



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

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN
Robert A. Young Federal Building
Recovery Act Construction Project
Report Number A090172/P/R/12003
March 8, 2012

*Assignment Number A130102
July 31, 2013*



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

DATE: July 31, 2013

TO: Dorothy Robyn
Commissioner, Public Buildings Service (P)

FROM: Susan P. Hall *Susan P. Hall*
Audit Manager, Real Property Audit Office (JA-R)

SUBJECT: Implementation Review of Corrective Action Plan
Robert A. Young Federal Building Recovery Act Construction Project
Report Number A090172/P/R/12003
Assignment Number A130102

This report presents the results of our implementation review of the Robert A. Young Federal Building Recovery Act Construction Project.

We have completed an implementation review of the management actions taken in response to the recommendations contained in the subject audit report (See **Appendix A**). The objective of our review was to determine whether the Commissioner of the Public Buildings Service (PBS) has taken the corrective actions as outlined in the Action Plan for Recovery Act Report – Robert A. Young Federal Building Envelope Improvement Construction Project, Audit of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009.

To accomplish our objective we:

- Examined documentation submitted by PBS supporting accomplishment of the action plan steps;
- Performed limited testing of the implementation of the guidance contained in these supporting documents; and
- Met and corresponded with PBS personnel.

Our implementation review found that the PBS Commissioner addressed the audit recommendations in the corrective action plan, dated May 3, 2012.

If you have any questions regarding this report, please contact me or any member of the audit team at the following:

Susan P. Hall	Audit Manager	Susan.Hall@gsaig.gov	202.501.2073
Felicia Silver	Auditor-In-Charge	Felicia.Silver@gsaig.gov	202.501.1360

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

Background

On March 8, 2012, we issued an audit report to the PBS Commissioner entitled, Recovery Act Report – Robert A. Young Federal Building Envelope Improvement Construction Project, Audit of PBS’s Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009. The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided the General Services Administration with \$5.55 billion to convert federal buildings into High-Performance Green Buildings, as well as to construct federal buildings, courthouses, and land ports of entry.

On July 29, 2009, PBS awarded a Construction Manager as Constructor task order for envelope improvements to the Robert A. Young Federal Building in St. Louis, Missouri. The base task order was awarded under an Indefinite Delivery Indefinite Quantity contract for \$8,200 for preconstruction services, with an option for construction phase services at a Guaranteed Maximum Price (GMP) of \$7 million. PBS subsequently increased the project’s GMP to \$26.3 million. The envelope improvements were scheduled to be completed by the end of 2011.

Our audit found:

- PBS effectively eliminated price competition as an award factor for the Construction Phase Services option of this contract;
- PBS did not adequately establish price reasonableness for construction phase work;
- PBS inappropriately increased the maximum order limitation of the underlying contract; and
- Funding for construction phase work was improperly obligated.

To address the issues identified in the report, we recommended that the PBS Commissioner:

- Review the Region 6 Multiple Award Construction Manager as Constructor Indefinite Delivery Indefinite Quantity contract to determine whether it should be modified or terminated, as its provisions include contract clauses that violate requirements of the Competition in Contracting Act and the Federal Acquisition Regulation;
- Take measures to ensure PBS contracting personnel follow existing procurement regulations and guidance to establish reasonable pricing for Recovery Act modernization and construction projects; and

- Ensure project teams have proper guidance and training to properly obligate funding for future construction contract actions.

The PBS Commissioner agreed with the report recommendations.

Results

The results of our implementation review indicate that the PBS Commissioner has taken appropriate corrective actions to address the recommendations. We determined that no further action is necessary to address our recommendations.

PBS Action Plan

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: 5/3/2012

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090172/P/R/12003 Robert A. Young Federal Building Envelope Improvement Construction Project	1	Completed

Recommendation

1. Review the Region 6 Multiple Award CMc IDIQ contract to determine whether it should be modified or terminated, as its provisions include contract clauses that violate requirements of the Competition in Contracting Act and the Federal Acquisition Regulation;

PBS Action Plan

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. Review of Region 6 IDIQ contract to determine whether it should be modified or terminated.	Subject contract, which expired 04/12/12, was not renewed.	Completed
2. On February 14, 2012, Region 6 established regional policy that coordinated with the national office policy.	See attached Memorandum / Policy, dated February 14, 2012, with Attachment A (additional guidance and clarification).	Completed

Appendix A – Action Plan for Report Number A090172/P/R/12003 (cont.)

