

REVIEW OF  
CONNECTIONS PROGRAM CONTRACT  
FEDERAL ACQUISITION SERVICE  
REPORT NUMBER A050008/T/5/Z06001  
January 20, 2006

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U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

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DATE: January 20, 2006

REPLY TO

ATTN. OF: Regional Inspector General for Auditing  
Great Lakes Region (JA-5)

SUBJECT: Review of CONNECTIONS Program Contract  
Federal Acquisition Service  
Report Number A050008/T/5/Z06001

TO: G. Martin Wagner  
Acting Commissioner, Federal Acquisition Service (T)

This report presents the results of the Office of Inspector General's audit of the CONNECTIONS program contract. The audit was done at the request of the Assistant Commissioner for Regional Services. The review focused on regional utilization of the CONNECTIONS contract with an emphasis on potential issues unique to the contract vehicle.

Several problems exist in the use of the contract at the regional level. Problems include verification of contract line item numbers (CLINs) by the ordering office, selection of the contract category, use of other direct costs (ODCs) in task orders, issues dealing with GSA delegating contract management to the client agency, and using the results of the Program Office reviews.

These problems can result in the Government paying too much for products and services because the products and services have not been reviewed to determine whether they were valid contract items. The use of an incorrect contract category could affect the level of competition and result in increased ODCs. Client agency task order management could result in problems with the completion of orders on time and within specifications. The failure to act on Program Office review results in the same issues being identified on a repetitive basis because regional offices did not take corrective action.

Thank you for the courtesies extended during the audit. Should you or your staff have any questions, please contact me on (312) 353-7781, extension 112.

A handwritten signature in cursive script, appearing to read "Franklin Moy".

Franklin Moy  
Audit Manager  
Great Lakes Region

REVIEW OF  
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**INTRODUCTION**

**Background**

We initiated this audit based on a request from the Assistant Commissioner for Regional Services, Federal Technology Service (now part of Federal Acquisition Service). The review was included in the FY 2005 Annual Audit Plan. Our review focused on regional utilization of the CONNECTIONS contract with an emphasis on potential issues unique to the contract vehicle. The CONNECTIONS contract provides federal telecommunications equipment, services and solutions. It provides the flexibility for customers to choose from small equipment purchases to complex integrated solutions.

Awarded in January 2003, CONNECTIONS is an 8-year (three base years and five one-year options) Government-wide, multiple award, indefinite-quantity contract. The Contract has three categories of service to choose from: Category 1 is for equipment and services where the client's needs are centered on equipment acquisition and the requirements have been defined; Category 2 provides for support services such as help desks and operations support; and Category 3 is used to provide solutions where the specific needs are not defined but the end result is defined.

The CONNECTIONS contract has two means of providing service: self-service and assisted. Agencies are capable of placing orders directly with the CONNECTIONS contractors through self-service orders. In a self-service order, the client interacts directly with the contractor and GSA only provides the contract vehicle. On an assisted service order GSA assumes the role of the designated agency official (DAO) and takes on all of the associated responsibilities on behalf of an agency. The Government fee associated with the CONNECTIONS contract is one percent for self-service and between two and six percent for assisted service. We limited our review to GSA assisted transactions.

**Objectives, Scope and Methodology**

The objectives of our review were to answer the following questions: 1) Are appropriate controls in place to ensure that task orders are properly managed; 2) task orders in compliance with applicable contract provisions and procurement regulations; and 3) Are contract line item numbers verified by the regions?

To accomplish our objectives:

- We used data from CONNECTIONS' sales reports to identify the audit universe and to select regions and transactions to be analyzed;
- We used task order reviews performed by the CONNECTIONS program office as part of our task order review process;
- At the request of FTS, we selected task orders awarded after April 2004, with most orders being awarded after August 2004;
- We obtained task order documentation from the GSA IT Solutions Shop <sup>1</sup> for the task orders selected;
- We reviewed 30 task orders valued at \$14,256,373 out of a universe of 553 task orders worth \$73,248,338; and,
- We conducted site visits to the Great Lakes Region, the Pacific Rim Region, the Mid-Atlantic Region and the Heartland Region.

We performed our audit fieldwork from March 2005 through June 2005. The audit was conducted in accordance with generally accepted Government auditing standards.

