



OFFICE OF INSPECTOR GENERAL

U.S. Department of Labor

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INVESTIGATIVE SUMMARY

Former Director of Procurement Services Failed to Exercise Sound Procurement Practices

The Office of Inspector General (OIG) received an allegation that a former manager with the Office of the Assistant Secretary for Administration and Management (OASAM), Office of Procurement Services (OPS) used her position inappropriately to influence her staff to award an OPS acquisition and management support services contract as a sole source procurement. The former manager also allegedly failed to modify (lower) the contract price after OPS renegotiated the contract position classifications downward from Administrative Assistants to General Clerks III.

Our investigation revealed that the former manager did not interfere with the initial award of the contract. The investigation did substantiate that she instructed her staff to modify the contract to downgrade support staff position classifications from Administrative Assistants to General Clerks III. General Clerk III positions receive much lower salary rates than Administrative Assistants. Because she did not permit OPS staff to adjust the overall contract price downward to reflect this modification, the former manager failed to ensure the contractor applied the reduced labor rate for the General Clerk III positions when it billed OPS for services rendered. The contractor billed for, and OPS paid, the higher Administrative Assistant's rate, despite the fact that the contractor paid its employees at the significantly lower General Clerk III wage rate. Consequently, the contractor reaped windfall profits for the services billed because the salaries paid to General Clerks III were much lower than those paid to Administrative Assistants.

On February 23, 2018, we referred our findings to OASAM for review and administrative action.

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