



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

# Audit of Competition in the Public Buildings Service's National Capital Region Contracts

Report Number A190019/P/R/R20010  
September 23, 2020

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## ***Executive Summary***

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### **Audit of Competition in the Public Buildings Service's National Capital Region Contracts**

Report Number A190019/P/R/R20010

September 23, 2020

#### **Why We Performed This Audit**

We included this audit in our *Fiscal Year 2019 Audit Plan* as a result of our risk assessment of the operations of GSA's Public Buildings Service National Capital Region (PBS NCR). Our audit focused on whether PBS NCR expanded its use of competition on procurements in Fiscal Years 2017 and 2018.

The objectives of our audit were to determine if PBS NCR is: (1) meeting its goals for contract competition rates and number of one-bid proposals and (2) adhering to competition requirements in the Federal Acquisition Regulation to ensure the government is getting fair and reasonable pricing.

#### **What We Found**

According to the data in the Federal Procurement Data System-Next Generation, PBS NCR failed to meet its competition goals in Fiscal Years 2017 and 2018. We found that poor contracting practices and insufficient oversight contributed to the missed opportunities to compete contracts and ensure fair and reasonable prices for the federal government. In our sample, PBS NCR contracting staff often did not prepare acquisition plans and justifications for other than full and open competition; and PBS NCR management often did not provide oversight of the procurements. Additionally, PBS NCR's contract files for contracts awarded without competition lacked evidence of price reasonableness determinations.

Finally, although the data indicates that PBS NCR did not meet its goals for contract competition and number of one-bid proposals, we found that the Federal Procurement Data System-Next Generation data PBS NCR used to compute competition rates was inaccurate for 7 of the 20 (35 percent) contracts in our sample. Most of the inaccuracies occurred because PBS NCR erroneously reported that contracts were competed when they were not.

## What We Recommend

We recommend that the PBS NCR Regional Commissioner:

1. Establish controls to ensure that decisions to forego competition, both in the acquisition plan and justification documentation, are reviewed and approved at the appropriate level.
2. Ensure that contracting staff are taking the appropriate steps to award contracts at fair and reasonable prices, and that reasonable price determinations are documented in contract files.
3. Establish controls to ensure that Federal Procurement Data System-Next Generation data is input accurately and reviewed for accuracy.

GSA agreed with the audit recommendations. GSA's comments on the report are included in their entirety in **Appendix C**.

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## Introduction

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We performed an audit of competition in the Public Buildings Service’s National Capital Region (PBS NCR) contracts, including Federal Acquisition Regulation (FAR) and PBS competition requirements, goals, and fair and reasonable pricing determinations.

### Purpose

We included this audit in our *Fiscal Year 2019 Audit Plan* as a result of our risk assessment of the operations of GSA’s PBS NCR. Our audit focused on whether PBS NCR contracting expanded its use of competition on procurements in Fiscal Years (FYs) 2017 and 2018.

### Objectives

The objectives of our audit were to determine if PBS NCR is: (1) meeting its goals for contract competition rates and number of one-bid proposals and (2) adhering to competition requirements in the FAR to ensure the government is getting fair and reasonable pricing.

See **Appendix A** – Scope and Methodology for additional details.

### Background

Competition in contracting is critical to ensuring the federal government awards contracts to responsible and high-performing contractors at fair and reasonable prices. The Competition in Contracting Act of 1984 (CICA) requires that agencies enter into contracts using “full and open competition through the use of competitive procedures” unless certain circumstances exist, such as an unusual or compelling urgency or national security need, that would permit agencies to use noncompetitive procedures.<sup>1</sup> In addition, FAR 6.101, *Policy*, requires that, with certain limited exceptions, contracting officers shall promote and provide for full and open competition in soliciting offers and awarding government contracts.

Furthermore, FAR 15.404-1, *Proposal analysis techniques*, states that contracting officers are responsible for evaluating the reasonableness of the offered prices. The analytical techniques and procedures described in the subsections of FAR 15.404-1 may be used, singly or in combination with others, to ensure that the final price is fair and reasonable.

In recognition of the importance of competition in its acquisitions, PBS’s goal is to compete at least 79 percent of its acquisitions and to keep the rate of competed actions receiving only one bid, or “one-bid rate,” under 15 percent. Acquisition is a critical component of PBS’s mission, especially in the National Capital Region, where PBS manages the largest inventory of federal workspace in the smallest geographic area of all GSA regions.