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<sup>1</sup> IT Solutions Shop (ITSS) is an e-commerce application that provides an automated, convenient and secure means for federal agencies to order and accept services and commodities from vendor partners.

## RESULTS OF AUDIT

### Brief

Our review found that problems exist both with procurement processes in general and with the use of the CONNECTIONS contract.

FTS has made a number of changes in its procurement procedures as the result of the Office of Inspector General's reviews of the Client Support Centers (CSCs). Because of those reviews we feel that the procurement issues are being addressed and do not require reiteration in this report.

Several problems exist in the use of the contract at the regional level. Problems include verification of contract line item numbers (CLINs) by the ordering office, selection of the contract category, use of Other direct costs (ODCs) in task orders, issues dealing with GSA delegating contract management to the client agency, and using the results of the Program Office reviews.

These problems can result in the Government paying too much for products and services because the products and services have not been reviewed to determine whether they were valid contract items. The use of an incorrect contract category could affect the level of competition and result in increased ODCs. Client agency task order management could result in problems with the completion of orders on time and within specifications. The failure to act on Program Office reviews results in the same issues being identified on a repetitive basis because regional offices did not take corrective action.

### **Findings and Recommendations**

#### **Finding 1 – Contract Line Item Number (CLIN) Verification and Validity Checking Needs To Be Implemented**

Our analysis showed that 26 of the 30 orders selected did not have the contract line item number information verified by the procurement office. The lack of verification can result in potential problems in determining fair and reasonable pricing. If the pricing information is not verified then overpricing cannot be detected or corrected; and, erroneous and other direct costs cannot be properly addressed.

**CLIN Verification:** A contract line item number uniquely identifies equipment or a service. Contractors have designated contract line item numbers for each category. There are 17 contractors; eight contractors in Category 1 (equipment and services), 16 contractors in Category 2 (support service orders), and eight contractors in Category 3 (solutions orders). (Certain contractors offer products/services under multiple CLINs and categories.)

The total contract line item numbers for the 17 contractors as of February 2005 were 1,023,172. For a breakdown by contractor and category see the table below:

<b>CONNECTIONS Vendors</b>	<b>Contract Line Item Numbers</b>			<b>Totals</b>
	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	
A&T Systems Inc.	6,976	64	394	7,434
Century Technologies	5,183	105	317	5,605
Engineering & Professional Services Inc.	84,257	78	145,203	229,538
Information Systems Support Inc	179,953	216	177,431	357,600
SBC Datacomm	95,764	96	95,983	191,843
Verizon Federal Inc.	39,199	529	28,991	68,719
Government Technologies Inc	26,921	525		27,446
Electronic Data Systems Corp		1,099	129	1,228
Science Applications International Corp.		264	5,788	6,052
Booz-Allen Hamilton Inc.		156		156
M. C. Dean		198		198
Management Applications Inc.		27		27
Mantech Advanced Systems International Inc		90		90
Omega Technologies Inc.		262		262
SETA Corp		250		250
Signal Solutions		83		83
NextiraOne Federal LLC	<u>126,641</u>			<u>126,641</u>
<b>Totals</b>	<u><b>564,894</b></u>	<u><b>4,042</b></u>	<u><b>454,236</b></u>	<u><b>1,023,172</b></u>

The table above lists all the contractors/vendors that offer their services through the CONNECTIONS contract. Some of the vendors are included in one, two or all three categories. For example, Information Systems Support Inc. is approved under all three categories and it has 179,953 contract line item numbers for Category 1, 216 for Category 2, and 177,431 for Category 3; for a total of 357,600 contract line item numbers.

When task orders were first awarded, the regional offices did not verify the contract line item number information. According to the Program Office, the information was provided by the contractors on their websites in different file formats. We found that checking the prices without the Quick CLIN checker (web-based application) was a tedious and time consuming task as it involved scrolling through hundreds of portable document format (PDF) files that listed materials or labor categories. The Program Office adopted a proactive approach and developed the Quick CLIN checker to help with price evaluations. On September 17, 2004 the Program Office shared the Quick CLIN checker with the regional representatives by affixing it to the CONNECTIONS website. The advanced version was shared with the regions on March 11, 2005. Everyone including customers, contractors, and designated agency officials, has access to the Quick CLIN checker and the advanced version through the CONNECTIONS website.