PBS Action Plan

Designated Responding Official: [REDACTED]
Contact Person: [REDACTED]
Telephone Number: [REDACTED]
Date: 5/3/2012

<p>3. On June 14, 2011, Region 6 met with personnel from Central Office for training and to discuss a new draft IDIQ contract that was under development.</p>	<p>See attached CMC Training Opportunity Invite/Agenda, dated June 14, 2011.</p>	<p>Completed</p>
<p>4. A new IDIQ construction contract has been developed and was awarded on December 16, 2011. Review confirmed the new contract does not include any options like the previously used Method Option 3.</p>	<p>a. See attached Notice of Award, dated December 16, 2011. b. See attached Method Options for new IDIQ contract, dated February 14, 2012.</p>	<p>Completed</p>

PBS Action Plan

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: 5/3/2012

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090172/P/R/12003 Robert A. Young Federal Building Envelope Improvement Construction Project	2	Completed

Recommendation

2. Take measures to ensure that PBS contracting personnel follow existing procurement regulations and guidance to establish reasonable pricing for Recovery Act modernization and construction projects; and

PBS Action Plan

Action to be taken step-by-step:	Supporting Documentation:	Documentation will be Sent Last Day of:
Take action to ensure PBS contracting personnel follow existing procurement regulations: 1. Information and guidance regarding the Method Option 3 competitive subcontractor pricing not being in compliance with CICA was shared with the Region 6 contracting community.	See email correspondence dated December 14, 2010, regarding guidance received from [REDACTED] (Central Office Acquisition Policy & Management Division).	Completed
2. On February 8, 2011, PBS	See attached Memorandum /	Completed

PBS Action Plan

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: 5/3/2012

issued nationwide guidance implementing mandatory internal controls in accordance with various audit findings.	PBS Procurement Instructional Bulletin, dated February 8, 2011, which implemented mandatory internal controls in accordance with various audit findings.	
3. On February 14, 2012, Region 6 established a regional policy that coordinated with the Procurement Instructional Bulletin issued by the I Office of Acquisition Management.	See attached Memorandum / Policy, dated February 14, 2012, with Attachment A (additional guidance and clarification).	Completed
4. Training and continued education will be an emphasis in the professional development of regional contracting personnel.	See attached CMc Training Opportunity Invite/Agenda, dated June 14, 2011.	Completed
In June 2011, a CMc training workshop was conducted for 1102 Acquisition personnel. This training covered the objectives of using the CMc	See attached Construction Acquisition Meeting invite dated January 24, 2012.	Completed

PBS Action Plan

Designated Responding Official: [REDACTED]
Contact Person: [REDACTED]
Telephone Number: [REDACTED]
Date: 5/3/2012

<p>delivery method, along with policy, rules and regulations pertaining to the CMc.</p> <p>5. Division and Branch meetings are held on a regular basis to ensure PBS contracting personnel are kept informed of any changes in policy, as well as to discuss lessons learned, best practices, etc.</p>		
<p>6. PBS launched CMc policy training on GSA's On-Line University in December, 2011.</p> <p>NOTE: Currently there are NO remaining Recovery Act modernization and construction projects to be procured.</p>	<p>See attached training completion list.</p>	<p>Completed List as of March 31, 2012.</p>

PBS Action Plan

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: 5/3/2012

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090172/P/R/12003 Robert A. Young Federal Building Envelope Improvement Construction Project	3	July 15, 2012

Recommendation

3. Ensure that project teams have proper guidance and training to properly obligate funding for future construction contract actions.

PBS Action Plan

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. Regional training was developed that re-emphasized the appropriate use and legal reasoning behind the new IDIQ CMc contract awarded in December 2011.	a. See attached email dated January 9, 2012 that announces the contract roll-out training schedule. b. See attached email dated March 9, 2012 which shows the total number of attendees for each training session.	Training Completed as follows:

PBS Action Plan

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: 5/3/2012

Training - January 19, 2012 Field Office Webinar	Field Office Webinar – January 19, 2012	Completed January 19, 2012
Training – January 24, 2012 / Pace setter training (Design & Construction Division (DCD) acquisition and PM/COR TL)	Pace setter training – January 24, 2012	Completed January 24, 2012
Training – January 31, 2012 All DCD associates	Training for all DCD associates – January 31, 2012	Completed January 31, 2012
2. Instructional Guidance to be sent to the Regional Procurement Officers to include review of obligations in the standard contract review process.	Copy of E-mail to be sent	June 15, 2012
3. Procurement Instructional Bulletin (PIB) on issuing Price to be Determined later construction change orders.	Copy of PIB	July 15, 2012

Appendix B – Report Distribution

Commissioner, Public Buildings Service (P)

Deputy Commissioner, Public Buildings Service (PD)

PBS Chief of Staff (PB)

Regional Recovery Executive (6PC)

Acting Assistant Commissioner for Project Delivery, Office of Project Delivery (PCB)

Chief of Staff, Office of Project Delivery (PCB)

Regional Administrator (6A)

Acting Regional Commissioner, Public Buildings Service (6P)

Regional Counsel (6L)

Division Director, GAO/IG Audit Response Division (H1C)

Audit Liaison, Public Buildings Service (BCP)

Assistant Inspector General for Auditing (JA)

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

Deputy Assistant Inspector General for Investigations (JID)

Director, Office of Internal Operations (JI-I)