



OFFICE OF INSPECTOR GENERAL EVALUATION REPORT

Evaluation of PBGC's Contract Type Justifications

Report No. EVAL-2025-06
March 13, 2025



Evaluation of PBGC's Contract Type Justifications

Report Number: EVAL-2025-06

Date: March 13, 2025

Brief Sheet

Background and Objective

PBGC relies heavily on contractors to meet its mission to protect the benefits of millions of American workers and retirees in traditional pension plans. The Procurement Department (PD) within PBGC's Office of Management and Administration (OMA) is responsible for the acquisition of supplies and services for PBGC. Within PD, Contracting Officers (COs) are responsible for ensuring all necessary actions are performed to ensure effective contracting. In addition to PD, the departments that request supplies and services, referred to as program offices, are also involved in the acquisition process.

PBGC follows the Federal Acquisition Regulation (FAR), which contains uniform acquisition policies and procedures for federal agencies, including requirements related to contract type. The FAR permits contract types other than Firm-Fixed-Price (FFP) when certain requirements are met; examples include a Time-and-Materials (T&M) contract and a Labor-Hour (LH) contract. The FAR requires that the CO execute a Determination and Findings (D&F) with sufficient facts and rationale to justify the contract type selection for a T&M or LH contract.

Our objective was to determine if PBGC complied with federal acquisition requirements to justify contract types, when awarding other than FFP contracts.

Evaluation Results

Conclusion. Overall, we found sufficient justification for the contract types selected for the six contracts we reviewed that were not FFP. Specifically, the D&Fs addressed why FFP contracts were not appropriate or suitable and summarized market research as required. Additionally, we found that COs signed the D&Fs and that the Head of Contracting Activity approved the D&Fs when applicable.

However, PBGC can improve documentation relating to identifying additional risks due to contract type and resources needed to manage the contract type selected and ensuring the D&F establishes that the requirement was structured to maximize the use of FFP on future acquisitions.

Recommendations/Management Response

We made five recommendations to improve PBGC's documentation related to FAR requirements.

The Corporation agreed with the five recommendations. Specifically, OMA stated that it will update the contract type D&F template to clearly address risk elements and provide training on how to document contract type risk in the D&F. In addition, OMA will require timely development and approval of contract type prior to release of the solicitation, and the Acquisition Management System will allow PD to monitor the timeliness of the process. Furthermore, OMA will develop a quick reference guide containing the risks and requirements associated with other than FFP contracts and provide training.

We evaluated the Corporation's response and planned actions and determined they met the intent of the recommendations. The Corporation plans to complete the five recommendations by October 31, 2025.

For more information, visit www.oig.pbgc.gov



March 13, 2025

MEMORANDUM

TO: Alice Maroni
Chief Management Officer

FROM: John Seger
Assistant Inspector General for Audits, Evaluations, and Inspections

SUBJECT: Issuance of Final Report: Evaluation of PBGC's Contract Type Justifications (Report No. EVAL-2025-06)

We are pleased to provide you with the above-referenced final report. We appreciate the cooperation you and your staff extended to the OIG during this project. We thank you for your receptiveness to our recommendations and your commitment to reducing risk and improving the effectiveness and efficiency of PBGC programs and operations.

This report contains public information and will be posted in its entirety on our website and provided to the Board and Congress in accordance with the Inspector General Act.

cc: Lisa Carter, Director, Corporate Controls and Reviews Department
Karen Morris, General Counsel, Office of General Counsel
Damon McClure, Director, Procurement Department
Latrece Wade, Risk Management Officer
Department of Labor Board staff
Department of Treasury Board staff
Department of Commerce Board staff
House committee staff (Education and Workforce, Ways and Means, HOAC)
Senate committee staff (HELP, Finance, HSGAC)

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Background

Established by the Employee Retirement Income Security Act of 1974, the Pension Benefit Guaranty Corporation (PBGC) protects the retirement security of about 31 million American workers, retirees, and beneficiaries in both single-employer and multiemployer private-sector pension plans. In Fiscal Year (FY) 2024, PBGC paid nearly \$6 billion in benefits to approximately 1 million participants. To support its mission, one of the three strategic goals articulated in PBGC's Strategic Plan is to "maintain high standards of stewardship and accountability" including "improving procurement activities."

