



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

IMPLEMENTATION REVIEW OF ACTION PLAN

**PBS is not Enforcing
Contract Security Clearance
Requirements on a Project
at the Keating Federal
Building
Report Number
A150120/P/2/R16002
March 17, 2016**

Assignment Number A170083
August 23, 2017

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Introduction

We completed an implementation review of the management actions taken in response to the recommendations contained in our audit report, *PBS is not Enforcing Contract Security Clearance Requirements on a Project at the Keating Federal Building, A150120/P/2/R16002* (see **Appendix A**).

Objective

The objective of our review was to determine whether PBS has taken the corrective actions as outlined in the action plan for our audit report. To accomplish our objective, we:

- Evaluated and analyzed the previous GSA Office of Inspector General audit report for the Keating Federal Building;
- Evaluated and analyzed the documentation PBS submitted to support that it completed its corrective action plan;
- Evaluated additional documentation we obtained from PBS officials, GSA's website, and internet searches;
- Obtained and evaluated documents provided by GSA's Office of Mission Assurance (OMA) to support changes in the contractor security clearance process; and
- Corresponded with PBS and OMA personnel.

Background

PBS service centers and field offices, located throughout the country, have the responsibility for assuring that tenant needs are met efficiently and economically in federally owned buildings. PBS's Upstate Service Center awarded Contract Number GS-02P-14-PW-C-0025 to Construction and Service Solutions Corporation on August 15, 2014, for renovations requested by the United States District Court at the Kenneth B. Keating Federal Building in Rochester, New York.

After the renovation project began, security concerns arose regarding PBS's enforcement of contract requirements for contractor personnel to receive clearances before they started working on the project site. The contract outlines security clearance requirements for all contractor employees who will be working on the construction project. It also specifies that it is the responsibility of the PBS contracting officer's representative (COR), as delegated by the contracting officer, to ensure that contractors are cleared before starting work on the project.

On March 17, 2016, we issued an audit report, *PBS is not Enforcing Contract Security Clearance Requirements on a Project at the Keating Federal Building*, to the PBS Regional Commissioner. The audit objective was to determine whether PBS complied

with policies and requirements for contractor security clearances on the 1st Floor District Courtroom and Chambers Project at the Kenneth B. Keating Federal Building.

Our audit found:

- The contracting officer's representative was not enforcing contract requirements for contractor security clearances, which could result in greater security risks to the federal government.

To address the finding identified in the report, we recommended that the PBS Regional Commissioner direct management in PBS's Upstate Service Center to:

1. Ensure personnel in charge of the Keating 1st Floor District Courtroom and Chambers Project enforce contractor security clearance requirements in accordance with the contract.
2. Establish and implement internal controls that mitigate any conflicts of interest between project management and the enforcement of security clearance requirements.
3. Determine and implement the appropriate corrective actions needed for not enforcing the contract's security clearance requirements.

The PBS Regional Commissioner agreed with the report recommendations.

Results

Our implementation review determined that PBS did not fully implement the following corrective actions:

- The Office of Management [sic] Assurance currently assigned to support Region 2 will review a random sampling of contracts in which the COR and the PM are the same person to ensure there is no conflict of interest present.¹ These reviews will be conducted on a semi-annual basis.
- Pursuant to GSAM 501.604(f)(3), “The contracting officer is authorized to revoke a COR appointment. Any revoked COR appointment must be documented in writing, notifying the COR, the COR's supervisor, the contractor and the Bureau Certification Manager (BCM).” The PBS Regional Commissioner will direct the management in Region 2 to revoke all COR appointments for employees who are not enforcing the contract’s security clearance requirements.

Finding 1 – PBS did not implement internal controls to mitigate conflicts of interest.

Our original audit found that the COR was not enforcing contract requirements and was allowing contractor employees who have not received security clearances to work on the construction project. We also noted that the contracting officer delegated COR duties, including the enforcement of the security clearance requirements, to the project manager. The project manager is also responsible for ensuring the project progresses and is completed on time. Removing un-cleared contractors from the project site would likely delay progress and project completion. Consequently, since the COR is also the project manager, this represents a conflict of interest and an internal control weakness regarding compliance with requirements due to the lack of segregation of duties.