The CONNECTIONS website states: "This site was created to assist Designated Agency Officials (DAOs) in quickly verifying Connections contract pricing..." It also says: "Use this site to validate the price(s) proposed for products and/or services under Connections ..." In addition, the CONNECTIONS website recommends including

additional language in the statement of work to notify contractors of the intentions to use the site. An example is given. The text reads: "**Offerors shall clearly identify all proposed products/services. All offerings approved under a CONNECTIONS contract shall be easily verifiable utilizing the CONNECTIONS Quick CLIN Checker. All other proposed items shall be considered ODCs.**"

According to some of the Information Technology Managers, they did not use the Quick CLIN checker because they did not know about it or it was too difficult to use. In our opinion, the Quick CLIN checker is easy to use as all it takes is a visit to the webpage (<https://connections.mitretek.org/gsa/>), a selection of a category, the contractor's name, and the contract line item number. After the information is keyed the results are displayed. An example follows:

(Redacted Pursuant to FOIA Exemption 4)

The advanced version of the Quick CLIN checker provides more information than the Quick CLIN checker. It allows the users to view information such as description, specifications, manufacturer, model number, unit price, purchase price, warranty, and warranty length. The user needs to select the category, the contractor, and one or multiple fields, and the results are displayed.

Proposed Contract Line Item Numbers Were Invalid: We are particularly concerned with invalid contract line item numbers. Our review found problems with 17 of the 30 orders we selected. The most common problem we identified was the existence of invalid contract line item numbers in the proposals. Some contractors included contract line item numbers not found in the contract and others included the description but not the contract line item number. This indicates that CONNECTIONS contractors were identifying line items as being on the contract when they are not. We found that 17 percent of the orders reviewed from the Mid-Atlantic, Great Lakes, Heartland, and Pacific Rim Regions representing approximately \$1,242,476 of a total of \$7,172,175 had either invalid or lacked contract line item numbers.

Examples of invalid contract line item numbers include materials and equipment such as:



- multi-service CISCO router described as a 3700 series (Redacted Pursuant to FOIA Exemption 4) - \$7,102
- CAT5E, Plenum Rated, Blue & White, 1000' - \$37,118
- fiber duct identified as a latching duct with adhesive back (Redacted Pursuant to FOIA Exemption 4) - \$6,092
- modular jack (Redacted Pursuant to FOIA Exemption 4) - \$7,035

Examples for labor are:

- systems network engineer on site (Redacted Pursuant to FOIA Exemption 4) - \$173,376
- graphics specialist 2 - \$9,380

The CONNECTIONS website reads: "If your search produces no results, then you do NOT have a valid contract offering". Contract line items that are invalid are considered other direct costs (ODCs) and subject to the applicable ODC policies. For more examples of invalid contract line items see Appendix A.

#### Finding 2– Excessive Other Direct Costs (ODCs)

Our review found that a number of the task orders we selected had what we believe to be an excessive level of ODCs. The presence of a significant amount of ODCs could be indicative of a problem with using the wrong CONNECTIONS category being used or possibly with the use of the CONNECTIONS contract as the procurement vehicle itself. According to section H.30 (titled other direct costs) of the CONNECTIONS contract, the Designated Agency Official (DAO) will establish the maximum allowable amounts of ODCs in accordance with the following limitations:

- Orders placed under equipment and services (Category 1), ODCs in excess of \$10 million will be referred to the GSA PCO (Procuring Contract Officer) for review and approval;
- Support service orders (Category 2), ODCs in excess of \$15 million will be referred to the GSA PCO for review and approval;
- Solutions orders (Category 3), ODCs in excess of \$30 million will be referred to the GSA PCO for review and approval.

Furthermore, the Designated Agency Official determines, using the policies and methods set forth in FAR Subparts 15.4 and 16.505(b), that the prices for such items are fair and reasonable.

Besides the CONNECTIONS limitations for each category, the regions can set additional limitations for ODCs. For example, the Great Lakes Region set \$25,000 as its limitation for other direct costs. Anything above this limit was automatically rejected

and not awarded. In our opinion, \$25,000 could be considered too stringent, and \$10, \$15 or \$30 million too high. Our review of 30 task orders found that eight had what we concluded were an excessive percentage of ODCs. For these eight task orders, the ODC range was between 41 and 100 percent of the value of the task order. One of the orders had a category 2 contractor performing a category 1 project involving equipment installation. On this particular order, all of the equipment (roughly 50% of the order) was an ODC. Other examples include the following items:

- IP Network interface (encoder / decoder) – HMR \$19,800
- PTZ Dome Camera kits w/ housings and mounts - HMR \$13,340
- Wireless ethernet router – HMR \$12,825
- 16-channel Intellex DVMS – PMO \$9,295

For a more detailed list of ODCs see Appendix B.