PBGC Contracting

PBGC relies heavily on contractors to meet its mission to protect the benefits of millions of American workers and retirees in traditional pension plans. As of August 2024, the PBGC workforce consisted of just under 1,000 federal employees, who are supported by over 1,400 contractor employees. In FY 2023, PBGC obligated approximately \$350 million in contracts for supplies and services.

PD within PBGC's OMA is responsible for the acquisition of supplies and services for PBGC. Within PD, COs are responsible for ensuring all necessary actions are performed to ensure effective contracting. In addition to PD, the departments that request supplies and services, referred to as program offices, are also involved in the acquisition process. These program offices' responsibilities include defining their requirements for supplies and services.

Federal Acquisition Regulation and Contract Types

PBGC follows the FAR, which contains uniform acquisition policies and procedures for federal agencies, including requirements related to contract type. FAR § 16.101(a) notes that the government has a wide selection of contract types available to provide needed flexibility. FAR § 16.103(b) states:

A firm-fixed-price contract, which best utilizes the basic profit motive of business enterprise, shall be used when the risk involved is minimal or can be predicted with an acceptable degree of certainty. However, when a reasonable basis for firm pricing does not exist, other contract types should be considered[.]

The FAR permits contract types other than FFP when certain requirements are met; examples include a T&M contract and a LH contract. The FAR requires that the CO

execute a D&F with sufficient facts and rationale to justify the contract type selection for a T&M or LH contract. In addition, the FAR requires that contract files document the government's additional risks and the burden of government resources necessary to manage the contract type selected. COs in PD are responsible for preparing contract type D&Fs. Program office personnel provide information to help COs complete these D&Fs.

Objective

Our objective was to determine if PBGC complied with federal acquisition requirements to justify contract types, when awarding other than firm-fixed-price contracts.

Evaluation Results

Summary

Overall, we found sufficient justification for the contract types selected for the six contracts we reviewed that were not FFP. Specifically, the D&Fs addressed why FFP contracts were not appropriate or suitable and summarized market research as required. Additionally, we found that COs signed the D&Fs and that the HCA approved the D&Fs when applicable.

However, PBGC can improve documentation related to two FAR requirements. First, the requirement to document additional risks due to contract type and resources needed to manage the contract type selected. Second, ensuring the D&F establishes that the requirement was structured to maximize the use of FFP on future acquisitions.

Finding 1: PBGC's Contract Files Did Not Document Additional Risks and Burden to Manage the Contract Type Selected

According to FAR § 16.103(d)(1),

...each contract file shall include documentation to show why the particular contract type was selected. This shall be documented in the acquisition plan, or in the contract file if a written acquisition plan is not required by agency procedures.

The documentation should discuss the government's additional risks due to the contract type and the burden to manage the contract type selected. This discussion should include how the risks were identified, the nature of these additional risks, how the government will mitigate and manage the risks, and an assessment of the adequacy of government resources to administer the contract type selected.

Required Risk Elements Not Documented

PBGC's documentation for five of the six contracts did not discuss the government's additional risks and the burden to manage the contract type selected, including how the government identified the additional risks, the nature of the additional risks, and an assessment regarding the adequacy of government resources to administer the contract type selected.¹ The D&Fs and justification memoranda for these five contracts had information related to the selection of the contract type and may have implied that there

¹ We reviewed the entirety of the contract file, to include acquisition planning documentation and the D&Fs. The contracts reviewed were awarded between October 1, 2021, and March 31, 2023.

were additional risks that needed monitoring by listing planned mitigation efforts. For example:

1. the oversight of the contract by the assigned Contracting Officer Representative;
2. the monitoring of burn rates, incurred hours, or hours spent; and
3. the additional monitoring efforts, such as reviewing invoices, holding periodic meetings, and performance reviews.