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<sup>1</sup> 41 USC 253.

Because of the importance of competition in acquisition and PBS NCR's large volume of contract awards, we have conducted several audits in this area in recent years. These audits found weaknesses in competition in PBS NCR contracting, which are highlighted below.

- *Summary of Systemic Procurement Issues within GSA's National Capital Region.*<sup>2</sup> We reported on recurring procurement issues within PBS NCR. The memorandum cited a series of issues with pricing, including a lack of price reasonableness determinations, award pricing above independent government estimates (IGEs), inadequate justification for other than full and open competition, and deficient acquisition planning.
- *PBS NCR Potomac Service Center Violated Federal Regulations When Awarding and Administering Contracts.*<sup>3</sup> We found the PBS NCR Potomac Service Center violated procurement regulations for ordering and administering contracts. Among other things, PBS NCR violated FAR competition requirements by awarding sole-source extensions to an incumbent's contract rather than providing for full and open competition. These multiple extensions either lacked or had insufficient justifications for other than full and open competition.
- *Limited Scope Audit – Operations and Maintenance Services Contract at St. Elizabeths.*<sup>4</sup> We reported that PBS NCR failed to comply with CICA and FAR competition requirements when it did not seek full and open competition for operations and maintenance services for the entire St. Elizabeths West Campus. Although PBS NCR officials identified benefits in adding the operations and maintenance services for the campus to the construction contract for the Coast Guard Headquarters, including the efficient resolution of warranty issues, the procurement for these services should have complied with federal laws and regulations, including competition requirements.
- *PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy.*<sup>5</sup> We reported that PBS NCR did not comply with applicable laws, regulations, and guidance when awarding and administering the \$1.2 billion White Oak campus Energy Savings Performance Contract task order. Specifically, PBS NCR violated the CICA and the competition requirements set forth in the FAR by awarding contract modifications that substantially increased the contract's scope of work for operations and maintenance services for the entire White Oak campus. This action created a cardinal change to the contract that eliminated price competition and denied opportunities for other contractors.

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<sup>2</sup> Audit Memorandum Number A120171, November 7, 2013.

<sup>3</sup> Report Number A130112/P/R/R15004, March 27, 2015.

<sup>4</sup> Report Number A150048/P/R/R16001, March 2, 2016.

<sup>5</sup> Report Number A150009/P/R17006, August 24, 2017.

Taken together, these reports demonstrate a pattern of noncompliance with the competition requirements of the CICA and the FAR. Failure to comply with these laws and regulations can undermine the integrity of the contracting process, limit opportunities for qualified contractors to obtain federal contracts, and result in more costly procurements. We address the common causes for these failures in the *Results* section of this report.

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## Results

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According to the data in the Federal Procurement Data System-Next Generation (FPDS-NG), PBS NCR failed to meet its competition goals in FYs 2017 and 2018. We found that poor contracting practices and insufficient oversight contributed to the missed opportunities to compete contracts and ensure fair and reasonable prices for the federal government. In our sample, PBS NCR contracting staff often did not prepare acquisition plans and justifications for other than full and open competition; and PBS NCR management often did not provide oversight of these procurements. Additionally, PBS NCR's contract files for contracts awarded without competition lacked evidence of price reasonableness determinations.

Finally, although the data indicates that PBS NCR did not meet its goals for contract competition and number of one-bid proposals, we found that the FPDS-NG data PBS NCR used to compute competition rates was inaccurate for 7 of the 20 (35 percent) contracts in our sample. Most of the inaccuracies occurred because PBS NCR erroneously reported that contracts were competed when they were not.

**Finding 1 – Poor contracting practices and insufficient oversight contributed to PBS NCR's failure to meet competition goals and ensure fair and reasonable pricing.**

PBS NCR failed to meet its competition goals and ensure fair and reasonable pricing in FYs 2017 and 2018 according to data from FPDS-NG. We found that poor contracting practices and insufficient oversight contributed to the missed opportunities to compete contracts and ensure fair and reasonable prices for the federal government. In our sample, PBS NCR contracting staff often did not prepare acquisition plans and justifications for other than full and open competition, and PBS NCR management often did not provide oversight of these procurements.

PBS NCR's performance against GSA's contract competition and one-bid rate goals for FYs 2017 and 2018 is shown in *Figure 1*.