The table below gives examples of orders with high levels of ODC's:

Per Proposal		Other Direct Cost			Order	Percent
Equipment	Labor	Per Proposal	Invalid CLINs	Total	Total	ODC
\$ 86,460	-	\$ 60,772	-	\$ 60,772	\$ 147,232	41%
5,103	-	146,520	\$ 5,103	151,623	151,623	100%
-	180,039	172,963	26,660	199,623	353,002	56%
-	30,668	31,496	1,642	33,138	62,164	53%
-	136,559	-	132,982	132,982	136,559	97%
261,476	305,393	-	278,570	278,570	566,870	49%
59,658	59,585	5,431	50,244	55,675	124,674	44%
701,196	-	-	333,810	333,810	701,196	47%
<b>\$1,027,434</b>	<b>\$ 798,706</b>	<b>\$ 417,182</b>	<b>\$ 829,013</b>	<b>\$ 1,246,195</b>	<b>\$ 2,243,323</b>	<b>55%</b>

Inclusion of a large amount of ODCs presents issues both in terms of the CONNECTIONS contract and procurement in terms of pricing. The need to use a high level of ODCs could be indicative of a problem in either contract category selection or with using the CONNECTIONS contract itself. The presence of a high percentage of ODCs could also result in reduced competition since the wrong category may have been used. Pricing of the ODC's is an issue because there was minimal evidence in the files dealing with the review of ODC pricing.

Finding 3 - GSA Use Of Contract Category Needs To Be Improved

The utilization of the proper CONNECTIONS contract category is critical to the procurement process. Categories were established to give the user the ability to solicit proposals in a manner tailored to their requirements. The CONNECTIONS contract was awarded with three distinct categories. Each category covers a specific area of client agency need. Category 1 is aimed at procurements (primarily equipment and related installation) where the items needed have been adequately defined by the Government. Category 2 deals with labor only tasks such as help desks and technical support. Category 3 is used in situations where the specific needs have not been defined and the Government needs the vendor to provide the solution based on what could be described as a performance based requirement.

During the audit we identified 5 of the 30 orders reviewed as being solicited under the incorrect category. Lack of knowledge and misinterpretation of categories are reasons for selecting the wrong contract category according to the Information Technology Managers who manage the task orders for GSA.

As an example, one order we reviewed was solicited under Category 2. It was a task order for a physical security system consisting of remote surveillance cameras and a wireless network to link them together. The statement of work required both the equipment and the installation. Only 1 of 16 Category 2 contractors responded to the request for proposal. Because Category 2 does not contain any equipment, all of the hardware on the project was proposed as Other direct costs, which left all the equipment, as open market items that was not competed. The total ODCs for this task order were \$172,963. According to the CONNECTIONS contract, Category 1 should be used when the need is centered on equipment acquisition. The order was centered on equipment acquisition; therefore, it should have been issued as a Category 1 instead of 2. If Category 1 had been selected eight contractors could have submitted a proposal. As it was, only one Category 2 contractor responded.

The use of the wrong contract category can result in potential problems in determining fair and reasonable pricing. The Government may not have enough information available to base pricing determinations on. In one order, the only pricing data came from a client agency provided estimate. The estimate was prepared based on information received from the company that ended up being subcontracted to perform the work. It can result in limited competition, as bidders will not submit a proposal if the work requested is not in their area of expertise or they might hire subcontractors to do all the work.

#### Finding 4 - Project Management Issues

We found that GSA delegated contract management to the client agency on the task orders reviewed. In one instance we believe the delegation resulted in delays and substandard work being approved because the client agency did not enforce the task order specifications for installation of some of the items purchased. Relying on the client agency to do contract management can increase the project's cost and GSA's liability. Review of CONNECTIONS task orders found that 9 of the 30 orders involved statements of work that could result in issues found in construction projects. Some of the construction issues were: cost escalation, delays (if caused by the Government,

they may result in claims being filed for increased costs because the contractor may not be able to perform as planned), subcontractor performance and payment.