Lack of Guidance

PBGC guidance did not detail requirements for this area. We reviewed the *PBGC FAR Supplement, Requisition and Acquisition of Supplies and Services* directive (FM 15-01), Contracting Officer Representative directive (PM 25-05), *PD Customer Handbook*, and *PD Desk Reference Guide*, and did not find guidance that fully addressed the FAR requirements. We found only a requirement to discuss risk mitigation in the *PD Customer Handbook*, but it did not identify the FAR requirement to document what the additional risks due to the contract type are, including how the government identified the additional risks and the nature of the additional risks.

A PD official stated COs use D&F templates to address these FAR requirements, and risks may be discussed in the streamlined acquisition strategy/plan. However, D&F templates, including newer templates provided to us during the evaluation, did not have sections discussing all requirements under FAR § 16.103(d)(1) that apply to contract type selection. Furthermore, the acquisition plan template that PD provided did not have sections requiring these topics be detailed, either.

Risks Related to Time-and-Materials and Labor-Hour Contracts

Without adequate knowledge of the risks or addressing the adequacy of the resources needed to provide sufficient oversight, PBGC may have increased its risk of not fully mitigating concerns related to LH or T&M contracts. According to a Government Accountability Office report (GAO-22-104806), T&M and LH contracts are considered higher-risk to the government than other types because the government is not guaranteed a completed end item or service, and these contracts provide little incentive to the contractor to work efficiently or control costs.

Our office has raised concerns previously about various acquisition issues that illustrate potential risks. OIG investigations found that two contractors made false claims regarding time spent working on PBGC contracts, leading PBGC to pay for hours not worked. Also, our report, *Evaluation of Hotline Complaints Regarding a PBGC Contract* (EVAL-2023-04, November 2022), identified a concern related to PBGC's oversight of LH contracts. We found a Contracting Officer Representative approved invoices without

verifying supporting documentation for two task orders for plan asset evaluation services. These issues highlight the need for PBGC staff involved in contracting activities to be aware of the risks that can derive from contract type selection, as required by the FAR.

Recommendations

We recommend the Office of Management and Administration:

1. Develop guidance for staff on the requirements of FAR § 16.103(d)(1), including updating templates. The guidance should address all the required elements and specify whether it will be documented in the acquisition plan or another document in the contract file.

PBGC's Response and OIG's Evaluation

Resolved. PBGC concurred with the recommendation. OMA stated that it will update the contract type D&F template to clearly address the risk elements per FAR § 16.103(d)(1). OMA also stated that contract type selection discussions will continue to be included in acquisition plans. In addition, OMA stated that D&Fs for contract type selection will continue to be filed in contract files. OMA's goal is to complete the planned action by October 31, 2025.

Closure of this recommendation will occur when the Corporation provides the updated contract type D&F template, along with evidence of contract type discussions in acquisition plans and storage of documentation in contract files.

2. Provide training to PBGC staff involved in contracting on the requirements of FAR § 16.103(d)(1), highlighting how the staff are required to document contract type risk considerations in the contract file.

PBGC's Response and OIG's Evaluation

Resolved. PBGC concurred with the recommendation. OMA stated that it will perform training for staff involved in contracting on how to document contract type risk in the D&F. In addition, OMA stated that Contracting Officer Representatives and Department Directors will receive a quick reference guide containing the risks and requirements associated with other than FFP contracts. OMA's goal is to complete the planned action by October 31, 2025.

Closure of this recommendation will occur when the Corporation provides documentation of training to PBGC staff involved in contracting on the requirements of

FAR § 16.103(d)(1), highlighting how the staff are required to document contract type risk considerations in the D&F.

Finding 2: Determination and Findings Did Not Establish that Requirement Was Structured to Maximize the Use of Firm-Fixed-Price on Future Acquisitions

FAR § 12.207 (b)(2)(iii) states that, at a minimum, the D&F shall:

[e]stablish that the requirement has been structured to maximize the use of firm-fixed-price . . . contracts (e.g., by limiting the value or length of the time-and-material/labor-hour contract or order; establishing fixed prices for portions of the requirement) on future acquisitions for the same or similar requirements.²

More generally, FAR § 16.104 states that there are many factors that COs should consider regarding contract type, and states that as a requirement recurs, a fixed-price contract should be considered. This FAR section also states that if the entire contract cannot be FFP, the CO shall consider whether a portion of it should be FFP. In addition, FAR § 16.103(c) states that changing circumstances may make a different contract type appropriate later, and that COs should avoid protracted use of a T&M contract after experience gives a basis for firmer pricing.

