# Audit of GSA's Transition from FTS2001 to Networx

*Report Number A110086/O/F/F11007*
*September 22, 2011*

# Office of Audits
# Office of Inspector General
# U.S. General Services Administration

## REPORT ABSTRACT

**PURPOSE**

The transition of federal agencies from the FTS2001 contract to the Networx contracts is one of the largest telecommunications transitions undertaken by the Federal Government. GSA began transitioning its telecommunications services to the Networx contracts in 2007 and has yet to finish. Due to the scale and length of the Networx transition, the GSA OIG included this audit as part of its FY2011 audit plan.

**OBJECTIVES**

Our objectives were to assess GSA's transition to Networx and to examine what GSA can do to improve future telecommunications transitions.

*Finance and Information Technology Audit Office (JA-F)*
*1275 First Street, NE*
*Washington D.C., 20417*
*(202) 357-3620*

### WHAT WE FOUND

GSA's management of the transition process adversely impacted its timely transition to Networx.

### WHAT WE RECOMMEND

The Chief Information Officer should:

1. Establish an inventory and an inventory management and validation system to ensure that telecommunications inventory records remain accurate.

2. Document identified internal setbacks, obstacles encountered, and the lessons learned during the transition from FTS2001 to Networx to facilitate the execution of future transitions.

### MANAGEMENT COMMENTS

The Chief Information Officer agreed with the audit findings and recommendations. Management's written comments to the draft report are included in their entirety as Appendix B of this report.

DATE: September 22, 2011

TO: CASEY COLEMAN
CHIEF INFORMATION OFFICER (I)

FROM: *Donna Peterson-Jones*
DONNA PETERSON-JONES
Audit Manager, Finance and Information Technology Audits (JA-F)

SUBJECT: Audit of GSA's Transition from FTS2001 to Networx
*Report Number A110086/O/F/F11007*

This report presents the results of our audit of GSA's transition from FTS2001 to Networx. Our findings and recommendations are summarized in the Report Abstract. Instructions regarding the audit resolution process can be found in the email, which transmitted this report.

Your written comments to the draft report are included in Appendix B of this report.

If you have any questions regarding this report, please contact me at (202) 357-3620 or Donna.Peterson@gsaig.gov.

On behalf of the audit team, I would like to thank you and your staff for your assistance during this audit.

# *Table of Contents*

## Introduction

The FTS2001 program was designed to provide government users with up-to-date, cost-effective, and easy-to-use telecommunications services. The first and second FTS2001 contracts were awarded in December 1998 and January 1999; these contracts expired in December 2006 and January 2007.

Networx, the replacement to the FTS2001 telecommunications contract, is designed to offer best value for federal agencies. Networx consists of two contracts, Networx Universal (Universal) and Networx Enterprise (Enterprise), which give agencies a more comprehensive selection of telecommunications and information technology (IT) services to meet their unique mission-critical needs. Universal and Enterprise, awarded in March 2007 and May 2007, respectively, have 4-year base periods, with three 2-year options each. Universal and Enterprise were made available to federal agencies through contracts awarded by the General Services Administration's (GSA) Federal Acquisition Service (FAS) Project Management Office (PMO),[1] also known as the Networx PMO.

To ensure uninterrupted telecom services after the expiration of FTS2001, but before federal agencies fully transitioned to Networx, the Networx PMO established "bridge contracts." GSA awarded these bridge contracts in July and August 2006. They included a 2-year base period and three 6-month options which became effective when the base contracts expired. The last options for the FTS2001 bridge contracts expired in May and June 2010 respectively.  Prior to expiration, because transition was still underway, the Networx PMO extended the bridge services via sole source contracts that had expiration dates of May and June 2011. As these deadlines approached, a significant number of federal agencies, including GSA, had not completed their transition. To prevent a possible lapse in telecommunications services, the Networx PMO made available a follow-on 6-month sole source contract with one 6-month option.

