months of our audit scope, contracting officers did not review or have access to the invoice review checklist for the invoice review process because they did not have an oversight function prior to payment. However, for the remaining 6 months of our audit scope period, we determined contracting officers did have oversight over 11 of the 107 invoice review checklists where CORs uploaded a 2018 invoice review checklist to process invoices dated August, October, November, and December 2021.

In addition, our testing identified 26 instances where CORs uploaded older versions of the invoice review checklist (2017 and 2018 versions) for invoices dated in 2020 and 2021. Although the DPFM updated the invoice review checklist in March 2019 and again in July 2021, we found CORs did not consistently use the appropriate invoice review checklist. We determined the 2019 and 2021 invoice review checklists consisted of additional information that was not required in prior versions. For example, the new versions of the checklist require CORs to answer whether submitted invoices cite the correct CLIN(s) for which services were performed.

To ensure CORs have updated information to perform their oversight duties, the DPFM makes available through its SharePoint intranet site information to assist CORs. Specifically, the DPFM provided two separate trainings in 2021 related to COR administration and the new eInvoice processing system.⁴³ In each of the training sessions, the DPFM provided CORs with the 2019 and 2021 invoice review checklist and communicated what was required of CORs in the invoice review process. However, based on the results of our tests, it appears that CORs did not attend the training or did not use the DPFM SharePoint site to obtain relevant information.

Invoices Reviewed and Approved within 7 Days

As previously mentioned, the NCUA transitioned to a new invoice review process where CORs and contracting officers review and approve invoices for payment.⁴⁴ We determined the NCUA's new eInvoice system sends an email reminder to the approver if an invoice is not approved

⁴³ On April 28, 2021, DPFM provided training titled "COR Administration/Maintaining Proper COR files," and in June and July 2021, DPFM provided training titled "eInvoicing Approver Training for CORs and Contracting Officers."

⁴⁴ The DOT-ESC moved the NCUA from Delphi AME Workflow to a new invoice processing system, Delphi eInvoicing, on July 1, 2021.



within 5 days and if the invoice is not approved within 10 days of invoice receipt, both the approver and escalation notification point of contact (contracting officer) will receive an email.

We tested whether the NCUA reviewed and approved invoices within 7 days in accordance with the APM. Results of our test determined that on average, the NCUA took 11 days to approve invoices for 27 percent (29 of 107) of the invoices we tested, 4 days longer than the APM requirement.

To determine whether the NCUA timely reviewed and approved invoices, we obtained a report generated from Delphi of the invoices paid during our audit scope period, which included the dates the DOT-ESC received the invoices and the dates the invoices were approved. We reviewed the system-generated reasons for 10 of the 29 invoices that were not timely processed. The reasons provided from the system included the following:

Table 1. Reasons Invoices Not Processed Timely

Number of Occurrences	Reasons Not Processed Timely
6	Rejected and Resent
2	Escalated and Reminder Sent
2	Stopped/Resubmit CLIN
10	Total

In addition, we noted 3 of these 10 invoices were processed under the new eInvoice system and were approved in September, November, and December 2021, respectively. The system properly escalated two of the invoices and sent reminders to the associated CORs to address them. For the third invoice, the system sent an email notifying the COR that the invoice needed to be re-submitted because of an issue with the CLIN. For these three invoices, we determined the NCUA approved two within 8 days and for the invoice with the CLIN issue, the NCUA approved it within 17 days. For the remaining 19 invoices in our sample that were processed in the Delphi AME Workflow, the system gave no reasons for not being approved timely. For these 19, we determined the NCUA took between 8 and 16 days to approve.

Because the NCUA has begun using the new eInvoice system to review and process invoices, which includes CORs and contracting officers conducting the review and the approval process has escalating notification reminders imbedded into the system, we believe going forward, the number of untimely reviewed and approved invoices should be significantly low. However, based on issues we identified with the invoice review checklist and approval form; we are making the following recommendations to improve the NCUA's invoice review process.



RECOMMENDATIONS:

We recommend NCUA management:

4. Update the invoice review checklist and approval form to include the data elements of a proper invoice for Contracting Officer's Representatives to verify.
5. Ensure contracting officers, before processing invoices for payment, confirm that Contracting Officer's Representatives used the most current invoice review checklist and approval form and accurately completed the checklist.

Management Response:

Management agreed with these recommendations. Management indicated they plan to complete them by December 31, 2023, by updating relevant procurement policies and procedures.

OIG Response:

We concur with management's planned actions.

Contracting Officer's Representatives Were Not Held Accountable

We determined CORs were not held accountable for their COR duties and responsibilities despite having a significant role in the procurement cycle to ensure the NCUA obtains its goods and services at contracted prices. Specifically, we determined that for 15 percent (21 of 144) of the contracts we tested, CORs did not acknowledge acceptance of their duties and responsibilities through the appointment letter process. In addition, we determined the NCUA did not consistently incorporate COR duties and responsibilities in 89 percent (33 of 37) of the COR's performance plans we tested. Although NCUA policy does not require COR duties and responsibilities in their performance plan. GAO's Green Book, control environment principle 5, states that management should enforce accountability of individuals performing their internal control responsibilities. Management holds personnel accountable through mechanisms such as performance appraisals and disciplinary actions. Further, in the September 2011 OMB memorandum, OMB expressed that it is highly encouraged that CORs and their supervisors sign appointment letters to acknowledge acceptance of the COR's duties and responsibilities. In addition, the OMB memorandum also states as a best practice, it recommends that COR responsibilities be added as a critical element in performance plans to ensure successful contract management. However, the APM requires CORs to acknowledge receipt and acceptance of their COR appointment by physically signing the COR appointment letter.

