



BACKGROUND:

Accenture Federal Services, LLC (Accenture) is a U.S. Postal Service supplier that provides professional services. The Postal Service paid Accenture over \$112 million in fiscal year 2011. In June 2012, a Defense Contract Audit Agency (DCAA) report found that Accenture's Postal Service cost estimating system was inadequate. In addition, in 2011, the U.S. Department of Justice (DOJ) announced that Accenture, LLP agreed to pay the United States government \$63.7 million to resolve a whistleblower lawsuit alleging false claims. Our objectives were to follow-up on the DCAA audit report recommendations, summarize recent events surrounding settlements with the DOJ, and identify best practices for improving supplier cost estimates.

WHAT THE OIG FOUND:

Accenture initiated policy changes to fully address six of eight DCAA recommendations. However it did not fully address the recommendation to conduct periodic reviews of its estimating system and no corrective actions are underway to address the recommendation to monitor actual costs to estimated costs. In addition, Postal Service contracting officials did not obtain and assess the Information Technology (IT) subject matter experts' technical analyses performed on eight proposals, valued at \$8,204,045 to support that costs were reasonable. IT

management also purchased a cost estimating tool to assist in evaluating supplier estimates but it has not fully implemented the tool, resulting in \$90,000 in questioned costs. Accurate cost estimates are critical to ensuring that contract costs are reasonable and allowable. Further, the Postal Service was not included in the DOJ settlement, because it was aware of and allowed Accenture to charge fees for acquiring third-party hardware and software. Current contract language increases the risk of similar fees being charged on future task orders. Finally, we identified U.S. Department of Defense (DOD) best practices that, if used by the Postal Service, could strengthen its oversight of suppliers' estimating practices.

WHAT THE OIG RECOMMENDED:

We recommended management require Accenture to correct the two remaining DCAA reported deficiencies; revise policy and clauses to define material handling costs and exclude handling fees on time and material contracts; provide instruction on assessing technical analyses; assess the usefulness and feasibility of incorporating DOD best practices into the Postal Service environment; and develop a plan to implement the software cost estimating tool and train employees on using it.