



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

IMPLEMENTATION REVIEW OF ACTION PLAN

**Improper Management Intervention in
Multiple Award Schedule Contracts
Federal Supply Schedule 70 –
Information Technology Contracts,
Federal Acquisition Service
A120161/Q/6/P13003
Dated June 4, 2013**

*Assignment Number A150041
August 13, 2015*



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

DATE: August 13, 2015

TO: Thomas A. Sharpe, Jr.
Commissioner, Federal Acquisition Service (Q)
Erin P. Priddy

FROM: Erin P. Priddy
Audit Manager, Heartland Region Audit Office (JA-6)

SUBJECT: Implementation Review of Action Plan
Improper Management Intervention in Multiple Award Schedule
Contracts Federal Supply Schedule 70 – Information Technology
Contracts, Federal Acquisition Service
A120161/Q/6/P13003
Dated June 4, 2013
Assignment Number A150041

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 FAS has taken the corrective actions as outlined in the Action Plan for *Improper Management Intervention in Multiple Award Schedule Contracts Federal Supply Schedule 70 – Information Technology Contracts, Federal Acquisition Service*. To accomplish our objective we:

- Reviewed our original report and recommendations;
- Reviewed the corrective action plan steps performed and the supporting documentation submitted by FAS;
- Held discussions with FAS officials; and
- Gathered additional documentation to support FAS's response to the audit.

Our implementation review found that FAS completed the corrective actions as outlined in the Action Plan, dated August 1, 2013.

We appreciate FAS management's actions to address the issues noted in the report. On behalf of the audit team, I would like to thank you and your staff for your assistance during this review. If you have any questions regarding this report, please contact me or any member of the audit team at the following:

Erin Priddy	Audit Manager	erin.priddy@gsaig.gov	(816) 926-8610
Tracy Twombly	Auditor-In-Charge	tracy.twombly@gsaig.gov	(816) 926-8621

Background

On June 4, 2013, we issued an audit report, *Improper Management Intervention in Multiple Award Schedule Contracts Federal Supply Schedule 70 – Information Technology Contracts, Federal Acquisition Service* to the Commissioner of FAS. The objective of the audit was to review the circumstances related to FAS management intervention in contracting actions related to Multiple Award Schedule (MAS) contracts.

Our audit found:

- Improper FAS management intervention in MAS contracts resulted in inflated pricing and/or unfavorable contract terms, and undermined the authority of contracting officers.

To address the issue identified in the report, we recommended that the Commissioner of FAS:

1. Ensure that the contracting process is independent and free from FAS management interference due to contractor pressure. These steps should include:
 - a. Requiring FAS management not to intervene in contracting actions in response to requests from contractors except for instances of misconduct or other serious administrative issues;
 - b. Requiring FAS management to fully document all conversations and correspondence with contractor officials regarding specific contracts and offers, to include such information as date, time, participants, and specific details of information exchanged; and
 - c. Issuing a memorandum expressing support for contracting staff making independent determinations, including decisions to not award contracts or contract extensions.
2. Take appropriate action to either renegotiate or cancel the Carahsoft and Deloitte contracts.
3. Take appropriate administrative action to address the FAS management and contracting staff conduct identified in this report.

The Commissioner of FAS agreed with the report recommendations.

Results

Our implementation review found that FAS has completed the corrective actions as outlined in the Action Plan dated August 1, 2013 (see **Appendix A**). During the entrance conference for this review, FAS officials emphasized the positive effects of the report and their commitment to addressing the issues raised. They noted that FAS has taken steps in addition to those included in its action plan to prevent improper management intervention in the future. For example, FAS has created a non-managerial Industry Liaison position to mitigate issues between contractors and contracting staff. As part of the action plan, the renegotiation of the specific contracts noted in the audit report resulted in significant cost savings. In addition, the FAS Commissioner and former GSA Administrator issued memos to FAS and GSA staff, respectively, to stress the importance of procurement integrity. The FAS Commissioner emphasized his support for contracting officers and their ability to make contracting decisions that are in the best interests of the taxpayer. The former GSA Administrator also showed his support for contracting officers by commending them for reporting their concerns and stressing the importance of reporting any concerns to the supervisory chain or to the Office of Inspector General, as appropriate.