The APM is silent on requiring CORs to return the signed appointment letter to the contracting officer. In addition, the NCUA's OHR considers the COR's role in the procurement cycle as a collateral duty and is therefore not an official evaluation factor in their annual performance appraisal. As a result, there are agency CORs who have not formally accepted the scope,



responsibilities, duties, and limitations set forth in their COR appointment letter, which could impede management holding them accountable for any failures during contract oversight.

Details

Appointment Letters

Appointment letters are issued by contracting officers to CORs to establish certain responsibilities, including acting on behalf of the contracting officer in overseeing general contract performance and the technical work of the contractor. If any alterations to the scope and limitation of the COR's authority are required by the contracting officer, he/she will either issue a new designation letter or the existing appointment letter will be amended. By signing the appointment letter, CORs acknowledge receipt and the scope, responsibilities, and duties outlined within it. As a result of not signing and sending back the signed letters to the contracting officer, there is no record of all CORs accepting their role and responsibilities within the contract file. In addition, by not having COR responsibilities incorporated into their performance plans, CORs are not held accountable for their COR work.

As previously mentioned, we sampled 144 contracts to determine whether CORs signed the appointment letter. We determined that 15 percent (21 of 144) of the CORs could not provide us with their signed appointment letters. For the 13 percent of the CORs who could provide their signed appointment letters, we determined it took these CORs more than 30 days for them to sign.⁴⁵ Because the NCUA has no requirements for CORs to provide signed appointment letters to the DPFM, the NCUA has no assurance that CORs have accepted their role and responsibilities to perform their COR duties.

Performance Plans

We selected a sample of COR performance plans to determine whether they included COR duties and responsibilities. Specifically, we sampled 48 percent (37 of 77) of NCUA's CORs (Note: these CORs monitored 181 contracts for the NCUA that totaled approximately \$128.7 million) and determined 89 percent (33 of 37) did not have their COR duties and responsibilities incorporated into their performance plans. Further, we determined 10 of the 33 CORs whose performance plans did not include COR duties and responsibilities worked in the OCIO. These 10 OCIO CORs monitored 69 percent of the contracts we sampled, which totaled approximately \$88.2 million.

CORs are responsible for overseeing large amounts of contract dollars, which present significant risks to the agency. However, these risks could be minimized by ensuring CORs are held accountable for their duties and responsibilities through either the appointment letter or their individual performance plan. Therefore, we are making the following recommendations.

⁴⁵ We sampled 144 appointment letters which resulted in 94 appointment letters tested to determine how long it took for the COR to sign the letter.



RECOMMENDATIONS:

We recommend NCUA management:

6. Ensure the Director, Division of Procurement and Facilities Management, updates the Acquisition Policy Manual to require all Contracting Officer's Representatives and their supervisors to sign the appointment letter page and return a copy to the appropriate contracting officer for the contract file.
7. Ensure the Director, Division of Procurement and Facilities Management, updates the Acquisition Policy Manual to require appointment letters be returned to the Division of Procurement and Facilities Management within a specified number of days after Contracting Officers have appointed a Contracting Officer's Representative.
8. Ensure the Director, Office of Human Resources, reviews and assesses the risks associated with not having Contracting Officer Representatives' duties and responsibilities incorporated into each Contracting Officer Representative's individual performance plan.
9. After conducting the risk assessment from Recommendation 8 above, if necessary, ensure the Director, Office of Human Resources, incorporates the Contracting Officer Representatives' duties and responsibilities into their individual performance plans.

Management Response:

Management agreed with recommendations 6 through 8 and plans to complete them by December 31, 2023. In addition, management agreed with recommendation 9 and plans to complete the initial updates by September 30, 2024, which will be to update relevant human resource policies and procedures to ensure any requisite future changes to individual performance plans are completed timely.

OIG Response:

We concur with management's planned actions.

**Contracting Officer's
Representatives Were
Not Timely Certified
After Completing
Required Training**

We determined CORs were not timely certified after completing their required COR training. Specifically, we determined 57 percent (31 of 54) of NCUA's CORs took an average of 540 days (18 months) to be certified as a COR after completing COR training despite immediately assuming their COR duties and responsibilities. In addition, we determined the DPFM did not consistently enforce the requirement that all CORs must be certified and appointed within 90 days of their COR nomination. The APM requires nominated individuals to obtain and submit proof of certification to the contracting officer within 90 days from the date of their nomination letter if the nominated individual does not have a valid and



current FAC-COR certification. The OMB's September 2011 memorandum states the program office shall normally provide a written nomination for technically qualified, responsible, and certified CORs to the contracting officer. Further, the OMB memorandum also states to maintain FAC-COR status, CORs are required to earn CLPs of training every 2 years either beginning with the date of their certification or in a standard cycle as determined by their agency. The APM does not determine the certification cycle. However, the DPFM director informed us that it is his belief that it is better to have an uncertified COR perform these duties, rather than no COR at all. In addition, the DPFM procurement analyst or contracting officer did not consistently notify CORs of their CLP training requirements or enforce COR certification by uncertified CORs, whether nominate or unominated. As a result, within our sample, the monitoring contracts were not timely certified, which is not in compliance with the APM or the OMB's 2011 memorandum.