Time-and-Materials Task Order with Period of Performance of 7 Years and 3 Months

Of the six D&Fs we reviewed, we found one that did not establish that the order was structured to maximize the use of FFP on future acquisitions. This task order was T&M only with a base period of performance of 3 months starting in February 2022 followed by 7 option years. The task order had a total potential value of \$33 million. The task order was to provide system enhancements, and Operations and Maintenance for the Participant Management Technology Services suite. These systems allow PBGC's Office of Benefits Administration to administer benefits and provide customer services to participants. Although the systems support the Office of Benefits Administration operations, the program office for acquisition purposes was the Office of Information Technology's Business Innovation Services Division. Starting in option year 4 (May 2025- May 2026), this task order became Operations and Maintenance only through the end of its period of performance (option year 7 ending in May 2029). A Business Innovation Services Division official explained that having a longer period of

² The task order reviewed was under an Indefinite Delivery Indefinite Quantity contract that allowed task orders to be issued using a variety of contract pricing types. According to FAR 12.207 (c)(2), in this case, the CO shall execute a D&F required by FAR § 12.207 (b)(2) for each T&M or LH task order.

performance of this task order was a risk mitigation strategy against acquisition delays for a new task order that could disrupt critical services. A different Business Innovation Services Division interviewee acknowledged that it may be possible to eventually convert the Operations and Maintenance portion to FFP, but they did not yet have enough experience with the technology to develop estimates needed for a FFP contract type.

Issues Flagged, but Not Fully Addressed Due to Delays and Insufficient Guidance

When reviewing the draft D&F, the HCA relayed concerns and noted the D&F should be sectioned by each FAR requirement to make clear that they have been addressed with sufficient justification. The HCA is a procurement official who, in addition to the CO, is responsible for approving D&Fs for T&M contracts exceeding 3 years. If the D&F had been revised to list and address each FAR requirement as the HCA requested, it may have addressed the requirement in FAR § 12.207 (b)(2)(iii) on maximizing FFP.

The timeline to approval of the D&F took 85 calendar days from when PD requested that the program office finalize the justification memorandum, which it provided to PD, related to contract type (Table 1). By the time the HCA signed the revised D&F on February 8, 2022, the contractor had already submitted its proposal. Although the revised D&F did not address all FAR requirements, the HCA approved the D&F so the task order could be awarded without negatively impacting the mission.

Table 1. Key Dates for Justification Memorandum and D&F

Key Movements	Date Transmitted	Calendar Days
Contracting Specialist Sent Justification Memorandum Draft to Program Manager	November 15, 2021	0
Program Manager Returned Justification to PD	December 23, 2021	38
HCA Returned D&F to Contracting Specialist	January 3, 2022	11
Contracting Specialist Gave D&F to Program Manager	January 26, 2022	23
HCA Reviewed and Signed D&F	February 8, 2022	13
Total		85 calendar days

Source: OIG analysis of PBGC documents.

At the time of our evaluation, PD’s acquisition timeline template did not include steps and timeframes for the HCA’s review and approval of LH and T&M D&Fs or revisions to

the D&Fs. Instead, the timeline listed one day as the timeframe to both draft and finalize the D&F. The 85-day process to finalize the D&F well exceeded the estimated one day. In December 2024, PBGC transitioned to a new Acquisition Management System that includes procurement milestone tracking, which should flag delays.

In April 2024, PD officials provided updated templates for COs for T&M and LH D&Fs, including guidance related to FAR § 12.207(b)(2)(iii). While these new templates listed the FAR requirements that COs should address in D&Fs, the template did not provide guidance to program office staff on information needed to help support selecting a contract type other than FFP.