Appendix A – Action Plan for Report Number A120161/Q/6/P13003

A120161 ACTION PLAN

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone: [REDACTED]
 Date: August 1, 2013

A120161/Improper Mgmt Intervention in MAS Contracts, Federal Supply Schedule 70 – Information Tech Contracts, FAS	Recommendation Number 001	Proposed Recommendation Completion Date June 30, 2013
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Recommendation

Ensure that the contracting process is independent and free from FAS management interference due to contractor pressure. These steps should include:

- a. Requiring FAS Management not to intervene in contracting actions in response to request from contractors except for misconduct or other serious issues.
- b. Requiring FAS management to fully document all conversations and correspondence with contractor officials regarding specific contracts and offers, to include such information as date, time, participants, and specific details of information exchanged; and
- c. Issuing a memorandum expressing support for contracting staff making independent determinations, including decisions to not award contracts or contract extensions.

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to H1C.	Documentation will be sent by (date)
001 a	Include Proper Procurement Controls in Performance Plans for the FAS ACs and RCs	Performance Plan Critical Element	08/16/2013
001 b and c	Issuing a memorandum expressing support for contracting staff making independent determinations including decisions not to award contracts or contract	Memo issued to FAS Workforce by FAS Commissioner and Memo issued to GSA Workforce by GSA Administrator (see attachments)	From Commissioner 6/5/2013 From Administrator 6/13/2013

A120161 ACTION PLAN

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone: [REDACTED]
 Date: August 1, 2013

A120161/Improper Mgmt Intervention in MAS Contracts, Federal Supply Schedule 70 – Information Tech Contracts, FAS	Recommendation Number 002	Proposed Recommendation Completion Date 01/15/2014
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Recommendation

Take appropriate actions to either renegotiate or cancel the Carahsoft or Deloitte contracts

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to H1C.	Documentation will be sent by (date)
001	Review compliance with Priced Reduction Clause on Deloitte's contract to identify potential monies owed.	Recommendation to pursue monies owed and the amount.	10/15/2013
002	Annual Review and Analysis of Deloitte's Basis of Award customers (per contract terms)	Recommendation for additional discounts or renegotiation of labor categories and/or contract terms	09/30/2013
003	Re-open negotiations with Deloitte to determine if more favorable pricing and discounts can be realized on identified labor categories	Documented negotiations and resulting additional discounts, if any	10/15/2013
004	Further review of Carahsoft ECF to determine if file is complete, all documents are electronic and signed	Complete and fully documented ECF for Carahsoft contract	10/15/2013

A120161 ACTION PLAN

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone: [REDACTED]
 Date: August 1, 2013

A120161/Improper Mgmt Intervention in MAS Contracts, Federal Supply Schedule 70 – Information Tech Contracts, FAS	Recommendation Number 002 (continued)	Proposed Recommendation Completion Date 01/15/2014
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Recommendation

Take appropriate actions to either renegotiate or cancel the Carahsoft or Deloitte contracts

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to H1C.	Documentation will be sent by (date)
005	Analysis of IG guidance on original Deloitte and Carahsoft Contracts to ensure full compliance and resolution of identified issues.	Documented actions taken to fully address IG guidance provided on Deloitte and Carahsoft contracts and resolution of issues	10/15/2013
006	Work with GSA IG to determine if additional audits of Deloitte and Carahsoft contracts should be conducted	Decision yes/no; if yes, audit report(s) or recommendations	To be mutually agreed upon with OIG
007	Incorporate monitoring of compliance with guidance in FAS Instructional Letters (ILs) into ongoing GSA Procurement Management Reviews	Documented findings in PMR Reports	Request made to OGP; specific findings to be documented in each PMR

A120161 ACTION PLAN

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone: [REDACTED]
 Date: August 1, 2013

A120161/Improper Mgmt Intervention in MAS Contracts, Federal Supply Schedule 70 – Information Tech Contracts, FAS	Recommendation Number 003	Proposed Recommendation Completion Date 10/15/2013
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Recommendation

Take appropriate administrative action to address the FAS management and contracting staff conduct identified in this report

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to H1C.	Documentation will be sent by (date)
001	Take appropriate administrative personnel action(s)	Administrative/Disciplinary action	Original action taken 5/31/2013, additional action taken 7/31/2013

Appendix B – Report Distribution

Administrator (A)

FAS Commissioner (Q)

FAS Deputy Commissioner (Q1)

Assistant Commissioner for Integrated Technology Services (QT)

Director of IT Schedule Program (QTF)

FAS Chief of Staff (Q0A)

FAS Controller (BF)

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

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Investigations (JI)

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