Details

Timely Certification

We tested whether NCUA's CORs attained their required training and certification prior to their nomination or within 90 days (if the COR was not previously certified). We tested the dates of CORs' initial training, certification, and nomination letters to determine whether CORs were certified before being nominated. We determined 31 CORs were correctly certified after training with 9 of 31 certified within the 90-day timeframe noted in the nomination letter. For the remaining certifications, we determined 12 CORs were certified before completing the required training and 11 CORs we could not test.⁴⁶

We inquired with DPFM officials on the timeliness of CORs being certified as outlined in the nomination letter. DPFM officials informed us that any lapse in certification that we found was attributable to the COR not being certified at the time of contract award, or perhaps the COR's inability to complete training as specified in the COR nomination letter. In addition, DPFM officials informed us that when a certified COR is unavailable, the NCUA is still responsible for inspection and acceptance of contract deliverables, which they believe is best performed by the program office. Further, DPFM officials indicated that, at a minimum, in the absence of certification, nomination letters state the nominee is suited to serve as a COR because they already possess the following technical qualifications and experience:

- performing acquisition-related activities on a full or part-time basis such as performing market research,
- writing specifications,
- developing quality assurance surveillance plans,

⁴⁶ We could not make a determination of the lapsed days for the 11 CORs because the COR had no FAI training, staff retired, COR had not completed the training, COR had training prior to working at NCUA, or the COR was the DPFM director.



- serving on a technical evaluation team, and
- providing technical or program management oversight.

For the 12 CORs who were certified before completing their training, we determined they were certified 3 years before receiving the COR training. Regarding DPFM's position that the nomination letter states that individuals nominated for COR duties should have technical qualifications and experience, DPFM officials also informed us that nomination letters were not required prior to 2016. In addition, DPFM officials also indicated that the next APM update will require CORs to be FAC-COR certified prior to award and if the nominee is not certified prior to the contract award, the supervisor will be required to nominate a different certified COR within their organization. We believe updates to the APM should require CORs to be certified prior to contract award, require CORs to submit and inform the DPFM of their certification and timely upload it into the FAI CSOD system, and require a DPFM procurement analyst to monitor that CORs have uploaded and recorded their COR training hours into FAI CSOD. We believe these actions would improve the COR training and certification process. Therefore, we are making the following recommendations.

RECOMMENDATIONS:

We recommend NCUA management:

10. Ensure the Director, Division of Procurement and Facilities Management updates the Acquisition Policy Manual to require all Contracting Officer's Representative nominees to attain training and be certified and appointed prior to the effective date of the NCUA contract.
11. Ensure the Director, Division of Procurement and Facilities Management updates the Acquisition Policy Manual to require Contracting Officer's Representatives nominees to submit their certification requests to the Contracting Officer or a designee in the Division of Procurement and Facilities Management for certification within a specified number of days.

Management Response:

Management agreed with these recommendations and plans to complete them by December 31, 2023, by updating the APM requirement for the COR nominees to be FAC-COR certified prior to contract award.

OIG Response:

We concur with management's planned actions.



**Contracting Officer's
Representatives Were
Not Timely Replaced**

We determined the NCUA did not timely nominate and appoint new CORs when previously appointed CORs departed the agency.⁴⁷ Specifically, we tested 10 contracts totaling approximately \$1.5 million and determined for 6 of the 10 contracts, NCUA did not timely replace the COR, taking an average of 293 days (approximately 10 months) to have a new

COR appointed through the nomination and appointment process.⁴⁸ The APM states that one of the COR's most important functions is to monitor technical performance and report any potential or actual problems to the contracting officer. The APM also states the contracting officer must be notified immediately if the appointed COR is transferred, reassigned, will be absent for an extended period, or is otherwise unable/incapable to fulfill the duties and responsibilities for the position. Finally, the APM states that if a COR must resign from their duties before a contract is closed, the COR must notify the contracting officer, the COR's supervisor, and the program office in sufficient time to permit timely appointment of a successor COR with appropriate training, skills, and experience for the contract. We determined the delays we found replacing CORs occurred because neither the CORs nor the program offices notified the DPFM's contracting officers when the CORs were transferred/reassigned or when they departed the agency. As a result, NCUA had contracts that were not being regularly monitored by CORs for technical performance matters or other issues and/or problems that may have arisen that needed to be addressed in a timely manner.

Details

We reviewed all contracts awarded during our audit scope period and identified every contract where the COR had left the agency, but NCUA had not identified a successor COR in the contract file. Overall, we identified 15 CORs who had left the NCUA, who oversaw 28 contracts. These 28 contracts totaled approximately \$16 million. We determined that 18 of the 28 contracts were not subject to our testing for various reasons, including 12 contracts where the COR left the NCUA just prior to the end of the contract so the NCUA had no reason to replace the COR. We also identified three other contracts where NCUA kept the name of CORs in PRISM, even though those CORs had left the agency, because the three contracts had ended. Finally, we identified three other contracts that were one-time transactions where no COR was needed. Ultimately, we identified 10 contracts that we subjected to testing.

For these 10 contracts, which had 6 CORs associated with them, we requested from DPFM officials the successor CORs' nomination and appointment letters to determine how long it took the NCUA to replace the CORs. We used the dates on the nomination letters to determine how timely the NCUA replaced these CORs.⁴⁹ As mentioned, we determined it took an average of

⁴⁷ The predecessor CORs left the agency in 2018, 2019, 2021, and 2022.

