



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

October 4, 2018

OIG-CA-19-002

MEMORANDUM FOR LEONARD R. OLIJAR, DIRECTOR
BUREAU OF ENGRAVING AND PRINTING

FROM: Deborah L. Harker /s/
Assistant Inspector General for Audit

SUBJECT: Termination Memorandum – Audit of the Bureau of
Engraving and Printing Enterprise Program (A-MF-12-007)

In 2012, we initiated an audit of the Bureau of Engraving and Printing (BEP) Enterprise (BEN) program. We initiated this audit because of the significance of the project to BEP's operations and administration. Our audit objectives were to determine whether (1) the BEN project business case was based on appropriate and supportable assumptions and cost/benefit estimates, (2) sound project management principles were followed in carrying out the project, and (3) federal regulations and guidance, Department of the Treasury (Treasury) directives, and BEP policies and procedures were followed in conjunction with the project. We also expanded our audit to cover contract administration of the BEN blanket purchase agreement (BPA). We are terminating this audit for the reasons outlined below.

Related to BEN program project management, we found that BEP did not (1) properly submit all information technology (IT) capital plans to Treasury as required; (2) timely complete an alternatives analysis related to major IT projects;¹ (3) complete a business case analysis for various IT projects; and (4) use Earned Value

¹ The Office of Management and Budget's (OMB) Circular No. A-11, *Preparation, Submission, and Execution of the Budget* (July 2010) defined a major IT investment as any system or an acquisition requiring special management attention because it: has significant importance to the mission or function of the agency, a component of the agency or another organization; is for financial management and obligates more than \$500,000 annually; has significant program or policy implications; has high executive visibility; has high development, operating, or maintenance costs; is funded through other than direct appropriations; or is defined as major by the agency's capital planning and investment control process. Treasury's *Capital Planning & Investment Control Manual* (December 2008) defined an IT investment as major if it meets one of OMB's criteria or if total lifecycle costs exceed \$50 million, has an annual budget of \$5 million or higher, or significantly impacts more than one Bureau.

Management² in managing major IT projects. We previously discussed the preliminary results of this audit with you.

The contracting practices findings were similar to those identified in the 2006 Public Education and Awareness Program contract with Burson-Marsteller.³ Additionally, BEP's contracting authority for IT services was transitioned to the Internal Revenue Service effective April 1, 2013, as part of a Treasury initiative to consolidate all general procurement operations to a shared service provider.⁴ The BEN BPA was transferred as part of this initiative.

We are terminating this audit because we initiated two corrective action verification reviews covering BEP project management and contracting practices. The first corrective action verification relates to a report we issued in January 2012, in which we identified that BEP's project management was lacking in the planning and production of the NexGen \$100 note.⁵ In March 2017, we initiated a corrective action verification of BEP's actions taken in response to our recommendations.⁶ The second corrective action verification relates to the report we issued in August 2013, in which we identified deficient administration of the 2006 Public Education and Awareness Program contract with Burson-Marsteller. In December 2017, we initiated a corrective action verification of BEP's actions taken in response to our recommendations.⁷

Based on the results of our corrective action verifications, we will re-assess the need to initiate an audit of BEP's project management and contracting practices in the future. We will also remove the *BEP Enterprise (BEN) Implementation* (job code A-MF-12-007) from our *Monthly Status Report*.

We appreciate the courtesies and assistance provided by your staff. Should you have any questions, please contact me at (202) 927-5400.

cc: Daniel Hogan, Internal Review Division, Office of Compliance

² Earned Value Management is a project management technique for measuring project performance and progress in an objective manner. It is a critical component of risk management on major investments that assists in identifying and mitigating project risk.

³ *General Management: BEP's Administration of the Burson-Marsteller Public Education and Awareness Contract Was Deficient*, [OIG-13-046](#) (August 13, 2013)

⁴ Procurement in direct support of manufacturing at BEP remains at BEP.

⁵ *Bill Manufacturing: Improved Planning and Production Oversight Over NexGen \$100 Note Is Critical*, [OIG-12-038](#) (January 24, 2012)

⁶ *Corrective Action Verification – OIG-12-038, Bill Manufacturing: Improved Planning and Production Oversight Over NexGen \$100 Note Is Critical*, [A-BT-17-028](#) (March 7, 2017)

⁷ *Corrective Action Verification – OIG-13-046, BEP's Administration of the Burson-Marsteller Public Education and Awareness Contract Was Deficient*, [A-PA-18-014](#) (December 12, 2017)