An example of delays we identified in a task order can be found in Appendix C. This task order included equipment and installation required to complete the remote firehouse project on the Charleston Air Force Base, in South Carolina. This project, while information technology in nature, involved a significant amount of construction related work. Non-information technology trades were required to complete the task. The task required trencher operators, backhoe operators, borer operators, and other related trades. This project suffered significant delays in completion for reasons directly related to construction type issues. Another delay was a Government caused delay resulting from the inability to start the work when planned because the local commander did not want work started until after the Memorial Day weekend, which was almost two months after the April 6, 2004 award date. There were no penalties for delays caused by the contractor or non-performance in the CONNECTIONS contract as there are in construction contracts. A list of issues occurring during the project is detailed in Appendix C. Some of the issues are related to inadequate due diligence on the part of the Government and the contractor in pre-construction evaluation of the site. Others relate to non-delivery of material, weather and the effect of other contractors on the project.

Greater definition of roles and responsibilities between GSA and its client agencies needs to be established early on in construction related projects to protect the Government's interests. Inadequate site due diligence, lack of effective oversight during the project and failure to coordinate other work or contractors could result in project delays or quality problems.

#### Finding 5 – Program Office Reviews

The CONNECTIONS Program Office performs reviews of task orders prepared by GSA for client agencies. The reviews are advisory in nature and are designed to point out issues to the users and educate them in the use of the CONNECTIONS contract. We found that many of the problems identified by the Program Office were repetitive in nature. We also found a lack of response or corrective action to the reviews on the part of the regions reviewed. We looked at 30 task orders and found that 24 had deficiencies identified by the Program Office. The Program Office is located in Fairfax, Virginia and is comprised of six individuals.

The Program Office adopted a proactive role of reviewing the task orders. They informed us that they did not keep track of earlier reviews, but the earliest reports go back to February 27, 2004. The review process evolved over time as changes were made to FTS' checklists, funding documentation<sup>2</sup>, categories, ODCs, and price proposals. In addition, the Program Office started using and advising the use of the contract line item checker by September of 2004.

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<sup>2</sup> Reviewing the funding documentation comprises checking for appropriateness of purpose, fund year, and sufficient funding availability.

The Program Office staff has spent a lot of time and effort reviewing task orders and identifying potential problems. Unfortunately, the information was discussed and distributed to the Federal Technology Service network side of CONNECTIONS, not the information technology side. Due to the miscommunication, the proper regional offices did not always receive the program office reviews and no corrective action was taken. We found that 23 of the task orders had no corrective action. Only one task order showed corrections were made.

Some of the deficiencies found by the Program Office were:

- “The proposed hourly price for ID Number (Redacted Pursuant to FOIA Exemption 4) exceeds the contract cap. The proposed hourly rate is \$102.80 per hour and the contract price is \$90.90 per hour”.
- “ID Numbers (Redacted Pursuant to FOIA Exemption 4) are not on the contract”, this means that a contractor proposed contract line item numbers that are invalid.
- “The Other direct costs are 97 percent,” this particular task order has almost 100 percent of other direct costs.
- “The Region specifies that this is a Category 1 requirement. However, a parts list with part numbers and quantities is not provided. Category 1 should be used when specific parts and quantities can be identified”. The problem with this task order was selecting the wrong category.

In our opinion, the regional offices could improve the award and administration of CONNECTIONS task orders by using the results of Program Office reviews. Problems resulting from the use of the wrong category, excessive ODC's, invalid CLIN's and inadequate pricing competition would be reduced.

### Recommendations

We recommend that the Acting Commissioner, Federal Acquisition Service;

1. Direct that a point of contact at the regional level for Program Office reviews be designated. This person will act as the coordinator and keep track of the reviews and related corrective action.

2. Have the Program Office implement a training program to;
  - a. Emphasize the need to verify the contract line item numbers using the CLIN checkers and to document the validation process.
  - b. Improve the selection process used in determining which category to use. Additionally, the rationale used should be documented in the procurement file.
  - c. Instruct the regional offices in the use of the Program Office reviews.
  - d. Instruct the Information Technology Managers to work on a clear definition of the client agency roles and responsibilities and include them in the Memorandum of Understanding (MOU). Also, the project manager should take a more proactive role monitoring the task orders that include construction related work.
  
