

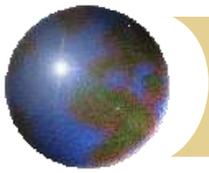
Presentation for
The Coalition for Government Procurement



The OIG & MAS

*Understanding the Office of
Inspector General's Role*

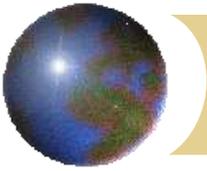
Andrew Patchan, Jr.
Assistant Inspector General for Auditing
U.S. GSA OIG
March 26, 2008



Presentation Topics

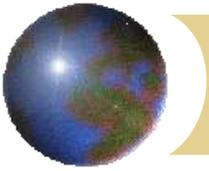


- ❖ OIG Audit Services
- ❖ GSA Multiple Award Schedules
- ❖ **The OIG's Role in Conducting MAS Contract Reviews**
- ❖ Types of MAS Reviews Conducted by the OIG
- ❖ Types of Review Findings



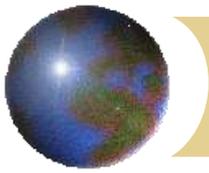
OIG Audit Services:

- ⊕ Program Reviews
- ⊕ Systems Reviews
- ⊕ Management Control Reviews
- ⊕ Integrated Reviews
- ⊕ Regulatory Reviews
- ⊕ Compliance Reviews



Multiple Award Schedules Program

- ❖ Provides Federal agencies with a simplified process for obtaining commercial supplies and services at prices associated with volume buying
- ❖ Awards indefinite delivery contracts to provide supplies and services at fair and reasonable prices that fall within the generic descriptions in the GSA Schedule solicitations



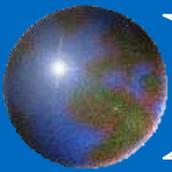
Federal Acquisition Service – MAS Activity Profile

(Dollars in thousands)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Total number of MAS Schedules*	54	52	46	43	42
Total number of contracts in effect	14,142	16,052	17,551	17,668	17,477

* Examples:

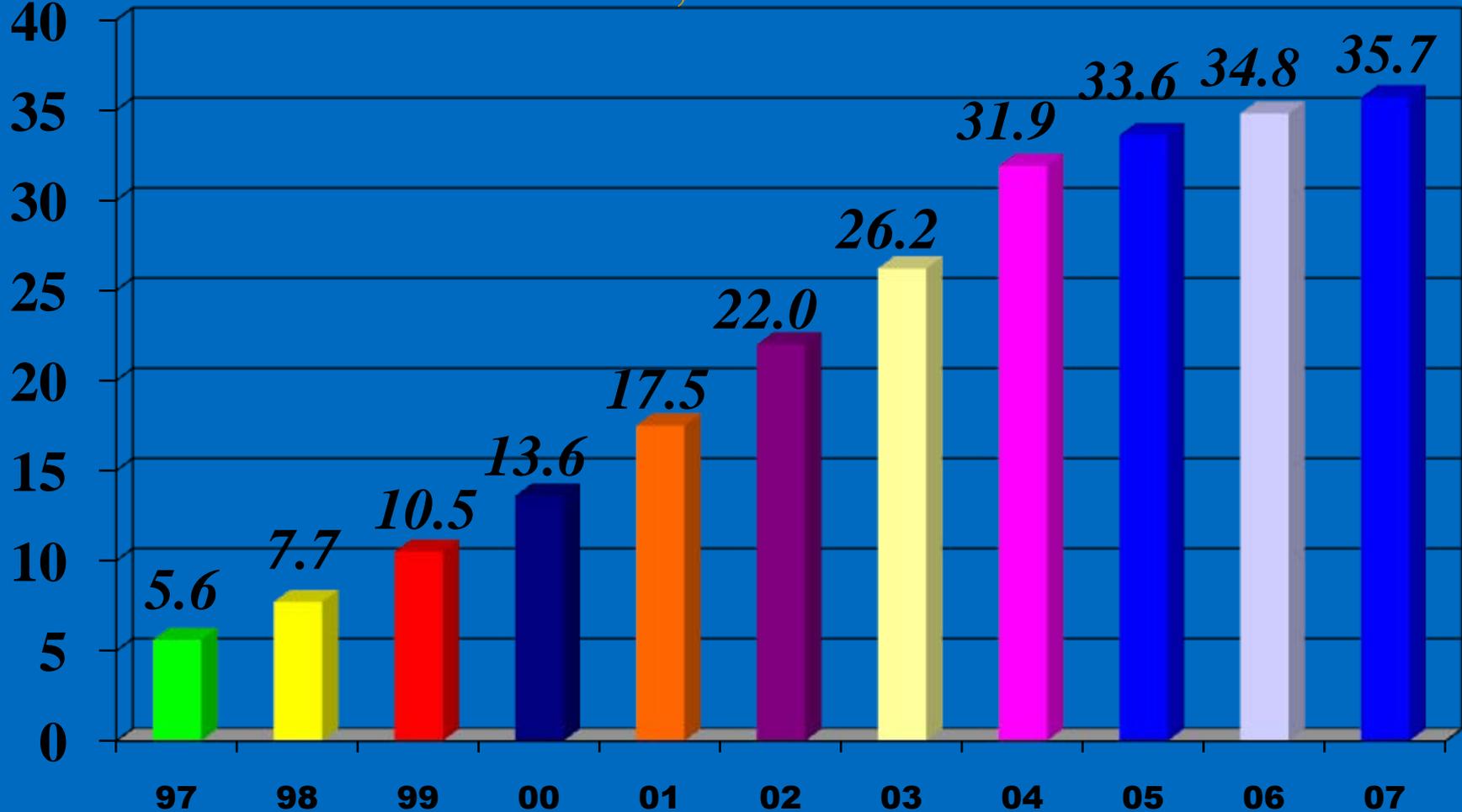
- Schedule 70 - General Purpose Information Technology Equipment, Software, and Services (IT)
- Schedule 871 – Professional Engineering Services (PES)
- Schedule 874 – Mission Oriented Business Integrated Services (MOBIS)

