



**Treasury  
Inspector  
General for Tax  
Administration**

Office of Audit



Recovery Act

**CONCERNS ABOUT CONTRACTING  
OFFICER'S TECHNICAL REPRESENTATIVES  
THAT ARE RELEVANT TO THE AMERICAN  
RECOVERY AND REINVESTMENT ACT OF 2009  
PROCUREMENTS**

Issued on July 23, 2010

## Highlights

Highlights of Report Number: 2010-11-087 to the Internal Revenue Service Deputy Commissioner for Operations Support.

### IMPACT ON TAXPAYERS

The Contracting Officer's Technical Representatives (COTR) workforce is a key internal control to ensure that contractors are meeting the Federal Government's interest in terms of providing deliverables that are of high quality, complete, timely, and cost effective. TIGTA identified weaknesses in COTR contract administration, reported in a prior TIGTA audit report, that may present a risk to American Recovery and Reinvestment Act of 2009 (Recovery Act) procurements. If the IRS' contract administration is not operating effectively, the IRS cannot ensure that payments are made only to contractors who perform in accordance with contract terms and conditions and that Recovery Act funds are not being misspent.

### WHY TIGTA DID THE AUDIT

The Office of Management and Budget supplemental guidance for the Recovery Act requires that Federal agencies have sufficient qualified staff available for monitoring performance to mitigate risks when other than firm fixed-price contract types are proposed. Another guideline requires Federal agencies to evaluate acquisition workforce needs to appoint qualified personnel with certification levels appropriate to the complexity of Recovery Act projects. The overall objective of this audit was to report observations identified regarding the contract administration issues cited in a prior TIGTA report that present a risk for procurements funded under the Recovery Act.

### WHAT TIGTA FOUND

IRS procurements funded by the Recovery Act may be at risk of not being performed in accordance with the

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terms and conditions of the contracts and within the cost and schedule requirements. Our prior audit concluded that COTRs were not performing the day-to-day contract oversight or the actual physical receipt and acceptance of contract deliverables for the procurements to which they were assigned. Instead, these COTRs limited their involvement to administrative functions and relied on program office employees to determine whether the goods or services provided by the contractor were acceptable. However, these program office employees were never formally delegated COTR authority by the responsible Contracting Officer and had not received training to perform their contract administration roles.

While IRS management has implemented some of the corrective actions they planned as a result of our findings, a number of those corrective actions are not scheduled to be implemented until December 2010. Until these corrective actions are implemented to strengthen contract administration, IRS Recovery Act procurements are at risk that goods and services received are not in compliance with the terms and conditions of the contracts or within the cost and schedule requirements.

### WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report. However, key IRS management officials reviewed it prior to issuance and agreed with the facts and conclusions presented.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2010reports/201011087fr.pdf>

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