



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

IMPLEMENTATION REVIEW OF ACTION PLAN

PBS Did Not Support Scope Changes
and Pricing for Contract Modifications
on the Mariposa Land Port of Entry
Recovery Act Project
Report Number A120174/P/R/R14005
September 25, 2014

*Assignment Number A150040
September 30, 2015*



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

DATE: September 30, 2015

TO: Dan Brown
Regional Commissioner
Public Buildings Service
Pacific Rim Region (9P)

FROM: Michael Lamonica 
Audit Manager, Great Lakes Region Audit Office (JA-5)

SUBJECT: Implementation Review of Action Plan
PBS Did Not Support Scope Changes and Pricing for
Contract Modifications on the Mariposa Land Port of Entry
Recovery Act Project
Report Number A120174/P/R/R14005
September 25, 2014
Assignment Number A150040

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 PBS has taken the corrective actions as outlined in the action plan for the audit report. To accomplish our objective we:

- Examined documentation submitted by PBS supporting its accomplishment of the action plan steps; and
- Communicated with PBS personnel.

Our implementation review found that PBS addressed the audit recommendations in the action plan, dated October 21, 2014.

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

Michael Lamonica	Audit Manager	Michael.Lamonica@gsaig.gov	(312) 353-8481
Scott Dixon	Auditor-In-Charge	Scott.Dixon@gsaig.gov	(312) 692-2201

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

Background

On September 25, 2014, we issued an audit report, *PBS Did Not Support Scope Changes and Pricing for Contract Modifications on the Mariposa Land Port of Entry Recovery Act Project* to PBS. The audit findings were based on Modifications PS96 and PSB2 of the construction contract for the Mariposa Land Port of Entry project. PBS awarded Modification PS96 in September 2012 to incorporate a Memorandum of Understanding (MOU) that included a comprehensive settlement of outstanding change order requests for the project. During a subsequent review of the contract modifications, PBS determined that Modification PS96 lacked the documentation necessary to support the price and scope of work. PBS issued Modification PSB2 in December 2012 to clarify the MOU by specifying the scope of work referenced therein.

Our audit found that:

- PBS did not fully define scope changes nor ensure the price reasonableness of these contract modifications.

To address the issues identified in the report, we recommended that the PBS Regional Commissioner:

1. Perform a review of Modification PSB2 to determine if:
 - a. The scope of work is sufficiently defined to form a binding contract; and
 - b. Remedial action is necessary to address duplicative work in the modifications.
2. Ensure that the modification files incorporating the MOU include either documentation supporting fair and reasonable pricing or a written determination by the head of contracting authority identifying the award as in the best interest of the Government.

The PBS Regional Commissioner acknowledged our report recommendations.

Results

Our implementation review found that PBS has taken appropriate corrective actions to address the recommendations. We determined that no further action is necessary to address our recommendations.

Appendix A – Action Plan for Report Number A120174/P/R/R14005

PBS Action Plan

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: October 21, 2014

Action Report Number/Title:	Recommendation Number:	Proposed Recommendation Completion Date:
A120174/P/R/R14005 Scope Changes and Pricing for Contract Modifications on the Mariposa LPOE	1	Completed

Recommendation

Perform a review of Modification PSB2 to determine if (a) the scope of work is sufficiently defined to form a binding contract; (b) remedial action is necessary to address duplicative work in the modifications.

PBS Action Plan

Action to be Taken Step-by-Step:	Supporting Documentation:	Completion Date:
1. Management completed a review of Modification PSB2 to ensure that the scope of work was sufficiently defined to form a binding contract and whether any remedial action was necessary.	Regional response to draft confirming review	Completed – see attachment 1
2. Joint meeting between OIG and Regional management to discuss project and possible duplication.	Regional response to draft confirming meeting	Completed – see attachment 1
3. Memo to the file and revised spreadsheet addressing PSB2.	Copy of memo	Completed – see attachment 2
4. New contract review procedures to improve internal controls.	Copy of signed GSA Order for new R9 AMD division and Business Clearance	Completed – see attachments 3a and 3b

Appendix A – Action Plan for Report Number A120174/P/R/R14005 (cont.)

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PBS Action Plan

Designated Responding Official: [REDACTED]
Contact Person: [REDACTED]
Telephone Number: [REDACTED]
Date: October 21, 2014

	Procedures	
Action Report Number/Title:	Recommendation Number	Proposed Recommendation Completion Date
A120174/P/R/R14005 Scope Changes and Pricing for Contract Modifications on the Mariposa LPOE	2	Completed

Recommendation

Ensure that the modification files incorporating the Memorandum of Understanding include either documentation supporting fair and reasonable pricing or a written determination by the head of contracting authority identifying the award as in the best interest of the Government.

PBS Action Plan

Action to be Taken Step-by-Step:	Supporting Documentation:	Completion Date:
1. Amended modification file document containing a statement that the Global Settlement reflected in Modification PS96 and corrected in Modification PSB2 was fair and reasonable.	Copy of document showing fair and reasonable pricing determination	Completed – See attachment 4

Appendix A – Action Plan for Report Number A120174/P/R/R14005 (cont.)

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PBS Action Plan

Designated Responding Official: [REDACTED]
Contact Person: [REDACTED]
Telephone Number: [REDACTED]
Date: October 21, 2014

Attachments



Response to
OIG Mariposa Audit 9-8

Attachment 1:

Attachment 2:

Attachment 3:

Attachment 4:

Appendix B – Report Distribution

Commissioner, PBS (P)

Deputy Commissioner, PBS (PD)

Chief of Staff, PBS (P)

Regional Recovery Executive, PBS, Pacific Rim Region (9P2PT)

National Program Office ARRA Executive (PCB)

Chief of Staff, PBS Office of Construction Programs (PCB)

Regional Administrator, Pacific Rim Region (9A)

Regional Commissioner, PBS, Pacific Rim Region (9P)

Regional Counsel, Pacific Rim Region (LD9)

Branch Chief, GAO/IG Audit Response Branch (H1C)

Strategic Program Manager, PBS Program Mgmt. & Support Div. (PCBF)

Analyst, PBS Program Mgmt. & Support Div. (PCBF)

Audit Liaison, PBS (BCP)

Audit Liaison, PBS, Pacific Rim Region (BPAA)

Assistant Inspector General for Auditing (JA)

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

Deputy Assistant Inspector General for Investigations (JID)

Director, Office of Internal Operations (JI-I)

Executive Assistant, Office of Investigations (JI)