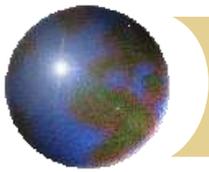


MAS Schedule Sales (\$B)

Over 17,000 Contracts

Billion





OIG's Authority to Conduct MAS Contract Reviews

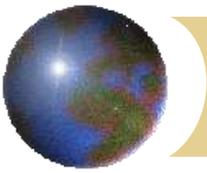


❖ Contract Clauses

- ❖ GSAR 552.215-70 & 71 Examination of Records by GSA
- ❖ FAR 52.215-2 Audit and Records – Negotiation
- ❖ FAR 15-404-2 Information to Support Proposal Analysis

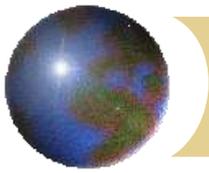
❖ Inspector General Act of 1978

- ❖ Audit Authority is Incorporated within the Act
- ❖ Provides for Subpoena Authority



OIG Role:

- ✿ To assist the Contracting Officers in fulfilling their responsibilities
 - ✦ Support
 - ✦ Independence
 - Do not make contracting decisions
 - Do not negotiate contracts
- Office of Management and Budget (OMB)
 - ❖ Long recognition of increasing dollar value of GSA contract activities and limited OIG resources
 - ❖ Provided the OIG additional financial support to increase work in this area



Types of MAS Reviews Conducted by the OIG

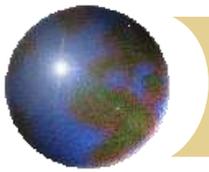


❖ Preaward Reviews

- ❖ Takes place either before an initial contract is awarded or before exercising an option
- ❖ Provides the CO with vital and current information for contract negotiations

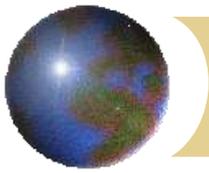
❖ Postaward Reviews

- ❖ **Examines contractor's adherence to contract terms and conditions, including IFF**



Contract Audits Results:

	Prewards			Postawards		
	No. of Audits	\$ Audited	Cost Avoidance	No. of Audits	\$ Audited	Recoveries
FY 2005	60	\$10.4 B	\$1.0 B	13	\$1.2 B	\$ 7.5 M
FY 2006	76	\$ 8.8 B	\$.9 B	10	\$.3 B	\$10.6 M
FY 2007	68	\$16.6 B	\$.9 B	13	\$.8 B	\$42.3 M

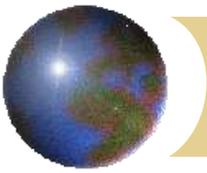


Preaward Reviews

--A review of a company's proposal/offer

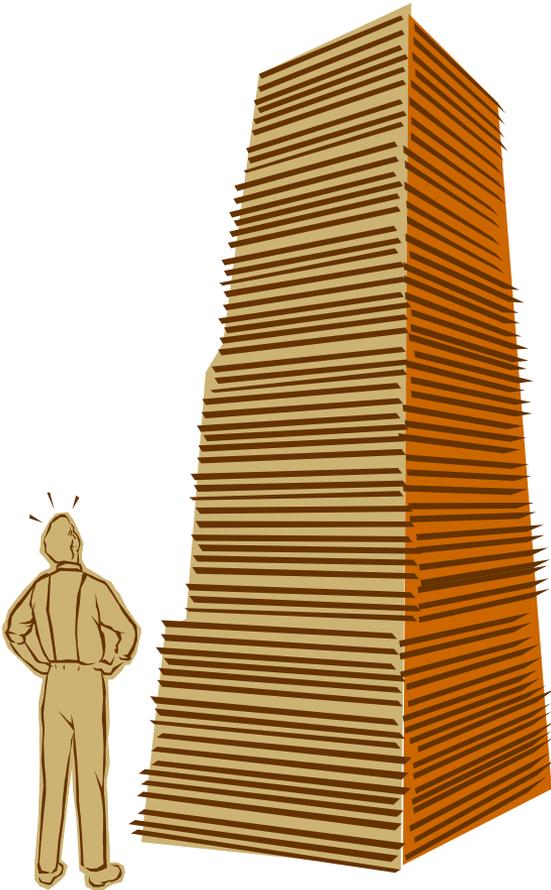
- ✚ Submitted in response to a solicitation or contract modification
 - ▣ For the delivery of goods and/or services
 - At offered prices terms and conditions
 - For a specified period of time

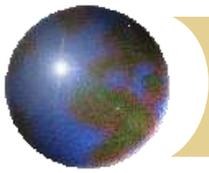




Preaward Reviews (con't)

- ❖ Reviews are conducted prior to negotiation and award
- ❖ Majority of the OIG preawards are conducted for contract extensions

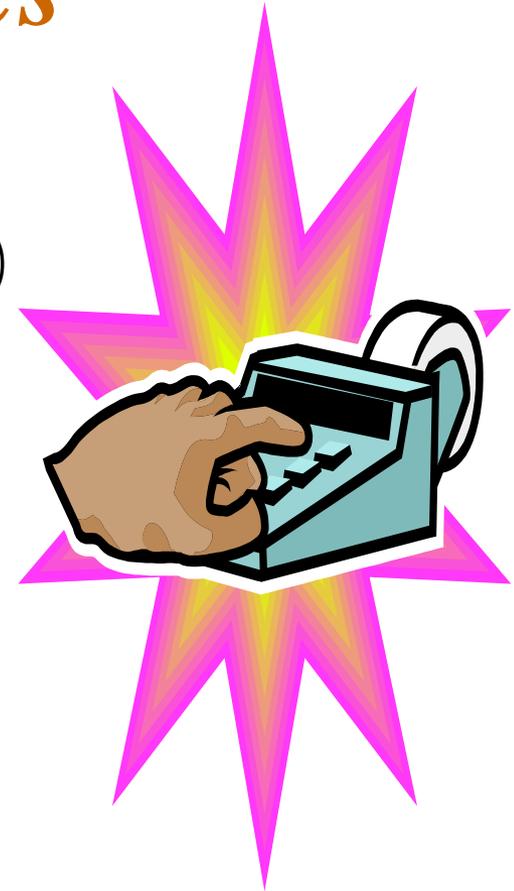


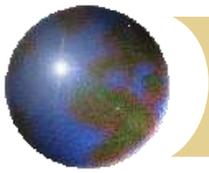


Preaward Review Objectives

To determine whether:

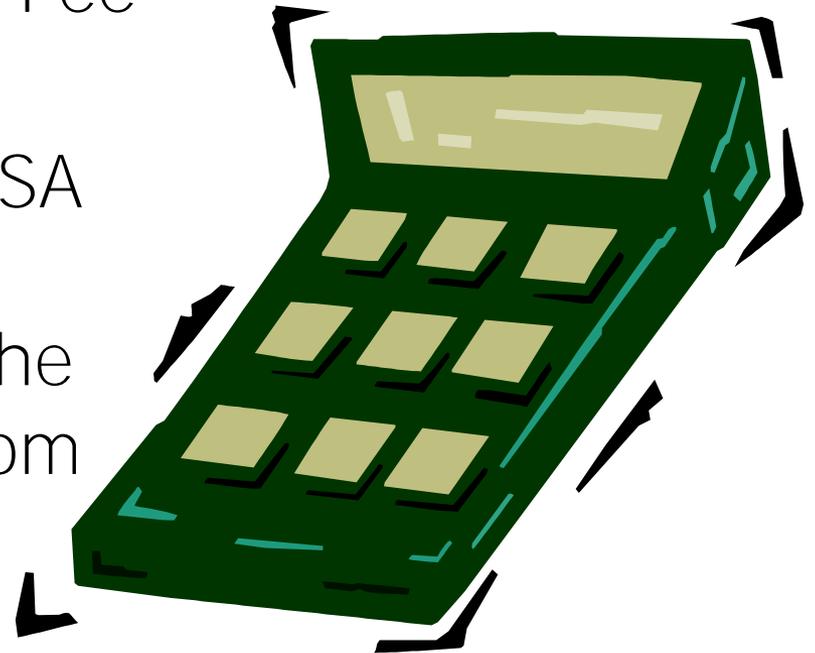
- ❖ The Commercial Sales Practices (CSP) information submitted by the company is current, accurate and complete
- ❖ **The company's sales monitoring and billing systems will ensure proper administration of the price reduction provisions and billing terms of the contract**

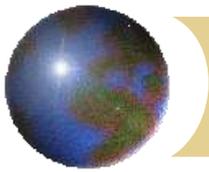




Preaward Review Objectives (con't)

- ✦ The company can adequately accumulate and report schedule sales for Industrial Funding Fee (IFF) payment purposes
- ✦ The company lowered its GSA schedule prices effective January 1, 2004 to reflect the reduction of the IFF rate from 1 to .75 percent

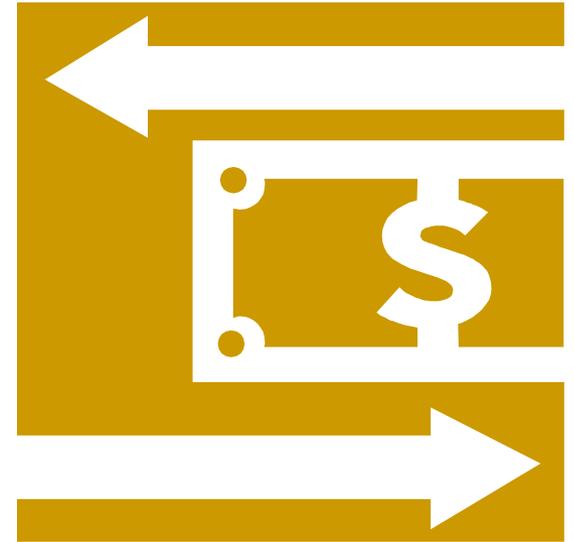




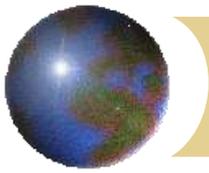
Preaward Review Objectives

(con't)