**Figure 1 – PBS NCR Actual Competition and One-Bid Rates vs. GSA Goals**

Fiscal Year	PBS NCR Competition Rate	GSA Goal	PBS NCR One-Bid Rate	GSA Goal
2017	60%	> 79%	25%	< 15%
2018	68%	> 79%	27%	< 15%

For this audit, we judgmentally sampled 20 contracts totaling \$40.7 million from the universe of contracts in FPDS-NG that PBS NCR awarded between FYs 2017 and 2018. These contracts were either not competed or were competed, but received only one bid. As discussed in *Finding 2*, we found inaccuracies in the FPDS-NG data; however, even after taking these inaccuracies into account, PBS NCR had an excessive number of noncompetitive and one-bid rates as compared



to GSA's goals. Therefore, these errors did not prevent us from relying on the data in FPDS-NG to select our sample and reach our conclusion that PBS NCR did not meet GSA's competition goals for FYs 2017 and 2018.

We found that PBS NCR did not optimize competition and ensure fair and reasonable pricing because of poor contracting practices and insufficient oversight. We found a lack of approved acquisition plans, inadequate justifications for other than full and open competition, and missing price reasonableness determinations, as discussed below.

### **Lack of Approved Acquisition Plans**

Acquisition planning ensures that the government reviews each contract to achieve the appropriate level of competition to meet the government's goals. FAR 7.102, *Policy*, states that acquisition plans ensure that the government meets its needs in the most effective, economical, and timely manner. It also directs agencies to perform acquisition planning to provide for and promote full and open competition; and when full and open competition is not required, agencies should obtain competition to the maximum extent practicable. In addition, GSA Acquisition Manual (GSAM) 507.105, *Contents of acquisition plans*, requires that management review acquisition plans.

However, of the 20 contract files we reviewed, we found that only 5 had finalized acquisition plans approved by management. For the other 15 contracts, we found:

- PBS did not have an acquisition plan for seven contracts.
- Eight acquisition plans were not signed by the appropriate review official, as required by GSAM 507.105(c)(1), *Approval thresholds*.

PBS NCR's lack of documented and finalized acquisition planning indicates a lack of appropriate management oversight of the acquisition process. By not reviewing and approving acquisition plans, PBS NCR management not only violated FAR and GSAM requirements, they also did not ensure that the best form of competition was selected to fulfill contracts. FAR 7.103, *Agency-head responsibilities*, outlines that agency heads are responsible for ensuring that acquisition planners address contract requirements to specify needs, develop specifications, and solicit offers in such a manner to promote and provide for full and open competition.

When management does not review or approve an acquisition plan, it may inhibit the government from meeting its needs in the most effective, economical, and timely manner and could prevent contracting staff from promoting full and open competition to the fullest extent possible.

### **Inadequate Justifications for Other Than Full and Open Competition**

Of the 20 contract awards we reviewed, 7 were sole-source contract awards that required a justification for other than full and open competition. However, we found that PBS NCR did not

prepare justifications as required for five of these contracts. Specifically, one of these seven contract files lacked the required justification, and four other justifications were not signed by the appropriate review official. These five contracts had a total value of over \$9 million.

FAR 6.302, *Circumstances permitting other than full and open competition*, lists seven exceptions that allow for contracting without providing for full and open competition. However, in order for these exceptions to be authorized, the FAR requires contracting officers to justify the action in writing and obtain approval by the appropriate official as outlined in *Figure 2* below. Each justification should contain sufficient facts and rationale to justify the use of the specific exception cited.

**Figure 2 – FAR Required Approvals for Other Than Full and Open Competition**

Contract Amount	Approval
Up to \$700,000	Contracting Officer
\$700,000 – \$13.5 million	Competition Advocate
\$13.5 million – \$68 million	Head of Procurement

In our review of the five contracts, we found that one was missing the justification entirely. When asked about the missing justification, the current contracting officer told us that the previous contracting officer left GSA and the team this contract was passed to did not have the contract files. The remaining four contracts had written justifications, but lacked the approvals required under FAR 6.304, *Approval of the justification*. Contracting staff for two of these contracts did not explain the lack of signatures. Contracting specialists for the other two contracts acknowledged that the justifications did not receive the proper approvals.

When management reviews and approves justifications for other than full and open competition, they are not only approving the validity of the request, but they are also confirming that the request is in line with competition requirements outlined in FAR 6.3, *Other Than Full and Open Competition*.

