

REVIEW OF THE FEDERAL
ACQUISITION SERVICE BLANKET
PURCHASE AGREEMENTS FOR ACQUISITION
MANAGEMENT SUPPORT SERVICES
REPORT NUMBER A090018/Q/A/P10002

March 30, 2010



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

Date: March 30, 2010

Reply to
Attn of: Audit Manager, Acquisition Programs Audit Office (JA-A)

Subject: Review of the Federal Acquisition Service Blanket Purchase Agreements
for Acquisition Management Support Services
Report Number A090018/Q/A/P10002

To: James A. Williams
Commissioner, Federal Acquisition Service (Q)

This report presents the results of the Review of the Federal Acquisition Service (FAS) Blanket Purchase Agreements (BPAs) for Acquisition Management Support (AMS) Services. FAS has created BPA ordering guidance to address the risks associated with AMS services and the American Recovery and Reinvestment Act of 2009 reporting requirements. We found opportunities for FAS to strengthen the BPA ordering guidance, which includes implementing a plan to monitor the effectiveness of the guidance. In addition, FAS should consider factors in the Federal Acquisition Regulation when determining the number of BPAs and substantiate the rationale for the shift in acquisition strategy from multiple to single BPAs.

We included in Appendix A of this report your written comments to the draft report. I would like to thank your staff for their assistance during this review. If you have any questions regarding this report, please contact me on (816) 926-8610.

A handwritten signature in cursive script that reads "Erin P. Priddy".

Erin P. Priddy
Audit Manager
Heartland Region



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EXECUTIVE SUMMARY

Purpose

The Office of Inspector General evaluated the Federal Acquisition Service's (FAS) controls over the use of the Blanket Purchase Agreements (BPA) for Acquisition Management Support (AMS) services. We performed this review to determine if the controls are adequate to reduce the risks associated with AMS services. We also reviewed the BPA documentation to determine if FAS planned and executed the procurement in accordance with the Federal Acquisition Regulation (FAR) and the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Background

In March 2009, FAS awarded three BPAs with an estimated value of \$100 million¹ for AMS services against the Mission Oriented Business Integrated Services (MOBIS) Multiple Award Schedule (MAS). FAS awarded the BPAs in anticipation of the need for additional support to fulfill acquisition projects across the General Services Administration and to support specific projects related to the Recovery Act. FAS also created BPA ordering guidance that outlines FAR and Office of Management and Budget provisions for mitigating the risks associated with AMS services; as ordering activities that rely on contractors to assist in acquisition-related work face an increased risk of contractors performing inherently governmental work and conflicts of interest. The BPA ordering guidance also incorporated reporting requirements related to the Recovery Act.

Results in Brief

The BPA ordering guidance contains key preventative measures that address the risks associated with AMS services and Recovery Act reporting requirements, and we found opportunities where FAS could strengthen the guidance. FAS should also implement a plan to monitor the effectiveness of the BPA ordering guidance. Finally, our review of the BPA documentation reflected that FAS generally followed FAR requirements in planning and executing the acquisition; however, the BPA file did not indicate that FAS considered factors in FAR Subpart 8.405-3(a)(1) when determining the number of BPAs to establish. In addition, the BPA file lacked sufficient detail to substantiate the rationale

¹ The BPA periods of performance include a base year and four one-year option periods.

for a shift in acquisition strategy from multiple BPAs to a single BPA and two backup BPAs. As a result, there is reduced assurance that the strategy is appropriate for this acquisition.

Recommendations

We recommend that the Commissioner, Federal Acquisition Service:

1. Supplement the BPA ordering guidance by:
 - a. Adding to Section 2.1 of the *Acquisition Management Support Services Contracting Officer Ordering Guide* the requirement to develop a statement of work at the order level, as outlined in the *Sample Acquisition Management RFQ* and prescribed in FAR Subpart 8.405-2(b);
 - b. Adding more specific guidance in Section 2.4 of the *Acquisition Management Support Services Contracting Officer Ordering Guide* to aid ordering activities on determining the appropriate ratios of contractor employees to government employees when acquiring AMS services;
 - c. Clarifying in Section 4.3 of the *Acquisition Management Support Services Contracting Officer Ordering Guide* ordering activity requirements defined in FAR Subpart 8.405-2(d). Specifically, to indicate that the ordering activity contracting officer is responsible for making a written determination that the total price of the task order is fair and reasonable based on an evaluation of the contractor's proposal;
 - d. Considering the addition of references to FAR Subpart 7.503, which addresses inherently governmental work, and FAR Subpart 9.5, which addresses organizational conflicts of interest.
2. Develop and implement a plan to monitor the effectiveness of the BPA ordering guidance and improve the guidance as necessary.
3. Ensure that the BPA file contains sufficient explanation of how the shift in acquisition strategy will save time and contracting resources.
4. Ensure that future BPA awards reflect consideration of the factors listed in FAR Subpart 8.405-3(a)(1) when determining the number of BPAs to establish for BPA awards.

Management Comments

The Commissioner partially agreed with these findings. Appendix A of this report contains the Commissioner's comments in their entirety.

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INTRODUCTION

Background

On January 6, 2009, Congress passed legislation that allocated an additional \$5.5 billion to the General Services Administration's (GSA) Fiscal Year (FY) 2009 budget for construction and energy-related projects in support of the American Reinvestment and Recovery Act (Recovery Act). To assist in awarding contracts for these expenditures, GSA's Public Buildings Service (PBS) enlisted the support of GSA's Federal Acquisition Service (FAS) to provide a vehicle to obtain Acquisition Management Support (AMS) services under the Mission Oriented Business Integrated Services (MOBIS) schedule. In March 2009, FAS awarded three Blanket Purchase Agreements (BPAs) for AMS services under this schedule with an estimated value of \$100 million over five years. FAS awarded the BPAs in anticipation of the need for additional support to fulfill acquisition projects across GSA and to support specific projects related to the Recovery Act. FAS also created BPA ordering guidance for the proper use of the BPAs.

As part of the Office of Inspector General's (OIG) FY 2009 Annual Audit Plan, our office initiated a program level review of the use of Multiple Award Schedule (MAS) contracts for AMS services to evaluate the controls FAS has implemented at the MAS program level to reduce the risks associated with these services. The government's reliance on contractors for AMS services raises concerns of conflicts of interest and/or situations where contractors will perform inherently governmental work. For example, contractors that provide AMS services to the government may become privy to information that gives the contractor an unfair competitive advantage, thus creating a conflict of interest. Utilizing contractors for AMS services also increases the risk that contractors will perform inherently governmental functions because the nature of these services is closely related to functions that affect best value judgments for the government.² The Federal Acquisition Regulation (FAR) prohibits the use of contractors for inherently governmental work, and the Office of Management and Budget's (OMB) Office of Federal Procurement Policy (OFPP) provides additional guidance for reducing this risk. Because the AMS services BPAs are among the first major FAS acquisitions related to the Recovery Act and because of their relevance to our program level review, we initiated a separate review to evaluate the controls FAS has implemented over the use of the BPAs. We also performed a limited assessment to determine if FAS planned and executed the procurement in accordance with the FAR and the Recovery Act.

² Office of Federal Procurement Policy Letter 92-1, *Inherently Governmental Functions* (September 1992).

Objectives, Scope, and Methodology

The objectives of the review were to (1) evaluate controls FAS implemented over the use of the BPAs and (2) perform a limited review to determine if FAS planned and executed the procurement in accordance with the FAR and Recovery Act requirements.

To accomplish our objectives, we:

- Reviewed the BPA file and the first task order placed against the BPAs;
- Held discussions with FAS management officials;
- Held discussions with FAS contracting officials responsible for awarding and administering the BPAs and the first task order placed under one of the BPAs;
- Held discussions with FAS and PBS acquisition officials responsible for providing guidance to ordering activities on the use of the BPAs;
- Reviewed the FAS BPA ordering guidance;
- Reviewed applicable FARs, GSA Acquisition Letter V-09-01, the Recovery Act, Presidential Memoranda, and OMB guidance related to the Recovery Act, as well as OMB guidance related to risks associated with AMS services;
- Reviewed the *Special Ordering Instructions for MOBIS Acquisition Management Support*;
- Reviewed a draft of FAS' *Standard Operating Procedures for Acquisition Management Support Services BPA*; and
- Reviewed the *Internal Controls at the General Services Administration Desk Guide*.

