



Office of Audits
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TO: WILLIAM J. GUERIN
ASSISTANT COMMISSIONER FOR PROJECT DELIVERY
OFFICE OF PROJECT DELIVERY (PCB)
Susan P. Hall

FROM: SUSAN P. HALL
AUDIT MANAGER, REAL PROPERTY AUDIT OFFICE (JA-R)

SUBJECT: Recovery Act Memorandum - Project Management of the Land Port
of Entry Modernization Projects
Review of PBS's Reimbursable Work Authorization Projects Funded
by the American Recovery and Reinvestment Act of 2009
Audit Memorandum Number A090169-4

We are currently performing oversight of Reimbursable Work Authorizations associated with projects funded under the American Recovery and Reinvestment Act (Recovery Act). The objective of this oversight is to determine if the General Services Administration's (GSA) Public Buildings Service plans, awards, and administers contracts for these projects in accordance with prescribed criteria and Recovery Act mandates. As part of our oversight effort we reviewed nine¹ projects managed by GSA for the Department of Homeland Security's (DHS) Land Port of Entry Modernization Program.

During our review, we identified two issues that we believe should be brought to your attention. Specifically,

1. The process to resolve design issues needs to be improved.
2. Project teams need to ensure more proactive oversight.

¹ This includes the modernization of DHS owned land ports of entry located in Washington, Montana, North Dakota, and New York. We are reviewing GSA's actions in providing procurement services, contract administration services, and planning, design and construction (design/build) management services.

The process to address design issues can be made more efficient.

GSA used the design/build methodology to accomplish these projects. Under this approach, the Government² developed a program and technical documents that detailed the project's unique prescriptive requirements but left the majority of the design up to the design/build contractor. To be successful, problems identified during the process need to be resolved effectively and in a timely manner. Our review indicates that improvements are needed, particularly in the areas of design reviews, communication, and timeliness.

Design Reviews. A more effective design review process may have reduced the number of issues resulting from project variances. Variances between the design/build contractor's design drawings and the Government's technical documents were an ongoing problem throughout the projects.³ When these documents are not in agreement delays can occur, costs can increase, and customers may be dissatisfied. The design/build contractor has the final responsibility for the accuracy of the design drawings and is required to bring any variances to the Government's attention, using a deviation list. However, there were shortcomings in GSA's review process. For example, GSA was still requesting final deviation lists for two projects from a contractor⁴ months after construction began and issues had already surfaced. Additionally, even when contractors submitted deviation lists for review early in their projects, variances during construction were still an issue despite the review process. Ideally, variances should have been identified and addressed when the design drawings were reviewed by the DHS and the GSA project management contractor. To minimize these problems, GSA needs a process to ensure variances are acknowledged as quickly as possible.

Communications. GSA should consider modifying the language in its contracts to ensure all parties understand how best to communicate information, specifically changes and clarifications affecting the design. This may reduce incorrect interpretations that can lead to rework. When the design/build contractors had questions about design issues, they often sought guidance from their home office and the architect. Frequently, these responses were provided informally (i.e. verbally), which meant that the GSA construction and project managers were unaware of this input. The design/build contracts do not contain a requirement that GSA be immediately informed of these types of changes and clarifications. Currently, the design/build contractor only has to provide the result of all communications, including verbal directions, within five days through "confirmation notices" and even this requirement is not followed.

² DHS provided GSA with the program details and requirements.

³ Variances included encasement of electrical conduit (duct banks), holding cells, wall materials, canopy heights, windows, and signage.

⁴ This contractor was responsible for three projects.

Timeliness. Design questions raised by the design/build contractor are not always resolved in a timely fashion. Our review⁵ of Request for Information logs identified a significant time lag from the initial request to resolution. On average, it took 21 days (ranging from 0 to 162 days) to achieve resolution of these issues. Undue delays could result in schedule planning and sequencing problems. GSA project officials informed us that they or the contract project manager could reply to most Requests for Information in a few days. However, certain requests required more time because they needed to be addressed by the DHS. In these cases, GSA needs to ensure that the customer understands the importance of responding in a timely manner.

GSA should pursue proactive project oversight.

GSA's project oversight relied on virtual information/communication as opposed to an active onsite project manager or frequent site visits. A reactive approach can lead to inefficiencies.

Due to limited staffing and the remoteness of the construction sites, GSA's onsite project teams were primarily made up of contractor personnel. GSA relied on contractors to perform the majority of the day-to-day project management⁶ and construction management tasks.

On these projects, the design/build contractor was responsible for project design and construction. The construction manager, a GSA contractor who had no direct authority over the design/build contractor, was onsite daily to oversee the design/build contractor and report areas of concern to the contract project manager. The contract project manager would then raise issues to GSA as deemed necessary. The GSA contracting officer, with responsibility for all nine projects, had authority to take actions such as approving change orders or issuing suspensions of work.