3. Instruct the Program Office to establish a percentage limit for Other direct costs to be used by all regions.

### Management's Response

In a response dated December 14, 2005, the Acting Commissioner of the Federal Acquisition Service provided management's response to the draft audit report. The response stated that they agreed with the IG recommendations and have implemented additional actions to improve the program. Management said that the close interaction of the IG team with the CONNECTIONS team enabled them to take some actions as they were discovered. (See Appendix D for the Assistant Commissioner's response).

### Internal Controls

We assessed the internal controls over the use of the CONNECTIONS contract. We found that controls in the form of Program Office reviews, CONNECTIONS website information, and other guidance were in place. We believe the issues noted in the audit report were the result of CONNECTIONS users not fully utilizing the resources provided them.

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**EXAMPLES OF INVALID CONTRACT LINE ITEM NUMBERS**

Per Contractor Proposal		
Description (Note 1)	CLIN Number (Note 2)	Amount
Systems/Network Engineer On Site	<b>NOT PROVIDED BY CONTRACTOR</b>	\$173,376.00
CAT5E, Plenum Rated, Blue & White, 1000'	<b>NOT PROVIDED BY CONTRACTOR</b>	37,117.50
Graphics Specialist 2	<b>NOT PROVIDED BY CONTRACTOR</b>	9,380.14
1-PORT MOD JACK IDC 8W8P UTP T568B CAT5E	<b>NOT PROVIDED BY CONTRACTOR</b>	7,035.00
LATCHING DUCT W/ADHESIVE BACK. (.90"X 1.50") WHITE 6'	<b>NOT PROVIDED BY CONTRACTOR</b>	6,092.00
25-Pair 710 Type Straight Modular Splice Connector	Redacted Pursuant to FOIA Exemption 4	85,331.04
100 pair rack mount DCO protector w/stub out	Redacted Pursuant to FOIA Exemption 4	34,050.40
Directional bore for Qty 4, 4" duct	Redacted Pursuant to FOIA Exemption 4	31,574.90
Catalyst 4500 Chassis (6-Slot), fan, no p/s	Redacted Pursuant to FOIA Exemption 4	20,693.54
Machine trench 12"x48"	Redacted Pursuant to FOIA Exemption 4	16,539.25
1000BaseLX/LH GBIC (SMF or MMF)	Redacted Pursuant to FOIA Exemption 4	16,488.64
4in Schedule 40 PVC Conduit	Redacted Pursuant to FOIA Exemption 4	10,824.00
3700 Series, 4-Slot, Dual FE, Multiservice Router 32F/256D	Redacted Pursuant to FOIA Exemption 4	7,102.04
24-10/100 inline power + 2 GBIC ports: SMI	Redacted Pursuant to FOIA Exemption 4	6,205.41
24-10/100 inline power + 2 GBIC ports: SMI	Redacted Pursuant to FOIA Exemption 4	2,068.47
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	86,872.20
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	48,119.85
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	38,953.28
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	37,964.88
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	36,114.00
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	22,612.32
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	21,099.36
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	19,208.80
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	15,322.68
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	14,500.20
<b>NO DESCRIPTION PROVIDED BY CONTRACTOR</b>	Redacted Pursuant to FOIA Exemption 4	12,996.00

**Notes:**

1. This is from the product description portion of a contractor's proposal. Where the table shows; "NO DESCRIPTION PROVIDED BY CONTRACTOR" it means that the contractor did not provide a description of the product that was being proposed for the task order. Our review of these items using the CONNECTIONS contract line item checker revealed that they are not valid items despite the existence of a contract line item number and the fact that they were identified by the contractor as being on contract.

## EXAMPLES OF INVALID CONTRACT LINE ITEM NUMBERS

(Continued)

1. The data in this column represents contract line item numbers provided by contractors in their proposals. Where the table reads "NOT PROVIDED BY CONTRACTOR" means that the contractor did not provide a contract line item number for the product that was being proposed for the task order. Our review of these items using the CONNECTIONS contract line item checker revealed that they are not valid items despite the existence of a contract line item number and the fact that they were identified by the contractor as being on contract.