On June 9, 2016, PBS submitted a corrective action plan to address the findings in our original audit report. As part of that plan, PBS indicated that the Office of Mission Assurance personnel assigned to support Region 2 will review a random sampling of contracts, on a semiannual basis, in which the COR and PM are the same person. This review would identify any conflicts of interest present, as we identified in our original audit. We found no evidence that PBS has done or plans to do any conflict of interest reviews.

As support that it completed this corrective action, PBS provided two regional audit reports that show the results of OMA spot checks of two food service contractors. These spot checks essentially verified whether contractor employees had the necessary clearances and Personal Identify Verification cards. However, they did not address the COR conflict of interest issue. Therefore, regional management still needs to implement the corrective action to review contracts where the COR and PM are the

¹ PM, as included in PBS’s response under **Appendix A**, stands for Project Manager.

same person to mitigate any conflict of interest between project management and the COR's enforcement of security clearance requirements.

Finding 2 – PBS did not address corrective actions with the COR for not enforcing contract security requirements.

Since our original audit found that the COR did not enforce contract requirements related to security clearances, we recommended that the Regional Commissioner determine and implement the appropriate corrective actions needed for not enforcing these requirements.

In its corrective action plan, PBS stated:

Pursuant to GSAM 501.604(f)(3), "The contracting officer is authorized to revoke a COR appointment. Any revoked COR appointment must be documented in writing, notifying the COR, the COR's supervisor, the contractor and the [Bureau Certification Manager] BCM." The PBS Regional Commissioner will direct the management in Region 2 to revoke all COR appointments for employees who are not enforcing the contract's security clearance requirements.

We found no evidence that the Regional Commissioner addressed this matter with Region 2 management.

When we asked for support that specifically addressed this action plan step, a PBS official stated that documentation addressing this step was not formally issued. Instead, as support that it completed this corrective action, PBS provided a copy of *HSPD 12 Reboot Overview*, which is an overview of steps OMA, PBS, contractors, and the applicant for security clearance need to take to obtain an HSPD-12 card. PBS officials also told us that "the security clearance process is now managed and controlled by the Office of Management [sic] Assurance." However, documenting the rules that are now in place and the current responsible organization does not address the requisite accountability for failing to enforce contract requirements that we reported in our original audit report. We found no evidence that the contracting officer for Contract Number GS-02P-14-PW-C-0025 addressed this matter with the COR or revoked the COR's appointment. Therefore, this corrective action still needs to be implemented.

Other Observation

PBS's corrective action plan stated that all PBS employees engaged in projects or contracts shall attend Contractor Security Clearance training conducted by OMA. PBS provided us with attendance sheets and an agenda for these training sessions. While we are satisfied that the training sessions took place, we were unable to verify that "all PBS employees active on projects or contracts" at the time of the training actually attended. We asked PBS for a complete list of employees active on projects or contracts at the time of the training, but PBS could not provide a formal listing of

individuals working on these projects. As a result, we were not able to verify that all PBS employees described in the corrective action plan attended the training. However, the number of PBS employees attending each of eight sessions ranged from 6 to 233. Therefore, we consider this action step adequately completed.

Conclusion

Our implementation review determined that PBS did not fully implement the corrective actions for two of our audit recommendations. Specifically, OMA did not review a sampling of contracts in which the COR and the PM are the same person to ensure there is no conflict of interest. Additionally, PBS did not direct Region 2 management to revoke all COR appointments for employees who are not enforcing the contract's security clearance requirements. As a result, a revised action plan addressing these open recommendations must be submitted within 30 days to this office and the GAO/IG Audit Management Division (H1G).