Although contract project managers were assigned specific sites, they generally worked out of home offices and relied heavily on virtual communications with the onsite design/build contractors, construction management contractor, and GSA.⁷ This communication was in the form of emails, telephone conversations, daily reports, and reports from their in-house construction management coordinator,⁸ as well as weekly status meetings held via conference calls.

⁵ We reviewed Request for Information logs for six projects for the period of August 2009 through May 2011.

⁶ GSA had an employee designated as a "Project Manager" per the PBS Project Management Guide who coordinated activities and dealt with the customer for all nine land port of entry projects. The day-to-day project management tasks were delegated to a contractor.

⁷ The project management contractor's proposal noted that communication was of the utmost importance since the project team would be servicing dispersed construction sites and stakeholders in multiple locations.

⁸ The construction management coordinator employed by the project management firm visited the projects on a rotational basis averaging once every three to four weeks.

We were informed that the weekly status meetings were a key control for ensuring issues were promptly resolved. Therefore, it was essential for stakeholders to attend them. However, an analysis of the weekly meeting reports through September 2011 for four of the projects indicated that a GSA employee⁹ was present only 26 percent of the time. Once nonconformance issues surfaced, GSA officials began to attend meetings on a regular basis; had they been present at all these meetings they could have reacted immediately to address outstanding issues.

In addition, the statement of work for the project management contract required that the project manager and the construction manager coordinator make regular site visits, but it did not define what constituted “regular.” According to GSA’s travel logs, the contract project managers did not visit their assigned sites for a 5-month period. However, the construction management coordinator visited each site about once a month and reported to the contract project manager. It was not until considerable nonconformance issues arose at one location, resulting in two suspensions of work, that the GSA contracting officer instructed the site’s contract project manager to visit the site on a monthly basis. That site’s construction manager noticed an improvement in the project once the contract project manager began these visits.

GSA officials have commented that one design/build contractor, responsible for three projects, was the source of the majority of the problems experienced at the land port of entry projects, although all of the contractors had some nonconformance issues. However, even after early indications that this contractor would be a problem, GSA went several months before providing increased oversight at two project sites.¹⁰ GSA did not increase oversight at the contractor’s third project site. This site had only one visit by the contract project manager in a 12-month period. GSA officials have stated that this third site is currently 3-4 months behind schedule. A more proactive oversight approach may have identified and corrected nonconformance issues earlier and may have precluded any suspension of work.

Conclusion

While GSA has noted the majority of the land port of entry projects are coming online with minimal delays, a more thorough process to resolve design issues may have helped to ensure that all projects were delivered effectively, efficiently, and timely. Variances between the design drawings and technical documents resulted in information requests. Such requests can delay a project if not responded to promptly. In addition, overreliance on reactive project oversight can cause potential problems to be overlooked. This can increase the risk of project nonconformance issues, delays, and claims. A more proactive approach on future projects may prevent these matters from surfacing.

⁹ GSA’s contracting officer, project manager, or program coordinator.

¹⁰ Regular contract project manager visits did not begin until March 2011. Numerous nonconformance issues were raised by one onsite construction manager as early as July 2010.

Management Comments

PBS's response to the draft memorandum is provided below.

We agree that resolving design issues posed challenges at times. In our on-going relationship with CBP, we continue to work together to develop approaches that recognizes the importance of having key stakeholders participate early in the review process and to resolve design questions raised by the design/build contractor in a timely manner. CBP is required to coordinate with many stakeholders and due to a shortage of staff is not always able to keep to desired schedules.

We would like to also clarify our project oversight process in response to the finding that project teams need to ensure more proactive oversight. The onsite construction manager (CM) generated daily reports on project issues. The CM always maintained the authority to escalate any issues they felt appropriate to the [contract] project manager and/or the PBS project manager. As the draft report points out, work was stopped three times. This work stoppage is indicative of the thoroughness and reliability of our quality control process: as issues were identified, action was taken and strict consequences were enforced when corrective action was not addressed by the contractor.

The majority of projects were completed on schedule. Many of the delays were due to changes in contract requirements to meet evolving CBP needs which raised the level of complexity to complete designs. In addition, a new change request approval process intended to ensure thorough internal CBP review resulted in unanticipated delays that could have been included in the original schedule in hindsight. As GSA and CBP continue to work together on projects, we are engaged in a process of continuous improvement to meet project goals.

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

Susan Hall	Audit Manager	Susan.Hall@gsaig.gov	202-219-0088
Jeffrey W. Funk	Auditor-In-Charge	Jeffrey.Funk@gsaig.gov	202-219-0088
Maria R. Aburto	Auditor	Maria.Aburto@gsaig.gov	202-219-0088
Kyle Plum	Auditor	Kyle.Plum@gsaig.gov	202-219-0088

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