We conducted our review from April through May 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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RESULTS OF REVIEW

Brief

FAS has taken preventative measures to address the risks associated with AMS services, as well as Recovery Act reporting requirements, by establishing ordering guidance and training for the proper use of the BPAs. However, we believe FAS could strengthen the guidance by clarifying the key steps necessary to reduce risk. In addition, FAS should implement a plan to monitor the effectiveness of the BPA ordering guidance. Finally, while the BPA documentation reflected that FAS generally followed FAR requirements in planning and executing the acquisition, we found no evidence that FAS considered factors in the FAR when determining the number of BPAs to establish. In addition, the BPA file lacked sufficient detail to substantiate the rationale for a shift in acquisition strategy from multiple BPAs to a single BPA and two backup BPAs. As a result, there is reduced assurance that the strategy is appropriate for this acquisition.

FAS Should Clarify Key Steps that Reduce Risks Related to AMS Services

FAS has established supplementary BPA ordering guidance and mandated ordering activities to attend training workshops prior to using the BPAs, both important steps to properly manage the BPAs. Because of the risks associated with AMS services, we identified areas where FAS could strengthen the BPA ordering guidance. Our recommendations focus on clarifying key preventative steps ordering activities should take towards reducing the risks associated with AMS services.

In addition to the ordering procedures in the BPA documents, FAS created the following documents to provide guidance to GSA ordering activities for the proper use of the BPAs:

1. *Acquisition Management Support Services Contracting Officer Ordering Guide;*
2. *Sample Acquisition Management RFQ;* and
3. *Acquisition Management Support Services BPA Ordering Procedures Checklist.*

This guidance addresses Recovery Act requirements and the risks the FAS Management Services Center (MSC)³ identified in its *Special Ordering Instructions for MOBIS Acquisition Management Support*. These instructions address both the risk of

³The Management Services Center (MSC) manages the MOBIS schedule along with four other schedules under the MAS Program.

conflicts of interest and the risk that contractors will perform inherently governmental work. FAS incorporated these instructions into the *Acquisition Management Support Services Contracting Officer Ordering Guide* (CO Ordering Guide), *Sample Acquisition Management RFQ* (Sample RFQ), and the *Acquisition Management Support Services BPA Ordering Procedures Checklist* (BPA Checklist) and has mandated ordering activities to attend training prior to using the BPAs.

FAS may need to contractually modify the BPAs if adoption of the following recommendations results in inconsistencies with the ordering procedures in the BPAs. For simplicity, our recommendations follow the outline of the CO Ordering Guide.

CO Ordering Guide

Section 2.1 Scope

This section lists the broad categories of services covered by the AMS services BPAs. However, the section does not indicate that ordering activities will still need to develop a statement of work (SOW) at the order level that clearly defines the specific requirement. Significant risks inherent to contracting for AMS services include contractor conflicts of interest and the risk of contractors performing inherently governmental work. A key preventative step is for the ordering activity to clearly define the work so that the contractor is able to discern whether real or potential conflicts of interest exist and to provide definitive boundaries for contractor services in support of inherently governmental work, such as the acquisition function.

Broadly defined requirements heighten the risk that contractors will perform inherently governmental work and impede the government's ability to adequately oversee contractor performance. We found that this situation actually occurred on the first task order placed under one of the BPAs. When soliciting quotes from the contractor for this task order, FAS used the same broad requirements listed in the BPAs. After receiving contractor feedback, FAS modified the SOW to include a more specific description of the work. At a minimum, this section of the guidance should reference the Sample RFQ document, which provides more guidance on developing the SOW.

Section 2.3 BPA Rules of the Road

This section outlines the mandate for ordering activities to attend workshops in order to use the BPA vehicles. During meetings with FAS officials regarding plans to implement guidance for the BPAs, we suggested FAS consider requiring ordering activities to complete training as a prerequisite for using the BPAs. FAS implemented this requirement, which will help ensure that ordering activities are familiar with specific elements in OFPP guidance⁴ and the FAR⁵ that relate to risks

⁴ Office of Federal Procurement Policy Letter 92-1, *Inherently Governmental Functions* (September 1992), and Office of Federal Procurement Policy Letter 93-1, *Management Oversight of Service Contracting* (May 1994).

associated with AMS services and the necessary measures to reduce these risks. The last bullet in this section requests that ordering activities send a copy of each task order issued against the BPAs to the BPA contracting officer. However, the BPA ordering procedures already require the contractor to send one complete copy of each order placed under the BPAs to the BPA contracting officer. To avoid duplication, FAS should consider removing the requirement for ordering activities.

