



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

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN

**Audit of the Public Buildings
Service's Compliance with
Fee Limitations for
Architect/Engineering Contracts
Report Number A090172/P/4/R13004
March 29, 2013**


*Assignment Number A140026
September 23, 2014*



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

DATE: September 23, 2014

TO: Norman Dong
Commissioner
Public Buildings Service (P)

FROM: 
Melanie Neishi
Audit Manager
Southeast Sunbelt Region Audit Office (JA-4)

SUBJECT: Implementation Review of Corrective Action Plan
Audit of the Public Buildings Service's Compliance with Fee
Limitations for Architect/Engineering Contracts
Report Number A090172/P/4/R13004, March 29, 2013
Assignment Number A140026

This report presents the results of our implementation review of the *Audit of the Public Buildings Service's Compliance with Fee Limitations for Architect/Engineering Contracts*.

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 June 2013 Action Plan for *Audit of the Public Buildings Service's Compliance with Fee Limitations for Architect/Engineering Contracts*. To accomplish our objective, we:

1. Examined documentation submitted by PBS supporting accomplishment of the Action Plan steps;
2. Performed limited testing of the implementation of actions outlined in the Action Plan; and
3. Corresponded with PBS personnel.

PBS did not fully address one audit recommendation in the corrective Action Plan. As a result, a revised corrective Action Plan addressing this open recommendation would normally need to be submitted within 30 days to the GAO/IG Audit Response Division (H1C). However, since PBS has taken additional corrective actions prior to the report issuance, a revised corrective Action Plan is not required.

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

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

Background

On March 29, 2013, we issued an audit report titled *Audit of the Public Buildings Service's Compliance with Fee Limitations for Architect/Engineering Contracts* to the Commissioner of PBS.

The American Recovery and Reinvestment Act (Recovery Act) provided PBS with \$5.55 billion for its Federal Buildings Fund to convert federal buildings into High-Performance Green Buildings, as well as to construct new federal buildings, courthouses, and land ports of entry. PBS used Recovery Act funding to procure Architect/Engineering services that included the production and delivery of designs, plans, drawings, and specifications. Federal Acquisition Regulation (FAR) Part 15.404-4(c)(4)(i)(B) limits the estimated cost and fee for these services to 6 percent of the estimated cost of construction.

Our audit found that PBS lacked adequate guidance to determine compliance with the 6 percent fee limitation imposed by the FAR.

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

1. Implement clarifying guidance on applying the 6 percent fee limitation to Architect/Engineering contracts;
2. Develop and implement controls to ensure compliance with the fee limitation imposed by FAR Part 15.404-4(c)(4)(i)(B); and
3. Revise Forms 2630 and 2631 to require the Architect/Engineering's estimator and the independent government estimator to identify and separate services included in and excluded from the fee limitation.¹

The Commissioner of PBS agreed with the report recommendations.

Results

Our implementation review determined that steps 3 and 4 of the corrective actions for Recommendation 3 had not been taken.

In response to Recommendation 3, PBS stated it would complete the following action steps:

1. Receive a draft Professional Services Fee Estimating Guide, including reporting forms (revised Form 2630, etc.);
2. Review and comment on draft forms;
3. Reconcile comments and circulate final version of the forms; and
4. Issue final forms.

¹ GSA Form 2630 is the Architect-Engineering Cost Estimate, and GSA Form 2631 is the Architect-Engineering Cost Summary.

We requested supporting documentation to verify whether the forms had been circulated for step 3. Documentation PBS sent H1C to satisfy this step did not support that the forms had been circulated. PBS could not confirm that the action step had been completed and provided a response stating that PBS is planning to issue a memorandum to address the changes. Therefore, we concluded that PBS did not satisfy the corrective action for Recommendation 3, step 3.