Audit Team

This review was managed out of the Northeast and Caribbean Region Audit Office and conducted by the individuals listed below:

Steven Jurysta	Regional Inspector General for Auditing
Victoria Nguyen	Audit Manager
Michael Vaccarelli	Auditor-In-Charge

Appendix A – Action Plan for Report Number A150120/P/2/R16002

Corrective Action Plan
A150120/P/2/R16002

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: April 25, 201

A150120/P/2/R16002	Recommendation Number: 001	Proposed Recommendation Completion Date: September 30, 2016
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Recommendation 1

Ensure personnel in charge of the Keating 1st Floor District Courtroom and Chambers Project enforce contractor security clearance requirements in accordance with the contracts.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation</u>	<u>Documentation Will be Sent Last Day of</u>
The PBS Regional Commissioner will direct PBS regional management to evaluate and review contract language for security compliance with all its project teams, including the Contracting Officer and Contracting Officer's Representative, to ensure proper enforcement of these contract clauses.	Formal correspondence from Region 2 Regional Commissioner Frank Santella to PBS Regional Management.	June 2016
Current escorting practices, as described in Homeland Security Presidential Directive -12 (HSPD-12), GSA National policy and regional guidance will be reviewed for compliance.	National guidance developed in coordination with OMA to be issued by the end of FY16.	September 2016

Appendix A – Action Plan for Report Number A150120/P/2/R16002 (cont.)

A150120/P/2/R16002	Recommendation Number: 002	Proposed Recommendation Completion Date: September 2016
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Recommendation 2

Establish and implement internal controls to mitigate any conflicts of interest between project management and the enforcement of security clearance requirements.

Action to be Taken Step by Step	Supporting Documentation	Documentation Will be Sent Last Day of
The PBS Regional Commissioner will direct PBS regional management to: (1) reinforce security clearance procedures at all pre- and post-award contract meetings with the entire project team; and (2) reevaluate and update its escort policy to ensure regional policy properly reflects HSPD-12 policy.	Formal correspondence from Region 2 Regional Commissioner Frank Santella to PBS Regional Management. Samples of Meeting minutes will be collected and reviewed.	June 2016
The PBS Regional Commissioner will direct PBS to take corrective action on all Contract Security Audits issued by the Office of Mission Assurance.	Formal correspondence from Region 2 Regional Commissioner Frank Santella to PBS Regional Management. Audit Review Guidance	September 2016
All PBS employees engaged in Projects or Contracts shall attend the Contractor Security Clearance training conducted by OMA in May	Regional Audit Reports	September 2016

Appendix A – Action Plan for Report Number A150120/P/2/R16002 (cont.)

<p>and August 2016.</p> <p>The Office of Management Assurance currently assigned to support Region 2 will review a random sampling of contracts in which the COR and the PM are the same person to ensure there is no conflict of interest present. These reviews will be conducted on a semi-annual basis</p>	<p>Attendance Sheets</p> <p>Formal reports shared by the Office of Management Assurance.</p>	<p>June 2016</p>
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Appendix A – Action Plan for Report Number A150120/P/2/R16002 (cont.)

A150120/P/2/R16002	Recommendation Number: 003	Proposed Recommendation Completion Date: June 2016
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Recommendation 3

Determine and implement the appropriate corrective actions needed for not enforcing the contract's security clearance requirements.

Action to be Taken Step by Step	Supporting Documentation	Documentation Sent Last Day of
<p>Pursuant to GSAM 501.604(f)(3), "The contracting officer is authorized to revoke a COR appointment. Any revoked COR appointment must be documented in writing, notifying the COR, the COR's supervisor, the contractor and the BCM." The PBS Regional Commissioner will direct the management in Region 2 to revoke all COR appointments for employees who are not enforcing the contract's security clearance requirements.</p>	<p>Formal correspondence from Region 2 Regional Commissioner Frank Santella (HCA) to PBS Regional Management.</p>	<p>June 2016</p>

Appendix B – Report Distribution

GSA Administrator (A)

Commissioner, PBS (P)

Regional Administrator, Northeast and Caribbean Region (2A)

Regional Commissioner, PBS, Northeast and Caribbean Region (2P)

Deputy Commissioner, PBS (PD)

Chief of Staff, PBS (P)

Regional Counsel, Northeast and Caribbean Region (LD2)

Director, EbM Service Center (2PSE)

Deputy Regional Director, Eastern Region, Office of Mission Assurance (D1EB)

Chief Administrative Services Officer (H)

Director, PBS Executive Communications (ZC)

GSA/IG Audit Response Division (H1G)

Audit Liaison, PBS (P)

Audit Liaison, PBS, Northeast and Caribbean Region (BR1F)

Assistant Inspector General for Auditing (JA)

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