Section 2.4 Important Considerations

This section expands upon risks related to AMS services. It refers ordering activities to the *Special Ordering Instructions for MOBIS Acquisition Management Support* and relevant FAR and OFPP requirements. We believe that a valuable supplement to this section could include more specific discussion related to the requirement for ordering activities to assess the existence of adequate government resources to monitor the quality of task order deliverables and overall contractor performance. Effective contract management is critical to ensure that contractors do not perform inherently governmental work.

PBS officials also expressed the need for additional guidance in this area, stating that government contracting officers can become overwhelmed by the amount of oversight required to manage contractor work. Additionally, a Defense Acquisition University report published in November 2005 cited the concern that ordering activities may become too reliant on contractors.⁶ The report stated that this reliance could suppress the government's ability to develop an experienced government acquisition workforce and suggested that ordering activities limit contractor support to a manageable percentage of the total acquisition workforce. The report indicated that this would allow the government to adequately oversee contractor support and retain the skills necessary to carry out contracting functions. In the current environment of the Recovery Act, GSA's already strained contracting resources will be under unprecedented pressure, especially given that recent audit reports have identified contract administration and oversight as a systemic weakness. FAS could highlight the importance of oversight to GSA ordering activities by providing additional guidance on managing this risk.

Section 4.3 Basis for Pricing

This section states, "*All pricing activity shall be based on the BPA hourly rates with any additional proposed discounts and shall consider the mix of labor categories, travel, and other direct costs (ODCs) and level of effort required to perform the services described . . .*" We believe that FAS should clarify that the ordering contracting officer is responsible for this evaluation. As noted previously, the BPA statement of work outlined only broad categories of AMS services; accordingly, this evaluation of the appropriate type of labor and level of effort at the task order level is critical to ensuring that task order pricing is fair and reasonable.

⁵ FAR § 7.5, *Inherently Governmental Functions* and FAR § 9.5, *Organizational and Consultant Conflicts of Interest*.

⁶ DAU Research Report 06-001, *Contracting Out Procurement Functions: An Analysis* (November 2005).

Section 5.0 Reference Materials – Supplementary Guidelines and Resources

This section provides references to the supplementary guidelines and relevant resource materials; however, this section does not reference subparts of the FAR that pertain to the risks inherent to AMS services. Subparts 7.5 and 9.5 of the FAR highlight the risks related to procuring AMS services and offer guidance to reduce the risks. Providing references to these subparts in this section would accentuate to ordering activities their importance when considering AMS services.

FAS Should Monitor the Effectiveness of BPA Ordering Guidance

In order to evaluate the effectiveness of the ordering procedures, FAS should develop and implement procedures to periodically assess the effectiveness of the BPA guidance. FAS officials advised us that they did not believe they should assume an oversight role for use of the BPAs. However, GSA's *Internal Controls at the General Services Administration Desk Guide* states, "Once controls have been implemented, it is crucial to continuously monitor and test the controls to identify poor design or ineffective controls." Rather than placing FAS in a direct oversight role, this monitoring activity would allow FAS to enhance the program to meet ordering activities' needs. Because the BPAs require contractors to submit task order information to FAS, the documentation needed should be readily available to monitor the effectiveness of the BPA guidance.

Decisions Related to the Number of BPAs Not Fully Supported

FAR Subpart 8.405-3 establishes factors that ordering activities should consider when determining the number of BPAs to award.⁷ While the BPA documentation reflected that FAS generally planned and executed the BPAs in accordance with other FAR requirements, FAS changed the acquisition strategy without considering the factors outlined in FAR Subpart 8.405-3. The change in acquisition strategy from multiple-award BPAs to a single-award BPA and two backup BPAs resulted from the need to expedite orders of AMS services for time-sensitive Recovery Act procurements. However, the documentation does not fully support the basis for FAS' decision to change the BPA acquisition strategy, and there is no evidence that FAS evaluated the factors in FAR Subpart 8.405-3 prior to this change. As a result, there is limited assurance that the revised strategy, which eliminates competition at the order level, is appropriate for this procurement and in support of the Recovery Act.