⁴⁸ We used the dates when the predecessor COR left the agency and the date of the nomination letter. When the nomination letter was not available, we used the date when the predecessor COR left and the date of the appointment letter.

⁴⁹ When nomination letters were not unavailable, to determine timeliness, we used the date the predecessor COR left the NCUA, which we received from the Office of Human Resources, and the date of the appointment letter.



293 days for the affected program office to provide the nomination letter and for the contracting officer to appoint the COR to the contract.

We asked the DPFM director why there were delays in replacing CORs and whether these delays impacted DPFM's ability to review and approve invoices in the Delphi eInvoice system. As mentioned, the Delphi eInvoice system relies on CORs and contracting officers to approve invoices. The DPFM director informed us that after a COR leaves, the contracting officer is responsible for monitoring the contract until a replacement is selected. The DPFM director also informed us that PRISM does not integrate with Delphi eInvoice system so it is possible that the contract writing system, PRISM, may have a different COR listed from what the Delphi eInvoice system shows. We learned the Delphi eInvoice system is continually updated with the most accurate information regarding the contract's COR and contracting officer because of the system's requirement for the COR and the contracting officer to approve invoices. The DPFM director acknowledged there is a gap between PRISM and Delphi and indicated that when a COR leaves the agency or is replaced on a contract, there should be a modification by the contracting officer in PRISM to change the COR information. We agree such a modification by the contracting officer would help ensure PRISM reflects the correct COR assignment for NCUA's contracts. We also believe that periodically reconciling the systems for appointed CORs could help improve the accuracy of the information in PRISM. Therefore, we are making the following recommendations:

RECOMMENDATIONS:

We recommend NCUA management:

12. Update the Acquisition Policy Manual to incorporate a specific timeframe for replacement Contracting Officer's Representatives to be nominated and appointed before incumbent Contracting Officer's Representatives depart the agency or otherwise leave their Contracting Officer's Representative roles, including a specific timeframe for notifying the Division of Procurement and Facilities Management that a replacement Contracting Officer's Representative is needed.
13. Ensure the Division of Procurement and Facilities Management periodically reconciles all current contracts in PRISM against the Delphi eInvoice system to ensure PRISM reflects the correct Contracting Officer's Representative assignments for NCUA's contracts.

Management Response:

Management agreed with these recommendations and plans to complete them by December 31, 2023, to address situations where advance notice is possible and begin periodic reconciliations of PRISM against Delphi eInvoice systems.



OIG Response:

We concur with management's planned actions.

NCUA's Contract Closeout Process Could Be Improved

We determined the NCUA's contract closeout process could be improved. Currently, CORs are not responsible for initiating the NCUA's contract closeout process, despite knowing when contract requirements have been met. Rather, DPFM contracting officers initiate and manage all contract closeout procedures and are responsible for notifying CORs when to begin the closeout process.

We found that the DPFM did not close out 88 contracts until 2020 and 2021 for final invoices received between 2016 and 2019 that totaled approximately \$1.02 million.

We also found that CORs were not required to transfer their COR files to the contracting officer after contract closeout due to the agency's offsite work posture related to the COVID-19 pandemic. This was inconsistent with the APM, which provides that CORs must transfer the file to the contracting officer when the contract requirements are completed. For contract closeout, the APM states CORs should refer to the contract closeout procedures in Part 6: Contract Management and Administration, which states that the contracting officer will request the COR to complete the "COR closeout certification process" (closeout certification) within 14 days after receipt of request. The closeout certification requires the COR to acknowledge whether:

- The contract requirements have been satisfactorily met and are accepted; closeout action and de-obligation of funds is appropriate, or
- Contract requirements have NOT been met satisfactorily; closeout action and de-obligation of funds is NOT appropriate.

As previously mentioned, during our audit scope period, the DPFM closed out 88 contracts having total obligations of \$75 million. We sampled 67 of the 88 contracts closed during this period, which totaled \$56 million dollars in obligated funds. To test CORs' compliance with the APM, we requested the following documents from DPFM:

- A report from Delphi to include the invoices paid against the contract
- Communication from the contracting officer to the COR to begin the closeout process
- The COR closeout certification
- Communication from the contracting officer to the COR to initiate the de-obligation
- The PRISM purchase requisition to de-obligate the funds
- The signed modification to close out the contract
- Any communications from the contracting officer to the COR to transfer the COR file



We tested 67 contracts monitored by 38 CORs and determined all of the CORs began the closeout process within the APM's 14-day requirement, taking on average 12 days for the CORs to respond to the contracting officers' requests to start the process. In addition, our test of the contract closeout process determined that overall, CORs adequately processed the requisition to de-obligate funds by timely letting the contracting officers know whether the contract requirements had been satisfactorily met and were acceptable by processing the requisition to de-obligate the funds.

However, our tests also determined that DPFM officials did not timely conduct contract closeout procedures for 75 percent (50 of 67) of the contracts. For these contracts, we determined the final invoice dates for these contracts occurred between 2016 and 2019. Although the assigned CORs initiated and completed the contract closeout process for these contracts, DPFM officials began the closeout process years later, with several of these contracts being closed long after the final invoice was received from the vendor. However, we found the remaining 17 contracts that had final invoices submitted in 2020 and 2021 were timely closed during those years.