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EXAMPLES OF OTHER DIRECT COSTS

DESCRIPTION FROM PROPOSAL	COST
Antenna/w Erection Kit	\$116,258
Antenna	104,449
Antenna	88,471
Specialized Equipment Rental, Transport, and Disposal	87,947
IP/VC 3540 MCU Module-100 sessions	60,646
Dump Truck, transport, etc.	40,455
Rental of back hoe, bobcats, pressers, jack hammers, etc	30,781
IP Network interface (encoder / decoder) - HMR	19,800
24-10/100 inline power + 2 GBIC ports EMI	16,967
PTZ Dome Camera kits w/ housings and mounts - HMR	13,340
Wireless Ethernet router - HMR	12,825
Optical Metro 3500 Universal Shelf w VTX Model	11,781
PTZ Dome Camera kits w/ housings and mounts - Impound Lot	10,005
IP Network interface (encoder / decoder) - Impound Lot	9,900
Incidental Installation Components and/or Consultants	9,485
16-channel Intellex DVMS - PMO	9,295
Perimeter and fill materials	8,794
84 DS1 Service Module w/Integrated OC-3 (LC) (working & prot)	8,632
8 Channel Intellex DVMS - HMR	8,565
Wireless ethernet router - Impound Lot	8,550
Landfill/dump fees	7,915
8 Channel Intellex DVMS (includes one network client) - WTF	7,795
Enhanced OMX 4-Ch Band 1 (1528.77nm - 1533.47nm)	7,706
Manhole 6Wx12Lx7H	7,067
Shipping & Handling	6,890
Wireless trans/recv &12dbi, 5.3 GHz antenna kit - PMO	6,800
PTZ Dome Camera kits w/housing and mounts -PMO	6,670
IP Network interface (encoder / decoder) - NE Fence Line	6,600
8X5XNBD SmartNet Subscription, IPVC 3540 MCU module 100 sessions	6,416
Fencing	6,058
Ancillary Equipment	5,816
Wireless Ethernet router - NE Fence Line	5,700
Lightening Protection Hermes Loop/TCI 540	5,680
Redundant Power System 675 (RPS 675) with 1 connector cable	4,486
24-10/100 inline power + 2 GBIC ports SMI	4,320
Loop Array Area Prep	4,102
Catalyst 4500 Supervisor II-Plus (IOS), 2GE,Console (RJ-45)	3,829

REVIEW OF CONNECTIONS PROGRAM CONTRACT  
 FEDERAL ACQUISITION SERVICE  
 REPORT NUMBER A050008/T/5/Z06001

**EXAMPLE OF PROJECT DELAYS**

**Task Order GST0504BM1545**

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Original Award	04/06/04	
Original Period of Performance	08/04/04	
Government Delay (See Note 1)	06/01/04	Memorial Day weekend
Revised Period of Performance	09/28/04	
Contractor Delay (See Note 2)	09/30/04	Cable delivery
Actual Period of Performance	11/11/04	
Actual Delay (in days) (See Note 3)	99	
Invoice Date	11/11/04	
Client Acceptance	11/09/04	
GSA Acceptance	11/22/04	

**Notes:**

1. This delay was caused by the client agency requesting that work not be performed prior to the Memorial Day holiday. The task order period of performance had to be adjusted to account for that delay.
2. This performance delay was caused by the contractor. Cable needed to complete the project was not delivered when required.
3. The overall project was completed 99 days after the originally scheduled completion date. The table below details some of the issues that affected the completion of the project.

<u>Report Date</u>	<u>Problem Date</u>	<u>Description</u>	<u>Cause</u>
06/14/04	06/10/04	Poorly marked electric line	site
	06/11/04	mislocated gas line	site
	06/11/04	Unmarked water line	site
06/19/04	06/15/04	Unmarked phone cable	site
06/25/04	06/23/04	Unmarked phone cable	site
	06/23/04	Unmarked gas line	site
	06/24/04	Non-delivery of manholes	contractor
07/17/04		Unmarked cable TV	site
		Damage by other contractor	other
07/23/04	07/19/04	Unmarked water line	site

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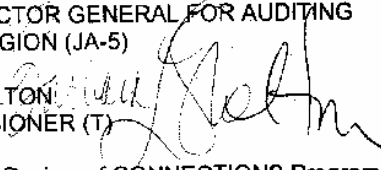
**MANAGEMENT'S RESPONSE**