## Missing Price Reasonableness Determinations

We reviewed the sampled contract files for evidence of the required price reasonableness determinations. Our review found that 8 of the 20 (40 percent) contract files lacked evidence of a price reasonableness determination.

Contracting officers are responsible for evaluating the reasonableness of the offered prices and recording this information in the contract file. FAR 13.106-3, *Award and documentation*, states that whenever possible, price reasonableness should be based on competition. Absent competition, FAR 15.404-1, *Proposal analysis techniques*, provides examples of proposal analysis techniques used to determine fair and reasonable pricing, including market research, price comparisons, IGEs, and other methods.

When using proposal analysis techniques for awarding contracts without full and open competition, it is especially important for the contracting officer to document their price reasonableness determination. For example, in our sample we found that PBS NCR awarded three contracts at amounts higher than the IGE, including one contract award that exceeded that IGE by 23 percent. However, there was no documentation in the contract file demonstrating how PBS NCR contracting officials determined that the pricing for these contracts was fair and reasonable.

In another example, PBS NCR did not have documentation in the contract file to demonstrate price reasonableness for an \$18.7 million sole source 8(a) set aside contract award. Additionally, while the contract file contained a document labeled as an IGE, the estimate was neither signed nor dated. Although PBS NCR awarded the contract at an amount under the estimate, the lack of information on the estimate calls into question whether the estimate was adequate. Nonetheless, the file lacked any information to indicate whether PBS NCR used the estimate or any other factors to arrive at a fair and reasonable price determination.

Contract awards made without full and open competition carry an inherent risk of higher pricing. Accordingly, it is imperative that PBS NCR contracting officials perform and document price reasonableness determinations for these awards as required by the FAR.

In sum, poor contracting practices and insufficient oversight of acquisition plans, justifications for other than full and open competition, and price reasonableness determination documents contributed to PBS NCR's failure to meet competition goals. PBS NCR should establish controls to require completion of these documents to ensure it is appropriately planning its acquisitions, competing contract awards when required, and ensuring fair and reasonable pricing.

**Finding 2 – PBS NCR contract data is inaccurate in the Federal Procurement Data System-Next Generation, leading to unreliable competition data.**

PBS NCR personnel are not inputting and confirming accurate competition data in FPDS-NG, leading to unreliable data and incorrect Agency competition information. In addition, contracting officers are not confirming FPDS-NG data for accuracy prior to uploading the contract award in the system.

FPDS-NG is a government-wide system used to collect, process, and disseminate official statistical data on federal contracting activities, including competition. Executive departments and agencies are responsible for collecting and reporting data to FPDS-NG in accordance with FAR 4.6, *Contract Reporting*, which prescribes uniform reporting requirements for FPDS-NG. This data is used as the basis to create recurring and special reports to the President, Congress, U.S. Government Accountability Office, federal executive agencies, and the general public. It is important that data in FPDS-NG is accurate, complete, and timely because reliable information is critical to informed decision-making, and to oversight of the procurement system.

Of the 20 contracts we reviewed, 10 (50 percent) had incorrect data listed in FPDS-NG. As shown in *Figure 3*, the “Extent Competed” data field, a drop-down which captures how a contract was awarded, listed incorrect competition data in 7 of the 20 contracts (35 percent). Most of this data was incorrect because PBS NCR erroneously reported that contracts were competed when they were not.

**Figure 3 – Incorrect Extent Competed Data in FPDS-NG**

Contract Number	Extent Competed per FPDS-NG	Extent Competed – Actual
47PM0218C0004	Full and open	8(a) set aside – sole source
47PM0318C0011	Full and open	8(a) set aside – sole source
47PM0318C0012	Full and open	8(a) set aside – sole source
47PM0318C0013	Full and open	8(a) set aside – sole source
47PM0318C0015	Full and open	Full and open after exclusion of sources
47PM0818C0017	Not available for competition	Full and open after exclusion of sources
GS-P-11-17-YX-0011	Competed under simplified acquisition threshold	Not competed (single award blanket purchase agreement)

Contracts that are listed as “Competed” in the “Extent Competed” field are used in the equation below to calculate the GSA Competition Rate:

$$\frac{\text{Competed Contracts}}{(\text{Competed}) + (\text{Not Competed-Not Mandatory})} = \text{GSA Competition Rate}$$

Until GSA institutes better controls for accurate and reliable data in FPDS-NG, competition data will be of limited use in providing government entities and the public with a precise view into the details of federal competition data. In addition, inaccurate and unreliable data affects management's ability to make sound decisions. GSA cannot make informed decisions regarding competition if there is uncertainty about whether or not its competition rates are accurate.