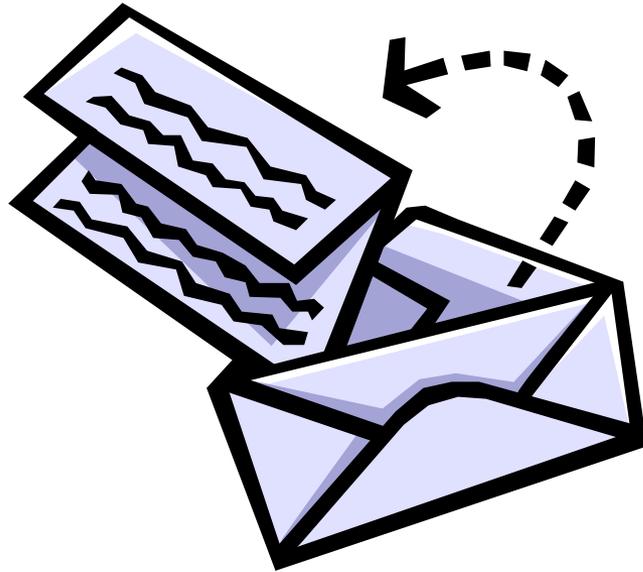
- ⊕ Employees are qualified for the labor position to which they are assigned *
- ⊕ The company has an adequate accounting system for the segregation and accumulation of labor hours, materials, and other direct costs (ODCs) on time-and-materials task orders *



* Apply only to Services reviews

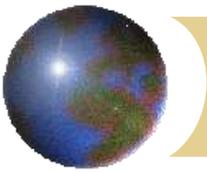


MAS Preaward Process



Notification to Vendors

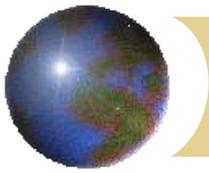
- 210 days prior to the contract expiration, the Contracting officer notifies vendor of intent to exercise contract option and impending preaward review
- The Office of Audits sends the vendor a written request for information



MAS Preaward Process (con't)

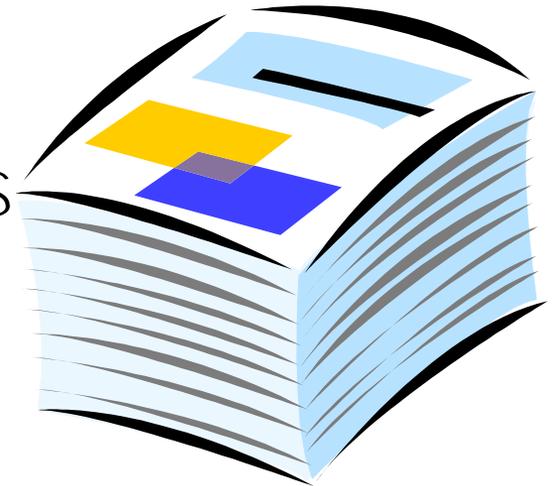


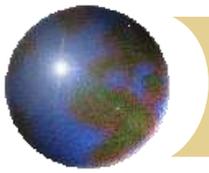
- After receipt of vendor's information and initial office evaluation of this data, the Office of Audits contacts the vendor to set up an entrance conference to commence the site work



Typical Preaward Findings

- ❖ CSP is inaccurate and/or incomplete
- ❖ Government is not offered MFC pricing despite comparability to commercial MFC
- ❖ Full range of commercial discounts, terms and conditions more favorable than those offered to GSA not disclosed

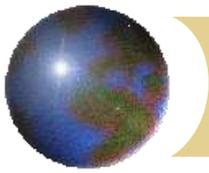




Typical Preaward Findings (con't)

- ❖ Inadequate controls and procedures to properly monitor the price reduction and billing provisions of the contract resulting in overcharges to GSA schedule users (Postaward Implications)
- ❖ Failure to identify and report all GSA schedule sales (Postaward Implications)
- ❖ Employees do not meet the education and work experience for the labor positions billed (Postaward Implications)





Postaward Reviews

- ⊕ Reviews can be conducted during the contract period or after the contract period is complete
- ⊕ Review findings identify any aspects of **the contractor's noncompliance with:**
 - ❑ Billing proper prices and terms and conditions
 - ❑ Passing on price reductions
 - ❑ Reporting of all sales





Questions?



Inquiries --

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