When determining the number of BPAs to establish, the FAR requires consideration of the following factors:

- i. The scope and complexity of the requirement(s);
- ii. The need to periodically compare multiple technical approaches or prices;
- iii. The administrative costs of BPAs; and

⁷FAR § 8.405-3, *Blanket purchase agreements (BPAs)*.

iv. The technical qualifications of the schedule contractor(s).

The acquisition plan for the BPA reflected consideration of some of these factors in determining the method of fulfilling the overall requirement for AMS services; however, we found no evidence that FAS considered these factors in decisions related to the number of BPAs to establish. FAS initially planned for a multiple BPA strategy but later amended the acquisition plan to a single-award strategy. Amendments to the BPA file indicate that FAS changed the acquisition strategy in response to PBS officials' assertions that PBS lacked adequate contracting resources to compete orders for AMS services in support of time-sensitive Recovery Act procurements. Discussions with FAS contracting officials also confirmed that they had not considered these factors in their decision to shift from multiple BPAs to a single-award BPA and two backup BPAs.

In addition, the BPA file does not adequately explain how ordering activities will save time with the single-award strategy. The BPA file states,

This shift in the acquisition strategy is in the best interest of the Government, due to GSA's limited contracting resources, particularly within PBS. The issuance of task orders will no longer require competition at the task order level due to the new ordering procedures, which will allow for GSA to meet its procurement needs more quickly.

While we recognize that a single-award strategy will not require evaluation of multiple proposals for each order, FAS officials confirmed that the single-award BPA strategy would still require the following steps:

- Ordering activities must develop a comprehensive SOW, to include contract deliverables;
- Ordering activities must provide written justification for other than firm, fixed-priced orders;
- The contractor must prepare a proposal in response to the SOW for each task order;
- Ordering activities must evaluate the contractor's proposal, including the level of effort and proposed labor mix and determine that the total price is fair and reasonable for each task order; and
- Ordering activities must administer the task orders to ensure that the contractor meets the quality and performance standards.

Therefore, it is unclear how PBS or other GSA ordering activities will save a significant amount of time by using a single BPA versus multiple BPAs.

Subsequent to the initiation of our review, FAS contracting officials created an addendum to the BPA acquisition plan to further explain the decision to change the acquisition strategy. The addendum document cited the number and competency of PBS' current contracting resources, the urgency in meeting Recovery Act timelines, and stated that a consistent approach to the task orders was desired. Lastly, the document

indicated that future Recovery Act-related BPAs awarded under MAS contracts would be multiple-award in order to enhance competition. We previously noted our concern of how the single-award strategy will save a significant amount of time. It is also unclear how a single-award strategy will address the number and competency level of contracting resources, as the single-award structure still requires ordering activities to perform the aforementioned steps. Regarding the desire for a consistent approach to acquisition support tasks, we found no indication that this was a factor in the decision.

In addition to the concerns noted above, we believe that the original multiple-award BPA acquisition strategy would have more fully supported the objectives of the Recovery Act. In April 2009, OMB issued policy related to the Recovery Act that instructed executive agencies to promote competition to the maximum extent practicable.⁸ Further, GSA has issued its own policy on the Recovery Act that emphasizes competition.⁹ While we understand that FAS negotiates MAS contracts to achieve fair and reasonable prices,¹⁰ and that FAS competed this acquisition at the BPA level, the ordering activity will not price individual orders under the BPAs on a competitive basis. Labor rates are only one piece of the equation for the evaluation of pricing for services. The evaluation of the second piece—labor mix and level of effort—will not occur until the ordering activity develops the specific requirements at the task order level. A lack of competition at the order level reduces the incentive for the contractor to provide the best solution at the best price for the specific requirement.