In addition to incorrect competition data, we found other inaccuracies in the PBS NCR procurements reported in FPDS-NG. For example, the contract award amount was reported incorrectly for two contracts. PBS NCR awarded one contract for \$8,539,868; however, the award amount was reported in FPDS-NG as \$9,999,999. The other contract was awarded for \$180,774.53, but the award amount reported in FPDS-NG was \$178,832.21.

Once contracting staff input data into the FPDS-NG system, it is the responsibility of the contracting officer who awarded the contract action to check for complete and accurate data. This review should happen before the contracting officer uploads the award into the system. The *FPDS-NG User Manual* stresses the importance of accurate, complete, and timely data, and states that "data that passes validation rules is not necessarily accurate. ... It is incumbent on the Contracting Officers and Agencies to assure the accuracy of all information submitted." In order to ensure timely and up-to-date information within the system, contracting officers must submit complete and accurate data on all required contract actions in accordance with FAR 4.6.

The PBS NCR competition advocate is responsible for promoting full and open competition. FAR 6.5, *Advocates for Competition*, requires that each executive agency designate an advocate for competition for each procuring activity of the agency. In a meeting with the PBS NCR competition advocate and her team, we asked about FPDS-NG data discrepancies and they acknowledged that there are issues. The competition advocate told us that much of the information in FPDS-NG comes from an interface with PBS's Enterprise Acquisition Solutions integrated (EASi) system. EASi is a procurement system that PBS uses to store contract file documentation and acts as the official contract file of record.

The competition advocate stated that while problems with the interface between EASi and FPDS-NG may cause some of the data discrepancies, contracting staff are nonetheless responsible for verifying the accuracy of the information reported in FPDS-NG. The competition advocate stated that contracting officers may need assistance and that her office is working on proper controls to ensure mistakes do not continue to happen.

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## Conclusion

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According to the data in FPDS-NG, PBS NCR failed to meet its competition goals in FYs 2017 and 2018. We found that poor contracting practices and insufficient oversight contributed to the missed opportunities to compete contracts and ensure fair and reasonable prices for the federal government. In our sample, PBS NCR contracting staff often did not prepare acquisition plans and justifications for other than full and open competition; and PBS NCR management often did not provide oversight of these procurements. Additionally, PBS NCR's contract files for contracts awarded without competition lacked evidence of price reasonableness determinations.

Finally, although the data indicates that PBS NCR did not meet its goals for contract competition and number of one-bid proposals, we found that the FPDS-NG data used to compute competition rates was inaccurate for 7 of the 20 (35 percent) contracts in our sample. Most of these inaccuracies occurred because PBS erroneously reported that contracts were competed when they were not.

To help ensure that PBS NCR is working toward meeting its competition goals and ensuring fair and reasonable pricing, PBS NCR needs to establish controls to ensure that management takes an active role in reviewing acquisition plans and justifications for other than full and open competition. When contracts are awarded without competition, contracting officers need to take the appropriate steps to ensure contracts are awarded at fair and reasonable prices. PBS NCR should also take steps to improve FPDS-NG data accuracy in order to ensure accurate reporting of its procurement statistics.

## Recommendations

We recommend that the PBS NCR Regional Commissioner:

1. Establish controls to ensure that decisions to forego competition, both in the acquisition plan and justification documentation, are reviewed and approved at the appropriate level.
2. Ensure that contracting staff are taking the appropriate steps to award contracts at fair and reasonable prices, and that reasonable price determinations are documented in contract files.
3. Establish controls to ensure that Federal Procurement Data System-Next Generation data is input accurately and reviewed for accuracy.

## GSA Comments

GSA agreed with the audit recommendations. In its written comments, GSA requested an addition to the executive summary citing that a lack of evidence of price reasonableness determinations does not necessarily translate to missed opportunities to ensure fair and

reasonable pricing, given that GSA awarded 90 percent of the audit sample contracts below the IGE. While GSA’s comments relative to our audit sample are accurate, we elected not to make any report revisions. We maintain that the poor contracting practices detailed in this report—lack of acquisition planning and proper justifications for other than full and open competition, lack of management oversight, and lack of documented price reasonableness determinations—are barriers to ensuring fair and reasonable pricing.

