

**REVIEW OF THE
ADMINISTRATIVE PROCEDURES OF THE
UNITED STATES ARCTIC RESEARCH COMMISSION
REPORT NUMBER A050209/S/W/S05003
September 7, 2005**



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

Date: September 7, 2005

Reply to: Audit Manager
Attn of: Washington Field Audit Office (JA-W)

Subject: Review of the Administrative Procedures of the United States
Arctic Research Commission
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To: Dr. Garrett W. Brass
Executive Director

This report presents the General Services Administration (GSA), Office of Inspector General's (OIG) review of the administrative practices and procedures of the United States Arctic Research Commission (the Commission) for Fiscal Year (FY) 2004. The Review was performed at the request of the Commission in accordance with the Memorandum of Understanding (MOU) and Agreement between the Commission and the GSA OIG.

Background

Public Law 98-373 – July 31, 1984, amended as Public Law 101-609 – November 16, 1990, entitled “Arctic Research and Policy Act, of 1984 as amended”, was enacted to: (1) establish national policy, priorities, and goals, and to provide a Federal program plan for basic and applied scientific research with respect to the Arctic, including natural resources and materials, physical, biological and health sciences, and social and behavioral sciences; (2) establish an Arctic Research Commission to promote arctic research and to recommend Arctic research policy; (3) designate the National Science Foundation (NSF) as the lead agency responsible for implementing Arctic research policy; and (4) establish an Interagency Arctic Research Policy Committee to develop a national Arctic research policy and a five year plan to implement that policy.

Section 106 of the Act gave the Commission authority to enter into agreements with GSA for the procurement of necessary financial and administrative services for which payment shall be made by reimbursement from the USARC funds. In accordance with a MOU between GSA and the Commission, GSA provides financial support services to the Commission on a cost reimbursable basis. This includes processing all obligations and payments that have been duly authorized by officials of that agency, assisting in the preparation of external reports including reports required by the Office of Management and Budget and the Department of Treasury. Under this agreement, the Commission is required to maintain such files/accounts and to transmit to GSA such information and reports as may be necessary to provide the requested services. There is one area of exception. Citing authority derived under 31 USC Sec. 1535 (the Economy Act), in August 2003, the Commission replaced GSA with the Department of Interior as the provider of payroll support services. GSA continues to provide all other financial and administrative services.



Objectives, Scope and Methodology

The objectives of this review were to (1) review and evaluate the Arctic Research Commission's compliance with Federal regulations and administrative policies and procedures, and (2) determine the effectiveness of those policies and procedures. To accomplish these objectives, we identified and evaluated the controls relating to the administrative practices followed by the Commission. The administrative activities reviewed included: property, travel, procurement, payroll, timekeeping, and personnel operations.

The review was performed at the Commission's office located at 4350 N. Fairfax Drive, Suite 510, Arlington, Virginia. The review was conducted in accordance with generally accepted government auditing standards and included such audit tests and procedures as considered necessary under the circumstances to evaluate the Commission's system of internal controls.

Results Of Review

Except as noted below, the Commission's policies and procedures relative to property, travel, procurement, payroll, timekeeping and personnel operations are generally compliant with all applicable Federal regulations as well as the Commission's authorizing legislation. Our review found one instance of non-compliance with Federal Acquisition Regulations (FAR).

Procurement to Declassify Bathymetry Data

In one of the 20 procurement actions reviewed the commission was non-compliant with several FAR provisions and deferred required contract documentation until after the services or products were received and payment was due, instead of at the time the agreement was reached with the vendor.

Based on a conversation with the Commission chairman, a consultant was hired to sanitize classified underwater bathymetry data collected by the US Navy for use by the greater Arctic research community. The consultant submitted an invoice dated February 23, 2004 for \$25,000, based on 250 hours of labor at \$100 per hour. A written task order to retroactively authorize the work already delivered was executed 11 days later on March 5, 2004. FAR 2.101 require supplies or services above the micro-purchase threshold of \$2,500 to be acquired by contract, in writing. In this case, an agreement was reached without any documentation to define what the contractor agreed to provide (i.e., what hourly rate to charge, the quantity of hours the task would take, or when the data was due.) Additionally, the commission awarded the task order without full and open competition being justified as required by FAR. While sole source procurements are not the preferred method, the procurement regulations recognize that in some circumstances there is no other choice. Accordingly the FAR does make provision for these kinds of procurements, and FAR 6.302 identifies the circumstances where contracting without full and open competition is appropriate. However, when procurements are awarded on this basis the contracting officer must justify the exception in writing. We advise that in future procurements the Commission follow applicable FAR procedures, and document all contracting decisions and actions taken at the time they occur.

Internal Controls

We assessed the internal control policies and procedures relevant to the Commission's administration of property, travel, procurement, payroll, timekeeping, and personnel operations. With the exception of the procurement issues discussed above, no material instances came to our attention to indicate that the Commission operated other than in accordance with applicable policies and procedures.

Thank you for the courtesies and cooperation extended to us during our review. If you have any questions or need additional information, please contact me on 202-708-5340.

Keith Amacher
Audit Manager
Washington Field Audit Office (JA-W)

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