



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

APR 8 2013

Patrick E. McFarland
Inspector General
U.S. Office of Personnel Management
1900 E Street, NW
Washington, DC 20415

Dear Mr. McFarland:

This letter is in response to your April 2, 2013, interim investigative report entitled, "Improper Contracting and Procurement Practices Utilized to Circumvent the Competitive Bid Process." I appreciate the interim report and the opportunity to reply.

As you may recall, on July 28, 2011, I requested that your office undertake an investigation of OPM's contracting actions involving Stewart Liff & Associates, Inc. ("SLA"), after the Department of Labor Inspector General issued a report concerning SLA. At that time, I also took steps to ensure that OPM immediately concluded any business involving SLA.

While your preliminary report does not appear to find that any procurement laws or regulations were violated in connection with the matters covered, I am nevertheless extremely disappointed that your findings suggest conduct by OPM employees that falls well short of the high expectations of all OPM staff. OPM employees are expected to adhere to the highest standards of conduct, particularly when it comes to protecting taxpayer dollars and ensuring that proper contracting protocol is followed. I agree that it is important to ensure and reinforce safeguards against improper preferential treatment in the contracting process and to institute controls that guard against any violations of law or improper practices.

Your report covers actions that took place several years ago, from approximately June 2009 through June 2011. As you know, since that time our staffs have worked closely together in the last several years to strengthen internal oversight of the Office of Human Resources Solutions (HRS) to ensure that issues you identify in this report would not happen again. This included installing new leadership in HRS.

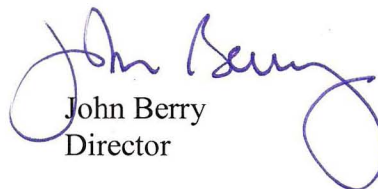
Once the leadership changed, we took more aggressive actions to address the management and operational issues within HRS. We implemented a reorganization of HRS to improve management and enhance process oversight, including hiring a new senior executive. We also centralized all authority for issuing and modifying task orders within the OPM contracting office, and implemented improved standards, processes, and controls for task order competitions to ensure multiple levels of oversight and compliance. We also conducted and completed a Policy and Internal Control/Internal Oversight and Compliance quality assurance review of projects. Lastly, we provided training to HRS employees on all new processes and procedures,

appropriations law, the use of the Department of Treasury's 7600 forms for interagency agreements, and on contracting services. I am confident that we now have in place a robust set of procedures at HRS that would prevent recurrence of the issues identified in your report. In addition, consistent with the recommendations in your report, I am taking the following immediate steps:

1. The political appointee in question has been placed on leave without pay pending the completion of the IG's investigation and the issuance of a final report.
2. I have asked that the Director of OPM's Office of Merit Systems Audit and Compliance review the report to determine what administrative actions, if any, should be taken with respect to the career OPM staff named in the report.
3. I will direct additional training for all current and future Associate Directors of HRS and the Director of Facilities, Security, and Contracting (FSC), as well as senior staff in those organizations, to reinforce their understanding of their responsibilities with regard to OPM's compliance with contracting law, including a reminder of their obligations to advise and alert OPM officials who are not contracting experts of the requirements of law and regulation, and to report violations of which they become aware.
4. I will direct a review of the contracting procedures and processes used by HRS and FSC to ensure that they are fully compliant with law and that they safeguard against unlawful preferential treatment or any other impropriety.
5. I will direct an internal review of OPM's use of 8(a) firms, which we will undertake in consultation with the Small Business Administration, to ensure that they are legally compliant. I am also directing that the Associate Director for HRS and the Director of FSC to immediately conform their practices and policies to any recommendations made by the review team.

Again, I appreciate the opportunity to respond to this interim investigation with our actions based on the recommendations. I look forward to your final investigative report and findings.

Sincerely,



John Berry
Director