GSA’s comments on the report are included in their entirety in **Appendix C**.

### **Audit Team**

This audit was managed out of the Real Property and Finance Audit Office and conducted by the individuals listed below:

Kevin Gallagher	Acting Associate Deputy Assistant Inspector General for Auditing
John Brandon	Auditor-In-Charge
Emily Brown	Management Analyst

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## **Appendix A – Scope and Methodology**

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Our audit scope consisted of a judgmental sample of 20 contracts from the universe of contracts in FPDS-NG that PBS NCR awarded during FYs 2017 and 2018. Our sample consisted of contract awards that were either sole-sourced or competed under full and open competition, but received only one bid.

As discussed in **Finding 2**, we found inaccuracies in the FPDS-NG data. Generally, these inaccuracies occurred because PBS NCR erroneously reported that contracts were competed when they were not. After taking these inaccuracies into account, PBS NCR had an excessive number of noncompetitive and one-bid rates as compared to GSA's goals. Therefore, these errors did not prevent us from relying on the data in FPDS-NG to select our sample and reach our conclusion that PBS NCR did not meet GSA's competition goals for FYs 2017 and 2018.

To accomplish our objectives, we:

- Reviewed Agency memorandums, bulletins, guides, the Procurement Management Review, the FAR, and the GSAM;
- Analyzed FYs 2017 and 2018 FPDS-NG competition data;
- Interviewed contracting officers, contracting specialists, program managers, and competition advocates;
- Selected a judgmental sample of 20 PBS NCR contracts from the universe of all FYs 2017 and 2018 awarded contracts in FPDS-NG;
- Determined the award amount, contractor, awarding contracting officer, date of award, and period of performance for all contracts in our sample;
- Reviewed acquisition plans for signatures and extent competed;
- Reviewed statements of work for the nature of agreements and types of services;
- Determined the numbers of contractors solicited and number of bids received;
- Reviewed IGEs for amounts, signatures, and compared them against award value;
- Reviewed contract sole-source justifications; and
- Determined if FPDS-NG data was accurate for sampled contract files.

We conducted the audit between October 2018 and November 2019 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.

### **Internal Controls**

Our assessment of internal controls was limited to those necessary to address the objectives of the audit.



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## Appendix B – Contract File Review Results

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### Acquisition Plans

We reviewed the files for the 20 contracts in our audit sample to determine if contracts had completed acquisition plans.

Contract	Completed Acquisition Plan on File?	Notes
47PM0118C0002	✓	
47PM0217C0010	✓	
47PM0218C0003	✗	No plan in the contract file
47PM0218C0004	✗	Plan not approved by appropriate official
47PM0218C0005	✗	No plan in the contract file
47PM0218C0006	✗	No plan in the contract file
47PM0318C0011	✗	Plan not approved by appropriate official
47PM0318C0012	✗	Plan not approved by appropriate official
47PM0318C0013	✗	Plan not approved by appropriate official
47PM0318C0015	✗	Plan not approved by appropriate official
47PM0517C0019	✗	No plan in the contract file
47PM0617C0025	N/A	
47PM0618C0008	✓	
47PM0818C0017	✗	Plan not approved by appropriate official
47PM1018C0003	✓	
GS-11-P-17-MA-C-0002	✓	
GS-11-P-17-MA-C-0006	N/A	
GS-11-P-17-MK-C-0006	✗	No plan in the contract file
GS-11-P-17-YE-C-0030	✗	Plan not approved by appropriate official
GS-P-11-17-YX-0011	✗	No plan in the contract file

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## Appendix B – Contract File Review Results (cont.)

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### Justifications for Other Than Full and Open Competition

We reviewed the files for the 20 contracts in our audit sample to determine if contracts had completed justifications for other than full and open competition when required. Justifications are required to be signed by the contracting officer if the contract awards are under \$700,000, and by the competition advocate if they are over \$700,000.

Contract	Completed Justification	No Justification	Incomplete Justification	Notes
47PM0217C0010	✓			
47PM0218C0003		✗		
47PM0218C0005	✓			
47PM0218C0006			✗	Not signed by the competition advocate
47PM0517C0019			✗	Not signed by the contracting officer
47PM0618C0008			✗	Not signed by the competition advocate
GS-11-P-17-MA-C-0002			✗	Not signed by the competition advocate

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## Appendix B – Contract File Review Results (cont.)