Conclusion

FAS has established ordering guidance and training for use of the AMS services BPAs to address risks associated with the procurement of these services, as well as Recovery Act requirements. We identified improvements to the guidance to emphasize key steps to reducing the risks prevalent with AMS services. The improvements include emphasizing the requirement to develop a statement of work at the order level; the need for more specific guidance on the appropriate ratio of contractors for adequate oversight; clarifying to ordering activity contracting officers their responsibility to make a written determination of fair and reasonable pricing at the task order level; and referencing subparts in the FAR that address the risks associated with AMS services. FAS should also implement a plan to monitor the effectiveness of the BPA ordering guidance.

The BPA documentation reflected that FAS generally followed FAR requirements in planning and executing the acquisition; however, FAS did not consider factors in the FAR for determining the number of BPAs to establish, and there was insufficient detail to substantiate the rationale for a shift in acquisition strategy from a multiple-award environment to a single-award environment. As a result, there is reduced assurance

⁸ OMB Memorandum M-09-15, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009* (April 2009).

⁹ GSA Acquisition Letter V-09-01, *American Recovery and Reinvestment Act Implementation* (April 2009).

¹⁰ FAR § 8.404(d) *Use of Federal Supply Schedules*.

that the strategy is appropriate for this acquisition. For future BPA procurements, FAS should ensure that contracting officials consider the elements in FAR Subpart 8.405-3(a)(1) when determining the number of BPAs. The BPA file should also reflect additional details to support the rationale for changing the acquisition strategy.

Recommendations

We recommend that the Commissioner, Federal Acquisition Service:

1. Supplement the BPA ordering guidance by:
 - a. Adding to Section 2.1 of the *Acquisition Management Support Services Contracting Officer Ordering Guide* the requirement to develop a statement of work at the order level, as outlined in the *Sample Acquisition Management RFQ* and prescribed in FAR Subpart 8.405-2(b);
 - b. Adding more specific guidance in Section 2.4 of the *Acquisition Management Support Services Contracting Officer Ordering Guide* to aid ordering activities on determining the appropriate ratios of contractor employees to government employees when acquiring AMS services;
 - c. Clarifying in Section 4.3 of the *Acquisition Management Support Services Contracting Officer Ordering Guide* ordering activity requirements defined in FAR Subpart 8.405-2(d). Specifically, the ordering guide should indicate that the ordering activity contracting officer is responsible for making a written determination that the total price of the task order is fair and reasonable based on an evaluation of the contractor's proposal;
 - d. Considering the addition of references to FAR Subpart 7.503, which addresses inherently governmental work, and FAR Subpart 9.5, which addresses organizational conflicts of interest.
2. Develop and implement a plan to monitor the effectiveness of the BPA ordering guidance and improve the guidance as necessary.
3. Ensure that the BPA file contains sufficient explanation of how the shift in acquisition strategy will save time and contracting resources.
4. Ensure that future BPA awards reflect consideration of the factors listed in FAR Subpart 8.405-3(a)(1) when determining the number of BPAs to establish for BPA awards.

Internal Controls

We limited our assessment of internal controls to those related to the BPAs that FAS awarded for AMS services. We provided recommendations to strengthen and improve the current controls as discussed in the Results of Review and the Recommendations sections.

Management Comments

In his March 10, 2010 response to the draft report, the Commissioner partially agreed with the recommendations.

The Commissioner concurred with Recommendations 1, 2, and 4. The Commissioner concurred in part with Recommendation 3. The Commissioner stated that while the FAR does not mandate documentation of a shift in acquisition strategy, “FAS is amendable to the OIG’s recommendation for this specific BPA and believes that the strategy fully supports the best interest of the customer and taxpayer in fully documenting the file.”

We reaffirm our recommendation. As a point of clarification, our report states that not only was there no evidence that FAS considered the factors in the FAR related to the number of BPAs for the shift in strategy, but there was also no evidence that FAS considered the applicable factors in the initial acquisition plan. In addition, FAR Subpart 4.8, *Government Contract Files* states, “The documentation in the files shall be sufficient to constitute a complete history of the transaction for the purpose of – (1) providing a complete background as a basis for informed decisions at each step in the acquisition process.” We believe that FAS should adhere to this requirement throughout the acquisition process.

APPENDICES



GSA Federal Acquisition Service

MEMORANDUM FOR KENNETH L. CROMPTON
DEPUTY ASSISTANT INSPECTOR GENERAL FOR
ACQUISITION AUDITS (JA-A)

A handwritten signature in black ink, appearing to read "James A. Williams".