The DPFM director told us that the delays in the contract closeout procedures for the 50 contracts were due to other higher priority work within the DPFM. The DPFM director also told us there is a belief that if CORs were to begin performing closeout procedures on contracts before receiving notification from DPFM, it could become challenging for those CORs who manage multiple contracts with various periods of performance because the COR's role is often an "other duty as assigned." In addition, the DPFM director informed us that the delay in closing out the contracts for invoices paid in 2016, 2017, and 2018 were due to the two different systems (PRISM and Delphi) that the NCUA was using at that time to manage contracts. He noted the NCUA used both systems for the first 5 or 6 months of 2018 and never had a clean cut-off date between the two systems. In mid-2018, the DPFM stopped using Delphi to complete obligations in the system; therefore, modifications to contracts in Delphi to de-obligate funds could not be created. The director further explained that because of their age, the contracts with final invoices were ultimately swept into the new system (PRISM) and were never officially closed out, which left these contracts in an open status.

When the DPFM began the contract closeout process in 2020, we determined three CORs initiated the contract closeout process by providing the closeout certification to DPFM for six contracts for final invoices from 2019, 2020, and 2021. We learned that one of DPFM's contracting officers for one of these contracts provided guidance to the COR during the 2021 contract close out. The contracting officer informed the COR that approximately \$13,500 of approximately \$71,800 that was being de-obligated could have been reused in 2021, the year the contract was closed out. However, we determined the remaining \$58,300 could have been reused in the prior year, 2020, if the COR had had the option to begin the contract closeout process immediately after services were rendered and the final invoice had been approved for payment.

Therefore, we believe NCUA could improve the contract closeout process by allowing CORs to immediately begin the contract closeout process when services have been rendered and the last invoice has been received and approved for payment. As a result of CORs not handling contract closeout duties earlier, there were significant delays conducting closeouts and the delays



prevented program offices from using de-obligated funding from a closed-out contract to fund programs and operations.

In addition, not timely closing out contracts delays the transfer of COR files to the contracting officer, which could impact required records management mandated by the NCUA's Records Schedule, including transfer of such records to the National Archives and Records Administration. The Director, DPFM informed us that many CORs have migrated to electronic filing of COR files; therefore, he believes transferring COR files electronically to the contracting officer is an acceptable approach for the National Archives and Records Administration purposes. In this regard, we note that the National Archives and Records Administration accepts electronic records in accordance with agency records schedules.

As a result of the issues, we identified with the NCUA's contract closeout process, we are making the following recommendations.

RECOMMENDATIONS:

We recommend NCUA management:

14. Ensure the Division of Procurement and Facilities Management updates the Acquisition Policy Manual to provide an option for Contracting Officer's Representatives to begin the contract closeout process when the terms of a contract have been satisfied and the vendor's last invoice has been received and approved for payment.
15. Ensure the Division of Procurement and Facilities Management updates the Acquisition Policy Manual to reflect NCUA's current practice to store Contracting Officer's Representative files electronically and require the contracting officer representatives to ensure their electronic files are up-to-date and accessible to the contracting officer after the contract closeout process.

Management Response:

Management agreed with these recommendations and plans to complete them by December 31, 2023.

OIG Response:

We concur with management's planned actions.



Names of Nominated Contracting Officer's Representatives Were Not Provided to the Ethics Official

We determined that DPFM officials did not provide the names of nominated/appointed CORs to the NCUA's Ethics Official as required by the APM. The APM requires the DPFM to provide a list of nominated/appointed CORs to the Ethics Official on a quarterly basis. However, since December 2019, the last time the NCUA updated the APM, the DPFM has provided the listing to the Ethics Official once, in January 2022, which coincided with

the start of our audit.⁵⁰ The APM requires the list be provided to the NCUA Ethics Official quarterly by the DPFM because CORs may be required to file Confidential Financial Disclosure Reports, Office of Government Ethics Form 450 (OGE Form 450) to prevent potential conflicts between a COR's official duties and private financial interests and/or affiliations. The APM also states that the NCUA's Ethics Official, in consultation with the appropriate office director, will determine any OGE Form 450 filing requirements for the provided listing of CORs. In addition, the COR nomination letter requires CORs to meet with the NCUA Ethics Official as required by the APM. We were told by a DPFM official that the COR quarterly listing was not provided to the NCUA Ethics Official due to an oversight of the requirement by DPFM staff. As a result of not providing the information to OEC, the DPFM did not comply with the APM and there is a risk that a COR monitoring a contract could have a financial interest in the contractor, resulting in a prohibited conflict of interest for the COR.

Details

The OEC is responsible for administering the agency-wide ethics program and for implementing agency-wide policies on ethics issues. In addition, the OEC is responsible for overseeing the agency's financial disclosure program that includes reviewing, certifying, and maintaining public and confidential financial disclosure reports. The Ethics Official uses criteria in OGE's regulations,⁵¹ OGE's corresponding job aid⁵² and input from NCUA's OHR and NCUA management to determine whether an employee should file an OGE Form 450. The determination of who should file the OGE Form 450 is based on the employee's pay, type of work performed by the employee, and level of responsibility, not title. In prior versions, the APM had no requirement to notify the Ethics Official of the list of CORs and stated that CORs *may* be required to file an OGE Form 450. However, in the latest revision to the APM issued in December 2019, DPFM incorporated the requirement to provide the COR listing to the Ethics Official on a quarterly basis.