As we noted in a recent report, *Capping Report: PBGC Contract Type Selection* (SR-2024-08, July 2024), we continue to highlight to PBGC that the correct contract type is dependent on many factors and PD and the program offices have to continue to work as a team to identify the most advantageous contract type based on the goods and services that are required.

Risks Related to Time-and-Materials

According to FAR § 16.601(c)(1), a T&M contract provides no positive profit incentive to the contractor for cost control or labor efficiency. While T&M may have been the best contract type for portions of the order, the Operations and Maintenance portion of the order likely could have been structured to maximize the use of FFP on future acquisitions, as the PBGC gained insight on the Operations and Maintenance routine tasks. Without taking these steps, PBGC may be exposed to the risk of ineffective cost controls. Additionally, the longer period of performance on the task order may delay establishing a portion of this requirement as FFP and shifting the cost risks to the contractor.

Recommendations

We recommend the Office of Management and Administration:

3. Ensure timely development and approval of contract type D&Fs that address all FAR requirements, including a mechanism to track the timeliness of this process.

PBGC's Response and OIG's Evaluation

Resolved. PBGC concurred with the recommendation. OMA stated that it will require timely development and approval of contract type prior to release of the solicitation, and the Acquisition Management System will allow PD to monitor the

timeliness of the process. OMA's goal is to complete the planned action by October 31, 2025.

Closure of this recommendation will occur when the Corporation provides documentation that it is tracking the timeliness of developing and approving contract type D&Fs.

4. Review and update guidance to program office staff to ensure they provide information to support all required FAR elements for contract type D&Fs.

PBGC's Response and OIG's Evaluation

Resolved. PBGC concurred with the recommendation. OMA stated that it will develop a quick reference guide containing the risks and requirements associated with other than FFP contracts. OMA's goal is to complete the planned action by October 31, 2025.

Closure of this recommendation will occur when the Corporation provides the quick reference guide or other guidance to program office staff regarding information needed to support all required FAR elements for contract type D&Fs.

5. Provide training to procurement and program office staff on additional requirements for contract types other than firm-fixed-price. This training should include guidance as to what is needed for sufficient justifications required to comply with FAR requirements related to maximizing the use of firm-fixed-price on future acquisitions.

PBGC's Response and OIG's Evaluation

Resolved. PBGC concurred with the recommendation. OMA stated that it will provide training in addition to the quick reference guide. OMA's goal is to complete the planned action by October 31, 2025.

Closure of this recommendation will occur when the Corporation provides documentation of training to procurement and program staff on additional requirements for contract types other than FFP, including guidance on sufficient justifications to comply with FAR requirements related to maximizing the use of FFP on future acquisitions.

Appendix I: Objective, Scope, Methodology, and Standards

Objective

Our objective was to determine if PBGC complied with federal acquisition requirements to justify contract types, when awarding other than firm-fixed-price contracts.

Scope

Our universe included contract awards between October 1, 2021, and March 31, 2023, where PBGC was the funding agency. According to data extracted from USAspending, there were 127 contracts awarded within our scope with a potential award value of \$1,505,457,138. This universe included a total of 100 contract awards listed as FFP with a potential award value of \$485,808,184 and 27 contract awards with an other than FFP contract type (e.g. T&M, LH, Order Dependent, etc.) with a potential award value of \$1,019,648,954.

Methodology

To accomplish our objective, we:

1. Obtained an understanding of regulatory criteria related to PBGC's responsibilities to justify contract types when awarding other than FFP contracts; Obtained an understanding of, and assessed the internal controls in place, as they relate to PBGC's justification of contract types when awarding other than FFP contracts;
2. Reviewed USAspending data for accuracy of the contract type, action date, and amount;
3. Reviewed PBGC's contract type D&Fs, Justification memoranda (if available), Advanced Acquisition Plans, additional acquisition plans (if available), Market Research Reports, and reviewed the contract files for any other documents that may be related to the contract type justification requirements; and
4. Conducted interviews and walkthroughs with PBGC personnel responsible for the contract type D&Fs and justifications, such as PD and program office personnel.