We reviewed the GSA Forms Library on August 14, 2014, to verify whether the forms had been issued for step 4. We could not locate recently revised versions of GSA Forms 2630 and 2631. The latest revision of both GSA Forms 2630 and 2631 was in February 1971. Correspondence from PBS dated March 18, 2014, indicated that “formatting issues” had to be addressed before “the form” could be uploaded to the GSA Forms Library. Therefore, we concluded that PBS did not satisfy the corrective action for Recommendation 3, step 4.

Corrective Actions Taken

As of August 28, 2014, PBS issued a memorandum announcing the revision of GSA Forms 2630 and 2631 and their mandatory use, and posted the revised forms to the GSA Forms Library. PBS completed the revised forms in response to the start of this review. Additionally, we requested verification of PBS management’s review and comment for the revised forms. PBS provided correspondence dated August 25, 2014, that indicated the revised forms met the minimum requirements. Based on the August 28, 2014, memorandum and the posting of the final revised forms to the GSA Forms Library, PBS completed the action steps related to Recommendation 3.

Action Required

Normally, the Commissioner of PBS would be required to submit a revised corrective Action Plan to the GAO/IG Audit Response Division within 30 days indicating the new corrective actions planned. However, due to the recent issuance of a memorandum and posting of the revised forms, the open action steps for Recommendation 3 are considered satisfied. Therefore, a revised Action Plan is not needed.

Appendix A – Action Plan for Report Number A090172/P/4/R13004

PBS Action Plan

Designated Responding Official: ██████████
 Contact Person: ██████████
 Telephone Number: ██████████
 Date: June 2013

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090172 Fee Limitations for AE Contracts	1	Completed

Recommendation

Implement clarifying guidance on applying the 6 percent fee limitation to A/E contracts.

PBS Action Plan

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. The PBS Office of Acquisition Management (OAM) issued clarifying guidance on the 6 percent fee limitation.	Copy of issuance	Completed – see attachment 1

Appendix A – Action Plan for Report Number A090172/P/4/R13004 (cont.)

PBS Action Plan

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: June 2013

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090172 Fee Limitations for AE Contracts	2	Completed

Recommendation

Develop and implement controls to ensure compliance with the fee limitation imposed by FAR Part 15.404-4(c)(4)(i)(B).

PBS Action Plan

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. The PBS Office of Acquisition Management (OAM) issued clarifying guidance that established controls to ensure compliance. Implemented controls include contracting officers required to (a) use fee limitation charts, (b) complete a fee limitation cost summary worksheet, and (c) prepare an estimate using the design estimate application checklist.	Copy of issuance.	Completed – See attachment 1

Appendix A – Action Plan for Report Number A090172/P/4/R13004 (cont.)

PBS Action Plan

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: June 2013

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090172 Fee Limitations for AE Contracts	3	October 31, 2013

Recommendation

Revise Forms 2630 and 2631 to require the A/E's estimator and the independent government estimator to identify and separate services included in and excluded from the fee limitation.

PBS Action Plan

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. Receive draft Professional Services Fee Estimating Guide, including reporting forms (Revised 2630, etc)	Copy of draft	July 31, 2013
2. Review and Comment on Draft Forms	Notification	August 31, 2013
3. Reconcile comments and circulate final version of form	Final version with comments incorporated	September 30, 2013
4. Issue final forms	Final approved version of forms	October 31, 2013

Appendix B – Report Distribution

Commissioner, PBS (P)

Deputy Commissioner, PBS (PD)

PBS Chief of Staff (P)

Senior Accountable Official for Recovery Act Activities (PCB)

Regional Recovery Executive (4PC1P)

Regional Recovery Executive (5PN)

Regional Recovery Executive (9P2PT)

National Program Office ARRA Executive, PBS, (PCB)

Chief of Staff, PBS Office of Construction Programs (PCB)

Regional Administrator (4A)

Regional Administrator (5A)

Regional Administrator (9A)

Regional Commissioner (4P)

Regional Commissioner (5P)

Regional Commissioner (9P)

Branch Chief, GAO/IG Audit Response Division (H1C)

Audit Liaison, PBS (BCP)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Investigations (JID)