We sampled 54 CORs to determine whether they filed the OGE Form 450 for calendar years 2020 and 2021.⁵³ As previously mentioned, our tests confirmed that DPFM officials did not provide the names of nominated/appointed CORs to the NCUA's Ethics Official as required by

⁵⁰ During our audit scope period, the Office of General Counsel was responsible for the NCUA's ethics program and financial disclosure reporting. However, on March 19, 2020, the NCUA established the Office of Chief Ethics Counsel to oversee these functions. OEC assumed these functions in December 2020, with the onboarding of the current Chief Ethics Counsel.

⁵¹ 5 C.F.R. 2634.904 (confidential filer defined).

⁵² Determining Which Positions Should File a Confidential Disclosure Report: A Worksheet (OGE 2016).

⁵³ We used the same 54 CORs sampled in the nomination and appointment letter testing.



the APM. An OEC official informed us that for the 54 CORs we selected for our sample, 38 CORs had completed the OGE 450 forms, which had been sufficiently reviewed for potential conflicts of interest. However, OEC officials advised us that the remaining 16 CORs did not file the OGE 450 forms because a determination was made for those individuals that they did not meet the criteria for filers outlined in the OGE regulation and OGE job aid.

Because the OEC reviews agency employees' financial disclosures annually, we asked OEC officials whether the requirement in the APM to provide a quarterly listing of all CORs is necessary. The OGE's regulations do not require the Ethics Officials to receive a list of agency CORs. The OEC officials informed us that the COR listing could be provided to them bi-annually or annually (in December) rather than on a quarterly basis. In addition, OEC officials indicated that either bi-annually or annually would be sufficient for the purposes of their responsibilities related to reviewing financial disclosure forms.⁵⁴ Based on the APM requirements that CORs may be required to submit an OGE Form 450 and that the OEC would accept the COR listing on an annual basis rather than quarterly, we believe the APM should be revised. Therefore, we are making the following recommendations.

RECOMMENDATIONS:

We recommend NCUA management:

16. Ensure the Division of Procurement and Facilities Management provides a list of Contracting Officer's Representatives to the Office of Ethics Counsel in compliance with the Acquisition Policy Manual, and consider revising the Acquisition Policy Manual to require that the Contracting Officer's Representatives list be provided to the Office of Ethics Counsel annually each December in preparation for the Office of Ethics Counsel reviews of annual financial disclosure forms, rather than quarterly.
17. Ensure the Office of Ethics Counsel includes the Director, Division of Procurement and Facilities Management, in its annual email regarding the annual filing of OGE Form 450, so that the Division of Procurement and Facilities Management may notify CORs of the potential filing requirement.

Management Response:

Management agreed with our recommendations and plans to complete them by December 31, 2023. Management indicated they plan to provide an updated list to the Office of Ethics Counsel (OEC) by May 15, 2023, and they plan to update the Acquisition Policy Manual. In addition, the

⁵⁴ OEC recently enhanced its internal OGE 450 filer program processes, in coordination with the NCUA OHR, to review new and current employee position descriptions to determine whether an employee should file a financial disclosure report. Where the provided position descriptions include an employee's duties as a COR (or similar functions), those job duties are taken into consideration – among other factors – in OEC's determination regarding whether that employee should file an OGE 450 report. Prospective employees also receive notification from OHR if they will be required to file a financial disclosure report. The annual list of CORs provided by DPFM will serve as an additional internal control to ensure applicable CORs who meet the criteria to file the OGE 450 are included in NCUA's annual OGE 450 reporting cycle.



OEC will include the Director, Division of Procurement and Facilities Management, on the annual communications, to ensure further collaboration with OEC's process for identifying and notifying NCUA's COR OGE 450 filers.

OIG Response:

We concur with management's planned actions.



OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether the NCUA adhered to its Acquisition Policy Manual regarding the COR program. Specifically, we determined whether: (1) staff serving in the role of COR have been appropriately nominated, appointed, and received training/certification; and (2) appointed CORs are performing contract administration in accordance with applicable policies and procedures.

To achieve our objectives, we conducted this audit from January 2022 to February 2023. The scope of the audit was contracts of more than \$10,000 that were in place, new, or renewed during the time period of January 1, 2020, through December 31, 2021. The audit scope for the COR certification training was fiscal years 2018-2021.

To achieve our objectives, we:

- Interviewed DPFM management and staff to obtain an understanding of the COR program, including the processes and requirements for staff to become a COR and the COR's responsibilities in performing contract administration.
- Interviewed staff in the Office of Ethics Counsel to understand their role reviewing CORs' Confidential Financial Disclosure Reports, OGE Forms 450.
- Interviewed a total of 12 CORs to determine their process for monitoring contracts and maintaining COR files.
- We reviewed COR files to determine whether documents listed on the COR file documentation checklist were included, when applicable.
- Reviewed the Acquisition Policy Manual (2019).
- Reviewed NCUA Instruction No. 9300 (Dec. 5, 2016), Identity Credential and Access Management Program, and NCUA Instruction No. 9903.2 (Rev. 1), Security Screening Program for Contractors and Affiliates (Nov. 14, 2018).
- Reviewed DPFM communications to the CORs regarding the COR file review, the new invoice approval system (eInvoice), and training and continuous learning points through FAI CSOD.
- Reviewed the FAI's COR training and certification requirements.
- Reviewed OMB Memorandum, Revisions to the Federal Acquisition Certification for Contracting Officer's Representatives (Sept. 6, 2011).
- Prepared a sample plan to meet the audit objectives.