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### Evidence of Price Reasonableness Determinations

We reviewed the files for the 20 contracts in our audit sample to determine if contracts awarded without competition had evidence of price reasonableness determinations.

Contract	Evidence of Price Reasonableness Determination?	Notes
47PM0118C0002	✗	1
47PM0217C0010	✓	
47PM0218C0003	✗	2
47PM0218C0004	✗	3
47PM0218C0005	✓	
47PM0218C0006	✓	
47PM0318C0011	✗	4
47PM0318C0012	✗	5
47PM0318C0013	✓	
47PM0318C0015	✓	
47PM0517C0019	✗	6
47PM0617C0025	✓	
47PM0618C0008	✓	
47PM0818C0017	✗	7
47PM1018C0003	✓	
GS-11-P-17-MA-C-0002	✓	
GS-11-P-17-MA-C-0006	✓	
GS-11-P-17-MK-C-0006	✗	8
GS-11-P-17-YE-C-0030	✓	
GS-P-11-17-YX-0011	✓	

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## **Appendix B – Contract File Review Results (cont.)**

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### **Notes:**

To determine if a given contract file had evidence of a price reasonableness determination, we reviewed files for evidence that the contracting officer evaluated the contractor's proposal against a price analysis technique. FAR 15.404-1, *Proposal analysis techniques*, lists examples of price analysis techniques contracting officers can use to determine fair and reasonable pricing, including obtaining certified cost or pricing data, and comparisons to historical prices paid, published price lists, IGEs, or market research. We also reviewed files for a formal price reasonableness determination document, signed by the contracting officer. If such a document did not exist, we looked for evidence that the contracting officer used the price analysis techniques cited above. We determined that the following contract files lacked evidence of one of these forms of a price reasonableness determination:

1. 47PM0118C0002 – Contract file lacked evidence of a price reasonableness determination. However, the file did have an IGE, and the award was made at an amount below the IGE.
2. 47PM0218C0003 – Contract file lacked evidence of a price reasonableness determination. However, the file did have an IGE, and the award was made at an amount below the IGE.
3. 47PM0218C0004 – Sole-sourced contract awarded at an amount 23 percent above the IGE. There was nothing in the file to support a price reasonableness determination.
4. 47PM0318C0011 – Sole-sourced contract awarded at an amount 6.7 percent above the IGE. There was nothing in the file to document the contracting officer's price reasonableness determination.
5. 47PM0318C0012 – Contracting staff indicated that the contractor's initial proposal came in over the IGE, but the contract was awarded under the IGE as a result of negotiations. However, the contracting staff and file had no record of negotiations or a price reasonableness determination.
6. 47PM0517C0019 – Contract file lacked evidence of a price reasonableness determination. However, the file did have an IGE, and the award was made at an amount below the IGE.
7. 47PM0818C0017 – Contract file lacked evidence of a price reasonableness determination. However, the file did have an IGE, and the award was made at an amount below the IGE.
8. GS-11-P-17-MK-C-0006 – There was nothing in the contract file to document the contracting officer's price reasonableness determination. The file did have an IGE, but contracting staff did not know when the IGE was prepared or who prepared it. PBS NCR made the award at an amount below the IGE.

## Appendix B – Contract File Review Results (cont.)

### FPDS-NG Data

We reviewed FPDS-NG data for the 20 contracts in our audit sample to determine if competition data was listed accurately.

Contract	Data Accurate?	Notes
47PM0118C0002	✓	
47PM0217C0010	✗	"Other Than Full and Open Competition" justification data field is incorrect
47PM0218C0003	✓	
47PM0218C0004	✗	"Extent Competed" field incorrect
47PM0218C0005	✓	
47PM0218C0006	✓	
47PM0318C0011	✗	"Extent Competed" field incorrect
47PM0318C0012	✗	"Extent Competed" field incorrect
47PM0318C0013	✗	"Extent Competed" field incorrect.
47PM0318C0015	✗	"Extent Competed" field incorrect "Number of Offers Received" field incorrect
47PM0517C0019	✓	
47PM0617C0025	✓	
47PM0618C0008	✗	"Award Amount" field incorrect
47PM0818C0017	✗	"Award Type" field incorrect "Extent Competed" field incorrect
47PM1018C0003	✗	"Award Amount" field incorrect "Number of Offers Received" field incorrect
GS-11-P-17-MA-C-0002	✓	
GS-11-P-17-MA-C-0006	✓	
GS-11-P-17-MK-C-0006	✓	
GS-11-P-17-YE-C-0030	✓	
GS-P-11-17-YX-0011	✗	"Extent Competed" field incorrect