The GSA Office of the Chief Information Officer (OCIO) is responsible for transitioning GSA's telecommunications services to Networx. In this process the OCIO relies on FAS to assist with transitioning external customer agencies housed in GSA facilities. GSA began its transition after the Networx contract award using the Transition Baseline Inventory[2] provided by the Networx PMO. Additionally, GSA identified key agency personnel who would perform transition duties in addition to their existing responsibilities. Currently, GSA's OCIO is still transitioning GSA to Networx and, consequently, is included on the FTS2001 bridge contracts. The OCIO expected their transition to Networx to be completed by August 2011.

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[1] GSA is the owner of the contracts and supports customer federal agencies by managing the Networx transition through the Networx PMO.

[2] The Transition Baseline Inventory is a web-based application used for viewing, updating, and downloading an agency's FTS2001 inventory based on vendor billing and data.

## Objectives

Our objectives were to assess GSA's transition to Networx and to examine what GSA can do to improve future telecommunications transitions.

# *Results*

## GSA's management of the transition process adversely impacted its timely transition to Networx

The OCIO did not successfully transition telecommunications services to Networx prior to the expiration of the FTS2001 contracts. During the planning and execution of the transition process, the OCIO overlooked practices presented as guidelines by the Government Accountability Office (GAO) and the Networx PMO. The OCIO did not properly maintain its prior telecommunications inventory and consequently it was unavailable to transition services to Networx. To compensate for the lack of an established inventory, the OCIO simultaneously validated the telecommunications inventory as it was transitioning to Networx. As a result, GSA remains partially dependent on antiquated telecommunications services preventing a seamless, secure, and interoperable federal telecommunications environment.

As recommended in GAO's report,[3] the Networx PMO prepared and provided guidance[4] to agencies transitioning from FTS2001 to Networx which reiterated the actions GAO identified as sound transition planning practices for agencies, including:

1. Establish an accurate telecommunications inventory and an inventory maintenance process.
2. Perform a strategic analysis of telecommunications requirements and use this to shape the agency's management approach and guide efforts when identifying resources and developing a transition plan.
3. Establish a structured management approach that includes a dedicated transition management team, key management processes such as project management, configuration management, and change management.
4. Identify the funding and human capital resources that the transition effort will require.
5. Develop a transition plan that includes transition objectives, measures of success, a risk assessment, and a detailed time line.

Adherence to these practices would assist agencies in preparing for the transition to Networx, improve the transition process, prevent delays, and decrease the savings lost when compared to prior transitions.

Despite the recommendations of directive agencies and bodies such as GAO and the Networx PMO, the OCIO did not: (1) establish an accurate telecommunications inventory prior to transitioning; (2) allocate sufficient human capital resources to the

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[3] GAO Report: GAO-06-476: *Full Adoption of Sound Transition Planning Practices by GSA and Selected Agencies Could Improve Planning Efforts* dated June 2006*.*

[4] GSA Transition Coordination Center *Transition Training Handbook* dated September 2009.

transition process; nor (3) develop a formal plan that included measures of success, transition objectives, and a detailed timeline.

<u>Recommendations</u>

We recommend that the Chief Information Officer:

1. Establish an inventory and an inventory management and validation system to ensure that telecommunications inventory records remain accurate.

2. Document identified internal setbacks, obstacles encountered, and the lessons learned during the transition from FTS2001 to Networx to facilitate the execution of future transitions.

## Internal Controls

We limited our assessment of internal controls to those related to the OCIO's process to transition telecommunications services to Networx. We reviewed the OCIO's transition organizational structure, methods of communication, and planning processes to assess the effectiveness of the controls and made recommendations to strengthen and improve the controls.

## *Conclusion*

GSA failed to follow prescribed guidance provided by GAO and the Networx PMO. Consequently, GSA did not have an accurate FTS2001 telecommunications inventory, which affected the timeliness of the full transition to Networx. In conjunction with the inventory issues, inadequate transition planning, management, and execution have contributed to delays in transitioning to Networx. Furthermore, the OCIO does not document the transition process procedures and applicable lessons learned to incorporate into future transitions.