In addition, we reviewed:

- Whether the NCUA replaced CORs that left the agency during our audit scope period timely.
- Whether the CORs obtained their certification timely after completion of their required training course.
- Whether PRISM was updated with the correct appointed COR for the contract.

Auditing Standards

We conducted this performance audit from January 2022 through February 2023 in accordance with generally accepted government auditing standards (the Yellow Book). 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Internal Control Assessment

We assessed the effectiveness of internal controls we determined were significant to the audit objectives. Specifically, we assessed 4 of the 5 internal control components and 9 of the 17 associated underlying principles defined in GAO's Standards for Internal Control in the Federal Government (the Green Book) (Sept. 2014). The table below summarizes the components and principles we assessed.

Table 2. Internal Control Assessment

<i>Component: Control Environment</i>	
	<i>Principle #1</i> – Demonstrate Commitment to Integrity and Ethical Values
	<i>Principle #3</i> – Establish Structure, Responsibility and Authority
	<i>Principle #4</i> – Demonstrate Commitment to Competence
	<i>Principle #5</i> – Enforce Accountability
<i>Component: Control Activities</i>	
	<i>Principle #10</i> – Design Control Activities
	<i>Principle #11</i> – Design Activities for the Information System
	<i>Principle #12</i> – Implement Control Activities
<i>Component: Information & Communication</i>	
	<i>Principle #14</i> – Communicate Internally
<i>Component: Monitoring</i>	
	<i>Principle #16</i> – Performing Monitoring Activities



The report presents within the findings the internal control deficiencies we identified. However, because our audit was focused on these significant internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Data Reliability

We used computer-processed data from NCUA's third-party systems (PRISM, Delphi, and FAI CSOD). We did not test controls over these systems, but we relied on our analysis of information from management reports, correspondence files, and interviews with management to corroborate data obtained from these systems to support our audit conclusions.



NCUA MANAGEMENT RESPONSE



National Credit Union Administration
Office of the Executive Director

OED/LDF
SSIC 1910

SENT BY EMAIL

TO: Inspector General James W. Hagen

FROM: Executive Director Larry D. Fazio LARRY FAZIO Digitally signed by LARRY FAZIO
Date: 2023.05.10 12:29:29 -0400

SUBJ: Management Response – Audit of the NCUA's Contracting Officer's Representative (COR) Program

DATE: May 10, 2023

Thank you for the opportunity to comment on the OIG's draft report entitled *Audit of the NCUA's Contracting Officer's Representative Program*. The report notes the closure of all four recommendations from the 2017 OIG report on the *Audit of NCUA's Procurement Program*, and improvements in training of Contracting Officer's Representatives (CORs), contract document reviews by management, and file security.

The NCUA Acquisition Policy Manual (APM) was last updated in 2019. The NCUA plans to complete an update to the APM this fiscal year. This update will provide clarification in multiple areas and will resolve 11 of the 17 recommendations in the draft report.

The following is our response to the recommendations in the draft report:

Recommendation 1. Ensure the Director, Division of Procurement and Facilities Management, assesses when Contracting Officer's Representative nomination letters are needed and their impact on the timing of the Contracting Officer's Representative appointments.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023. Management will update the APM to address when COR nomination letters are needed and their impact on timing of the COR appointments.

Recommendation 2. Ensure the Director, Division of Procurement and Facilities Management, updates the Acquisition Policy Manual requirements for the nomination and appointment process to ensure each document is maintained in the contract file.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023.

Recommendation 3. Ensure the Director, Division of Procurement and Facilities Management, reviews and updates the Contracting Officer's Representative contract documentation checklist

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to eliminate documents and streamline processes that are no longer needed or need revision because the NCUA has other internal methods to obtain and account for this information.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023. Management will update the APM to reflect a more concise and streamlined checklist for the CORs to follow for improved maintenance of the contract file.

Recommendation 4. Update the invoice review checklist and approval form to include the data elements of a proper invoice for Contracting Officer's Representatives to verify.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023.

Recommendation 5. Ensure contracting officers, before processing invoices for payment, confirm that Contracting Officer's Representatives used the most current invoice review checklist and approval form and accurately completed the checklist.

Management Response:

Management concurs with this recommendation and will update relevant procurement policies and procedures by December 31, 2023.

Recommendation 6. Ensure the Director, Division of Procurement and Facilities Management, updates the Acquisition Policy Manual to require all Contracting Officer's Representatives and their supervisors to sign the appointment letter page and return a copy to the appropriate contracting officer for the contract file.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023.

Recommendation 7. Ensure the Director, Division of Procurement and Facilities Management, updates the Acquisition Policy Manual to require appointment letters be returned to the Division of Procurement and Facilities Management within a specified number of days after Contracting Officers have appointed a Contracting Officer's Representative.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023.

Recommendation 8. Ensure the Director, Office of Human Resources, reviews and assesses the risks associated with not having Contracting Officer Representatives' duties and responsibilities incorporated into each Contracting Officer Representative's individual performance plan.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023.



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Recommendation 9. After conducting the risk assessment from Recommendation 8 above, if necessary, ensure the Director, Office of Human Resources, incorporates the Contracting Officer Representatives' duties and responsibilities into their individual performance plans.