Judgmental Sampling

We selected two samples to review. To help answer the objective and ensure the universe of other than FFP contract types was complete, we first examined whether contracts labeled as FFP included other contract price types. To do this, we selected a sample of 20 contract awards³ listed as FFP in the USAspending data with the highest potential award value from the universe of 100 contract awards listed as FFP. These 20 contract awards accounted for approximately 91 percent of the total potential value of our FFP universe.

For our second sample, we selected PBGC contract awards from all PBGC departments with the highest potential value and a contract type of other than FFP. We excluded contracts for the following reasons:

1. Contracts with the OIG as the program office,
2. Contracts being reviewed by other OIG activities, and
3. Contracts with a fixed price with economic adjustment type.

This resulted in a sample of 6 contract awards, which accounted for approximately 28 percent of the total potential value of our other than FFP universe.

Applicable Professional Standards

We conducted this evaluation under the authority of the Inspector General Act of 1978, as amended, and in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that we plan and perform the engagement to obtain sufficient and appropriate evidence to provide a reasonable basis for our conclusions and observations based on our objective. We believe that the evidence obtained provided a reasonable basis for our conclusions and observations based on our objective.

During the evaluation, we obtained an understanding of internal controls that are significant to the engagement objective. Because our review was limited to the internal controls related to the objective, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our evaluation. Accordingly, the tests of internal controls were limited to ensuring the FFP contract type data was accurate, as well as the review and analysis of the controls related to documentation and approvals.

³ During our fieldwork, we found that one of the contracts was listed twice in the Federal Procurement Data System, and thus the USAspending data, due to an administrative issue after a contractor name change and would be closed out to remove it from the Federal Procurement Data System.

Finally, we partially relied on computer-processed data from USAspending and PD's SharePoint site for electronic contract files to satisfy our engagement objective. We conducted a limited reliability assessment by reviewing our office's most recent Digital Accountability and Transparency Act audit report, comparing computer-processed data to supporting information, and reviewing the contract files for completeness of documentation related to our objective. We found that one contract award was in USAspending twice. According to PD, this was due to an administrative error during a name and DUNS change with the contractor. We considered this duplicate an error for the three data elements we reviewed and kept it in our sample selection. In total, when factoring in the duplicate error, we found four errors in the total potential value, two action date errors, and two contract type errors in the USAspending data. Overall, for these three data elements, we found different error rates compared to the OIG Digital Accountability and Transparency Act audit report. Despite this, we deemed the data sufficiently reliable for our purposes. The errors themselves did not impact our engagement. With SharePoint, any documentation relevant to our objective that was missing from the contract files was noted in the findings of the report.

Appendix II: Management Response



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PBGC.gov

February 24, 2025

TO: John Seger
Assistant Inspector General for Audits, Evaluations, and Inspections

FROM: Alice Maroni ALICE Digitally signed by ALICE
Chief Management Officer MARONI MARONI
Date: 2025.02.24
08:55:46 -05'00'

SUBJECT: Response to OIG's Draft Report, Evaluation of PBGC's Use of Determinations and Findings When Awarding Non-Fixed Priced Contracts (Project No. EV-23-175)

Thank you for the opportunity to comment on the Office of Inspector General's (OIG) draft report, dated January 21, 2025, relating to Pension Benefit Guaranty Corporation's (PBGC) use of determinations and findings when awarding non-fixed priced contracts. Your office's work on this is sincerely appreciated.

PBGC management met with the representatives from the OIG on January 13, 2025, to discuss the findings and recommendations. The dialogue was both informative and insightful and PBGC is grateful for the opportunity to respond to the recommendations suggested by the OIG.

Management concurs with the report's findings and recommendations. In the attachment to this report, you will find our specific responses to each recommendation included in the report, as well as our planned corrective actions and scheduled completion dates. Addressing these recommendations in a timely manner is an important priority for PBGC.