FROM: JAMES A. WILLIAMS
COMMISSIONER FEDERAL ACQUISITION SERVICE (Q)

SUBJECT: GSA Draft Report, "Review of the Federal Acquisition
Service Blanket Purchase Agreements for Acquisition
Management Support Services" (A090018-2)

We have reviewed the subject draft report and appreciate the opportunity to comment. We partially agree with the findings and have detailed our level of concurrence with the recommendations in the attachment. As applicable, time-phased action plans are being developed to implement the report recommendations.

Please call me at (703) 605-5400 if you have any questions. Your staff may contact Wayne Williams at (703) 605-2177 or Wayne.Williams@gsa.gov.

Enclosure

cc: Erin Priddy (JA-6)
David Garcia (JA-6)

Federal Acquisition Service Comments on the OIG Draft Report: "Review of the Federal Acquisition Service Blanket Purchase Agreements for Acquisition Management Support Services" (A090018)

General Comments

As highlighted by the General Service Administration's (GSA) Office of the Inspector General (OIG) in its Review, upon award of the Blanket Purchase Agreement (BPA) for Acquisition Management Support (AMS), the federal Acquisition Service (FAS) created documents for the ordering activities to enhance compliance and training:

- Acquisition Management Support Service Contracting Officer Ordering Guide;
- Sample Acquisition Management Request for Quotes (RFQ); and
- Acquisition Management Support Services BPA Ordering Procedures Checklist.

FAS sees these documents and training as a Best Practice that should be replicated throughout the federal government when establishing BPAs against the Multiple Award Schedules. The OIG's review and recommendations will serve to enhance further compliance and transparency.

The Report notes that OIG did not find evidence that FAS considered factors in the FAR when determining the number of BPAs to establish. At the time that FAS established the Acquisition Plan it did follow the guidance per FAR subpart 8.405-3 Blanket Purchase Agreements (BPAs). In extensive consultation with the customer, the Public Building Service (PBS), FAS changed the acquisition plan to award a single BPA in order to meet PBS's need to manage task orders quickly and effectively with an overburdened workforce. The FAR does not require that a contracting officer revisit the specific factors as noted above. While these factors and specific documentation are not specifically incorporated into the revised plan, the contracting team and customer had lengthy communications to determine how to best proceed to serve the government's needs most effectively. Although not required by regulation, FAS sees a benefit to augmenting the contract file with additional documentation.

Recommendation No.1

Supplement the SPA ordering guidance by:

- a. Adding to Section 2.1 of the Acquisition Management Support Services Contracting Officer Ordering Guide the requirement to develop a statement of work at the order level, as outlined in the Sample Acquisition Management RFQ and prescribed in FAR Subpart 8.405-2(b);
- b. Adding more specific guidance in Section 2.4 of the Acquisition Management Support Services Contracting Officer Ordering Guide to aid ordering activities on determining the appropriate ratios of contractor employees to government employees when acquiring AMS services;

- c. Clarifying in Section 4.3 of the Acquisition Management Support Services Contracting Officer Ordering Guide ordering activity requirements defined in FAR Subpart 8.405-2(d). Specifically, the ordering guide should indicate that the ordering activity Contracting Officer is responsible for making a written determination that the total price of the task order is fair and reasonable based on an evaluation of the contractor's proposal;
- d. Considering the addition of references to FAR Subpart 7.503, which addresses inherently governmental work, and FAR Subpart 9.5, which addresses organizational conflicts.

FAS concurs.

Recommendation No.2

Develop and implement a plan to monitor the effectiveness of the BPA ordering guidance and improve the guidance as necessary.

FAS concurs.

Recommendation No.3

Ensure that the SPA file contains sufficient explanation of how the shift in acquisition strategy will save time and contracting resources.

FAS concurs in part. As stated in the general comments, the FAR does not mandate that the shift in acquisition strategy be documented. However, FAS is amenable to the OIG's recommendation for this specific BPA and believes that the strategy fully supports the best interest of the customer and taxpayer in fully documenting the file.

Recommendation No.4

Ensure that future SPA awards reflect consideration of the factors listed in FAR Subpart 8.405-3(a)(1) when determining the number of BPAs to establish for BPA awards.

FAS concurs.

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APPENDIX B

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