Management Response:

Management concurs with this recommendation and will complete the initial updates by September 30, 2024. In addition, relevant human resource policies and procedures will be updated to ensure any requisite future changes to individual performance plans are completed timely. The Office of Human Resources will incorporate into performance plans COR duties and responsibilities for all positions that have COR duties incorporated into the position description. In most cases COR duties and responsibilities are considered a collateral duty for an employee and would not be considered an integral part of the position; therefore, they would not be specifically listed within the performance plan. This, however, does not prevent managers from holding such employees accountable for their performance and conduct on assigned duties, even collateral ones.

Recommendation 10. Ensure the Director, Division of Procurement and Facilities Management updates the Acquisition Policy Manual to require all Contracting Officer's Representative nominees to attain training and be certified and appointed prior to the effective date of the NCUA contract.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023. Please note, during the time of the OIG's review, there were extraordinary circumstances surrounding the FAI system transition which, in part, resulted in delays in certification. Management will update the APM requirement for the COR nominees to be FAC-COR certified prior to contract award. Further, if the COR nominee is not certified prior to the contract award, management will nominate a different certified COR.

Recommendation 11. Ensure the Director, Division of Procurement and Facilities Management updates the Acquisition Policy Manual to require Contracting Officer's Representatives nominees to submit their certification requests to the Contracting Officer or a designee in the Division of Procurement and Facilities Management for certification within a specified number of days.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023.

Recommendation 12. Update the Acquisition Policy Manual to incorporate a specific timeframe for replacement Contracting Officer's Representatives to be nominated and appointed before incumbent Contracting Officer's Representatives depart the agency or otherwise leave their Contracting Officer's Representative roles, including a specific timeframe for notifying the Division of Procurement and Facilities Management that a replacement Contracting Officer's Representative is needed.

Management Response:



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Management concurs with this recommendation, and will complete this by December 31, 2023, to address situations where advance notice is possible.

Recommendation 13. Ensure the Division of Procurement and Facilities Management periodically reconciles all current contracts in PRISM against the Delphi eInvoice system to ensure PRISM reflects the correct Contracting Officer's Representative assignments for NCUA's contracts.

Management Response:

Management concurs with this recommendation and will begin periodic reconciliations no later than December 31, 2023.

Recommendation 14. Ensure the Division of Procurement and Facilities Management updates the Acquisition Policy Manual to provide an option for Contracting Officer's Representatives to begin the contract closeout process when the terms of a contract have been satisfied and the vendor's last invoice has been received and approved for payment.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023.

Recommendation 15. Ensure the Division of Procurement and Facilities Management updates the Acquisition Policy Manual to reflect NCUA's current practice to store Contracting Officer's Representative files electronically and require the contracting officer representatives to ensure their electronic files are up-to-date and accessible to the contracting officer after the contract closeout process.

Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023.

Recommendation 16. Ensure the Division of Procurement and Facilities Management provides a list of Contracting Officer's Representatives to the Office of Ethics Counsel in compliance with the Acquisition Policy Manual, and consider revising the Acquisition Policy Manual to require that the Contracting Officer's Representatives list be provided to the Office of Ethics Counsel annually each December in preparation for the Office of Ethics Counsel reviews of annual financial disclosure forms, rather than quarterly.

Management Response:

Management concurs with this recommendation and will provide an updated list to the Office of Ethics Counsel by May 15, 2023. In addition, the revisions to the Acquisition Policy Manual will be completed by December 31, 2023.

Recommendation 17. Ensure the Office of Ethics Counsel includes the Director, Division of Procurement and Facilities Management, in its annual email regarding the annual filing of OGE Form 450, so that the Division of Procurement and Facilities Management may notify CORs of the potential filing requirement.



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Management Response:

Management concurs with this recommendation and will complete this by December 31, 2023. The Office of Ethics Counsel (OEC) will continue to include NCUA's senior leadership in annual communications seeking their input on OGE 450 filer designations for their respective Offices. Going forward, OEC will also include the Director, Division of Procurement and Facilities Management (DPFM), on the distribution list for these communications, to ensure further collaboration with the Director, DPFM, regarding OEC's process for identifying and notifying NCUA's COR OGE 450 filers.

Thank you for the opportunity to comment. If you have any questions regarding this response, please contact Shameka Sutton at (703) 548-2485 or at SSutton@ncua.gov.



Appendix C

ACRONYMS, ABBREVIATIONS, AND INITIALISMS

ACRONYMS	TERM
APM	Acquisition Policy Manual
CLP	Continuous Learning Point
CLIN	Contract Line Item Number
COR	Contracting Officer's Representative
DOT-ESC	Department of Transportation Enterprise Services Center
DPFM	Division of Procurement and Facilities Management
FAC-COR	Federal Acquisition Certification for Contracting Officer's Representatives
FAI	Federal Acquisition Institute
FAI CSOD	Federal Acquisition Institute Cornerstone OnDemand
FAITAS	Federal Acquisition Institute Training Application System
FAR	Federal Acquisition Regulation
Green Book	Standards for Internal Control in the Federal Government
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OCSM	Office of Continuity and Security Management
OEC	Office of Ethics Counsel
OGE	Office of Government Ethics
OHR	Office of Human Resources
OMB	Office of Management and Budget
PRISM	Purchase Request Information System