Attachment

cc: Ann Orr, Acting Director
Karen Morris, General Counsel
Damon McClure, Director, Procurement Department
Lisa Carter, Director, Corporate Controls and Reviews Department
Latrece Wade, Risk Management Officer

Our comments on the specific recommendations in the draft report are as follows:

1. **Develop guidance for staff on the requirements of Federal Acquisition Regulation (FAR) § 16.103(d)(1), including updating templates. The guidance should address all the required elements and specify whether it will be documented in the acquisition plan or another document in the contract file. (OIG Control Number 2025-06-01-OMA)**

PBGC Response: Management concurs with this recommendation. The Office of Management and Administration (OMA) will update the contract type Determination and Findings (D&F) template to clearly address the risk elements per FAR 16.103(d)(1). The template will include updated guidance on the information needed under each of the risk elements. To remain compliant with FAR Part 7 – Acquisition Planning, contract type selection discussion will continue to be included in the streamlined acquisition plan or the formal acquisition plan. Additionally, the D&F for contract type selection (of other-than-FFP, updated to include FAR 16.103(d)(1) requirements) will continue to be filed in the contract file.

Scheduled Completion Date: October 31, 2025

2. **Provide training to PBGC staff involved in contracting on the requirements of FAR § 16.103(d)(1), highlighting how the staff are required to document contract type risk considerations in the contract file. (OIG Control Number 2025-06-02-OMA)**

PBGC Response: Management concurs with this recommendation. The Office of Management and Administration (OMA) will perform training for staff involved in contracting on how to document contract type risk in the D&F. In addition, the Contracting Officer Representatives/Department Directors will receive a quick reference guide which contains the risks and requirements associated with an other-than-FFP contract.

Scheduled Completion Date: October 31, 2025

3. **Ensure timely development and approval of contract type Determination and Findings (D&F) that address all FAR requirements, including a mechanism to track the timeliness of this process. (OIG Control Number 2025-06-03-OMA)**

PBGC Response: Management concurs with this recommendation. The Office of Management and Administration (OMA) will require timely development and approval of contract type prior to development/release of the Solicitation. The Acquisition Management System (AMS) will track the timeline of the D&F approval and solicitation release allowing Procurement Department (PD) to monitor the timeliness of the process.

Scheduled Completion Date: October 31, 2025

- 4. Review and update guidance to program office staff to ensure they provide information to support all required FAR elements for contract type D&Fs. (OIG Control Number 2025-06-04-OMA)**

PBGC Response: Management concurs with this recommendation. The Office of Management and Administration (OMA) will develop a quick reference guide which contains the risks and requirements associated with an other-than-FFP contract.

Scheduled Completion Date: October 31, 2025

- 5. Provide training to procurement and program office staff on additional requirements for contract types other than firm-fixed-price. This training should include guidance as to what is needed for sufficient justifications required to comply with FAR requirements related to maximizing the use of firm-fixed-price on future acquisitions. (OIG Control Number 2025-06-05-OMA)**

PBGC Response: Management concurs with this recommendation. The Office of Management and Administration (OMA) has proposed in recommendations two and four that we will provide a quick reference guide in addition to providing the training. These solutions will provide all offices with training and guidance.

Scheduled Completion Date: October 31, 2025

Appendix III: Acronyms

Acronym	Meaning
CO	Contracting Officer
D&F	Determination and Findings
FAR	Federal Acquisition Regulation
FFP	Firm-Fixed-Price
FY	Fiscal Year
HCA	Head of Contracting Activity
LH	Labor-Hour
OIG	Office of Inspector General
PBGC	Pension Benefit Guaranty Corporation
PD	Procurement Department
T&M	Time-and-Materials

Appendix IV: Staff Acknowledgement

Staff Acknowledgement

Kara Burt, Audit Manager; Bryan Beardsley, Auditor-In-Charge; and Natali Dethomas, Auditor, made key contributions to this report.

Appendix V: Feedback

Please send your comments, suggestions, and feedback to OIGFeedback@pbgc.gov and include your name, contact information, and the report number. You may also mail comments to us:

Office of Inspector General
Pension Benefit Guaranty Corporation
445 12th Street SW
Washington, DC 20024-2101

If you want to discuss this report or your comments with a member of the Office of Inspector General staff, please contact our office at (202) 326-4030.