GSA Federal Technology Service

DEC 14 2005

MEMORANDUM FOR DAVID K. STONE  
REGIONAL INSPECTOR GENERAL FOR AUDITING  
GREAT LAKES REGION (JA-5)

FROM: BARBARA L. SHELTON,   
ACTING COMMISSIONER (T)

SUBJECT: **DRAFT REPORT:** Review of CONNECTIONS Program  
Contract – Report Number A050008

Thank you for the opportunity to respond to the Inspector General Office (IG) draft report entitled: "Review of CONNECTIONS Program Contract Report Number A050008 November, 2005"

The report addressed three primary areas: regional focus on program office reviews, regional training on key CONNECTIONS acquisition issues, and establishing a percentage limit on Other Direct Costs (ODCs). Overall, I agree with the IG recommendations and have implemented additional actions to improve our program. In fact, the close interaction of the IG team with our CONNECTIONS team enabled us to take some actions as they were discovered. We will detail and implement your recommendations as discussed in the attachment.

In conclusion, Ms. Margaret Binns, Assistant Commissioner, Regional Services, and I want to thank the IG Review Team for their professionalism and their recommendations. The depth of the review and the willingness of the IG Review Team to delve below the surface of issues have contributed to the continued success of the CONNECTIONS program. We are very proud of the CONNECTIONS program and the many benefits it has brought to our Federal customers. With these improvements, it will become a more useful tool in the GSA Portfolio.

Attachment

U.S. General Services Administration  
10304 Eaton Place  
Fairfax, VA 22030-2213  
www.gsa.gov

**MANAGEMENT'S RESPONSE**  
(Continued)

**DRAFT REPORT:** Review of CONNECTIONS Program Contract – Report Number A050008/T/5/Z06001

Background:

We would like to outline some significant factors that impacted our efforts as we undertook the implementation of the CONNECTIONS program. The CONNECTIONS contract was the first task order driven contract in the Regional Services arena. It provided competition among multiple industry partners, setting ceiling prices for goods and services within scope. This environment was new for our office and many of our customers and industry partners. It created the need for significant process changes over the pre-CONNECTIONS environment. The mandatory fair consideration of all contractors in a certain category was a significant operational change. Planning and implementation of simple methods to check prices against contract ceilings and quickly modify the contract with new equipment and services were necessary. GSA has learned a great deal as we have worked through the myriad of issues we faced in this new environment, and we have ongoing efforts underway to continue to improve our management of this program.

Comments by recommendation:

In response to the recommendation regarding the education of regions on making contract category choices, GSA has implemented a second round of Road show visits to each region with detailed information and discussion. The "CONNECTIONS Desk Guide" has been updated with such detail and distributed to the regions. This effort took place from November 2004 to April 2005. The guidance also addressed the importance and methods for verifying contract line item (CLIN) prices, further explained the purpose and value of our task order review process, and opened daily dialog with the regions on proper use of CONNECTIONS. This guidance will improve consistency in contract interpretation, task order development and proper acquisition documentation.

Regarding the establishment of a point of contact at the regional level for program office reviews, some regions have already done this. They have shared with us new points of contact to include in dissemination of our reviews. We will share your findings with all regions and request new points of contact universally, both with Network Services and Information Technology. We will still copy the originators of the task order as the direct education and feedback is proving very useful to them. We are confident that these actions will place this education in the hands of all those who can help improve the process.

## MANAGEMENT'S RESPONSE

(Continued)

We agree with the IG recommendation regarding the establishment of an MOU with clear definitions of client agency roles and responsibilities. Without such delineation, there are task order issues which could lead to unexpected and costly GSA liability. We will distribute this concern, along with key elements to include in such a document, to all regions.

The IG recommendation regarding the establishment of a percentage limit for ODCs to be used by all regions is not a simple one but important. In this contract, ODCs are those items within the scope of the contract but for which there are no CLIN prices. This can occur for a number of reasons, some acceptable. We will work with our acquisition experts to form a new ODC guideline including your recommendations.

Thank you again for the opportunity to respond.

Connections Program Office

REVIEW OF CONNECTIONS PROGRAM CONTRACT  
FEDERAL ACQUISITION SERVICE  
REPORT NUMBER A050008/T/5/Z06001

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