



# 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 OIG received an allegation that a Senior Executive Service (SES) member with the Office of the Assistant Secretary for Administration and Management (OASAM), Office of Procurement (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 SES member also allegedly failed to modify (lower) the contract price after the OPS renegotiated the contract position classifications downward from Administrative Assistants to General Clerks III.

Our investigation revealed that the SES member 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 received 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 SES member failed to ensure the contractor applied the reduced labor rate for the General Clerk III positions when it billed the OPS for services rendered. The contractor billed for, and the 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 that paid to Administrative Assistants.

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

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