## *Appendix A – Scope and Methodology*

To accomplish our objectives, we:
- Reviewed prior telecommunications audit reports issued by the Government Accountability Office (GAO) and GSA Office of Inspector General;
- Reviewed applicable Office of Management and Budget and GAO guidance, GSA directives, internal procedures and policies;
- Reviewed and assessed the organizational structure for the transition to Networx;
- Reviewed Statement of Work documentation related to the Networx transition process:
  - VoIP at the San Francisco Federal Building,
  - Office of Citizen Services and Innovative Technologies' National Contact Center Telecommunications (managed by OCIO),
  - Federal Protective Services Private Line Service (managed by OCIO),
  - GSA Private Line Service (managed by OCIO),
  - GSA Ethernet and Virtual Private Network services (managed by OCIO), and
  - GSA Phone Lines (managed by each region);
- Conducted meetings with transition personnel including the GSA OCIO Transition Manager, GSA Designated Agency Representative Administrator, GSA Federal Acquisition Service Project Management Office (Networx PMO), GSA FAS Regional Transition Managers; and
- Obtained access to various telecommunications web applications related to the Networx transition process:
  - Telecommunications Ordering and Pricing System,
  - Monthly Online Records and Reports of Information Technology Services,
  - Enhanced Monthly Online Records and Reports of Information Technology Services,
  - Networx Transition Information Portal, and
  - The Networx Repository.


We conducted the audit between December 2010 and June 2011 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.

GSA

GSA Office of the Chief Information Officer

September 13, 2011

MEMORANDUM FOR CAROLYN PRESLEY-DOSS
DEPUTY ASSISTANT INSPECTOR GENERAL FOR
FINANCE AND INFORMATION TECHNOLOGY AUDITS (JA-F)

FROM:                CASEY COLEMAN
                     CHIEF INFORMATION OFFICER (I)
                                            9/13/2011

X Casey Coleman
CASEY COLEMAN
Chief Information Officer

SUBJECT:             Draft Audit of Office of Inspector General Review of
                     GSA'S Transition from FTS2001 to Networx
                     Report Number A110086

This is in response to the draft audit on Office of Inspector General (OIG) Review of
GSA's Transition from FTS2001 to Networx.

My staff has reviewed the draft audit report and we agree your audit findings and
recommendations. Substantive comments to the findings and recommendations are
provided below:

1. Recommendation 1: OIG recommend the Office of the Chief Information Officer
(OCIO) establish an inventory and an inventory management and validation system to
ensure that telecommunications inverntory records remain accurate.

We agree with this recommendation and offer the following qualifying comments. The
OIG recommends that OCIO establish an inventory and an inventory management and
validation system to ensure that telecommunications inventory records remain accurate.
In order to be successful as the sole party responsible for delivering that service, OCIO
must have the authority to direct/manage or act as an agent for Federal Acquisition
Services (FAS) resources responsible for provisioning telecommunications services to
all of its internal and external GSA customers. Currently, when FAS provisions service
through its processes and systems, services may be categorized as internal charges,
which is the source of a significant portion of the inaccurate records. Without the ability

**U.S. General Services Administration**
1275 First Street NE
Washington, DC 20417
Telephone: (202) 501-1000
www.gsa.gov

to submit long distance change orders to the local exchange carriers or leverage interconnects to the FAS systems, OCIO will have a difficult time succeeding.

2. Recommendation 2: OIG recommends that we document identified internal setbacks, obstacles encountered, and the lessons learned during the transition from FTS2001 to Networx to facilitate the execution of future transitions.

We agree with this recommendation.

If you or your staff have any questions or require additional information, please contact Mike Seckar, Director, Office of Enterprise Management Services on (202) 501-8970.

cc: FAS, Chief Information Officer (QI)

## *Appendix C – Distribution List*

Chief Information Officer (I)

Commissioner, Federal Acquisition Service (Q)

Director, GAO and IG Audit Response Branch (BCBB)

Director, Office of Infrastructure Operations (IO)

Assistant Inspector General for Auditing (JA)

Deputy Assistant IG for Investigations (JID)

Director, Audit Planning, Policy, and Operations Staff (JAO)