



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

MAR 14 2008

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY AND LOGISTICS

SUBJECT: Recommendation to Eliminate Restriction of DoD Use of GovWorks for
Purchases in Excess of \$100,000

In December 2007, we initiated our third audit of DoD acquisitions through the Department of the Interior (DOI).¹ This is a follow-up on the previous audit, "Audit of FY 2006 and FY 2007 DoD Purchases Made Through the Department of the Interior," which was required by Section 811 of Public Law 109-163, "National Defense Authorization Act for Fiscal Year 2006." During the previous audit, we identified significant problems and recommended to you that DoD Components should be restricted from purchasing property or services in excess of \$100,000 through Interior's GovWorks in accordance with Section 811 of the Act.

During the third audit, we found that overall, GovWorks has made substantial improvement in compliance with Defense procurement and funding requirements. Specifically, GovWorks has stopped its practices of billing DoD in advance, and stopped using expired funds for purchases made on behalf of DoD. GovWorks is in the process of changing its practice of funding multiple DoD contract actions from single DoD funding documents. We noted that documentation in the contract files has significantly improved. We also found that overall, the procedures for processing waivers on a temporary basis worked well.

We found that some isolated problems still exist. Specifically, we found potential funding problems, questionable competition practices, and inadequate surveillance for GovWorks purchases of furniture for DoD. Because we have no assurance that adequate competition occurred, we cannot determine whether the prices paid were fair and reasonable. Many of these problems related to GovWorks purchases of furniture were also identified during our previous audit.

Since the problems were isolated and the vast majority of contracting did follow FAR and DFARs procedures, we recommend that you lift the restriction of DoD's use of GovWorks for procurements in excess of \$100,000 and allow DoD to continue to use GovWorks for procurements where DoD management concludes that it is in its best interest. This recommendation is contingent upon GovWorks taking action to correct the problems noted with the purchasing of furniture. During the audit, we informed the

¹ Follow-up Audit of DoD Purchases Made Through the Department of Interior (Project No. D2008CF-0096.000)

Director, Defense Procurement and Acquisition Policy and GovWorks management of these problems.


Claude M. Kicklighter

Cc:
Under Secretary of Defense (Comptroller)/Chief Financial Officer
Director, Defense Procurement and Acquisition Policy
Inspector General, DOI