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## Appendix C – GSA Comments

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GSA National Capital Region

September 8, 2020

MEMORANDUM FOR      CAIRO CARR  
                                 ACTING ASSOCIATE DEPUTY ASSISTANT INSPECTOR  
                                 GENERAL FOR AUDITING  
                                 REAL PROPERTY AND FINANCE AUDIT OFFICE (JA-R)

THROUGH:              DANIEL W. MATHEWS  
                                 COMMISSIONER  
                                 PUBLIC BUILDINGS SERVICE (P)

FROM:                    DARREN J. BLUE  
                                 REGIONAL COMMISSIONER  
                                 PUBLIC BUILDINGS SERVICE (WP)

SUBJECT:                Response to the Office of Inspector General (OIG) Draft Audit  
                                 Report, *Audit of Competition in PBS NCR Contracts (Audit  
                                 Number: A190019)*

DocuSigned by:  
*Darren J. Blue*  
A190019-1771

Thank you for the opportunity to comment on the above audit report, which reviewed contracts solicited and awarded in Fiscal Years (FY) 2017 and 2018. PBS agrees with the recommendations, has already begun implementing controls, processes, and tools to address the OIG's recommendations, and is taking necessary corrective action. PBS provided technical comments in the enclosed.

Additionally, as evidence of improved competition handling, National Capital Region's competition rate increased in FY 2019 to 95% and has continued to improve in FY 2020, achieving a competition rate of 96% year to date.

If you have any questions, please contact Miranda Webster, Deputy Director at 202-215-7519.

Enclosure



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## Appendix C – GSA Comments (cont.)

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### Technical Comments Enclosure OIG Draft Audit Report titled *Audit of Competition in PBS NCR Contracts (A190019)*

PBS offers the following technical comments in response to the OIG Draft Report for the Audit of Competition in PBS NCR Contracts, Audit Number A190019.

#### Executive Summary

*Page i - "We found that poor contracting practices and insufficient oversight contributed to the missed opportunities to compete contracts and ensure fair and reasonable prices for the federal government. In our sample, PBS NCR contracting staff often did not prepare acquisition plans and justifications for other than full and open competition; and PBS NCR management often did not provide oversight of the procurements. Additionally, PBS NCR's contract files for contracts awarded without competition lacked evidence of price reasonableness determinations."*

PBS suggest the following addition: While GSA agrees with OIG's recommendations, the agency notes that sole source contracts, given that competition has been limited, require a more robust and diligent level of negotiations by the Contracting Officer, often resulting in taxpayer savings. Ninety percent of the 20 contracts referenced by OIG that were awarded below the Independent Government Estimates helps demonstrate that a lack of evidence of price reasonableness determination does not necessarily translate into missed opportunities in ensuring fair and reasonable prices.

#### Background

*Page 2 - "PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy."*

OIG cited four other audits in this report. Three of these audits included contracts that were awarded between 2007 and 2014. In the fourth audit, (White Oak, A15009P5R17006), PBS considered the recommendations and the modifications in question, and determined that PBS had not violated the Competition in Contracting Act (CICA). This audit was resolved without additional action being required for the CICA-related findings.

#### Recommendations

PBS has made significant improvements and implemented the following changes in Fiscal Year 2019 to address concerns that were reflected in this report:

- Acquisition Management Bulletin 2019-01 - Justification for Other than Full and Open Competition (JOFOC)
- Acquisition Management Bulletin 2019-03 - Internal Controls for Files Reviews
- Changed Competition Advocate from GS14 Branch Chief to GS15 Deputy Director
- Training provided for Justification for Other than Full and Open Competition
- Training provided for FPDS-NG reporting

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## ***Appendix D – Report Distribution***

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GSA Administrator (A)

GSA Deputy Administrator (AD)

Commissioner (P)

Deputy Commissioner (P)

Chief of Staff (PB)

Deputy Chief of Staff (PB)

Regional Administrator (W)

Regional Commissioner (WP)

Chief Administrative Services Officer (H)

Audit Management Division (H1EB)

Assistant Inspector General for Auditing (JA)

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