



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

Audit of the GSA Federal Acquisition Service's New England Region Client Support Center

Report Number A170063/Q/2/P20005
July 20, 2020

Executive Summary

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Why We Performed This Audit

This audit was included in the GSA Office of Inspector General's *Fiscal Year 2017 Audit Plan*. The Office of Assisted Acquisition Services (AAS) is one of the business lines that operate under the Federal Acquisition Service (FAS). AAS is the largest GSA Acquisition Services Fund portfolio by revenue, and FAS plans to expand its services and develop new programs to assist customers with acquisitions through AAS.

Our past audits of AAS's Client Support Centers (CSCs) have identified the need to strengthen controls and increase oversight and monitoring of transactions. Accordingly, we performed CSC audits in GSA's New England Region, Mid-Atlantic Region, and Pacific Rim Region. In this audit, we determined if the New England Region (Region 1) CSC awards and administers task orders in accordance with federal regulations and internal GSA policy.

What We Found

The FAS Region 1 CSC has not awarded and administered task orders in accordance with federal regulations and internal GSA policy. We found multiple issues with FAS's award and administration of task orders in the Region 1 CSC, including: (1) acquisition plans were not prepared in accordance with Federal Acquisition Regulation (FAR) and GSA Acquisition Manual (GSAM) guidance, (2) quality assurance surveillance plans (QASPs) were not prepared or used properly, (3) legal reviews were not performed in accordance with GSA guidance, and (4) independent government cost estimates (IGCEs) lacked supporting documentation.

We also identified other instances of inadequate task order administration, including: (1) a contractor who was still performing work past the task order period of performance and (2) contracting officers who did not document their determination of task order pricing as fair and reasonable.

What We Recommend

We recommend that the FAS Regional Commissioner and the Region 1 CSC Director develop, implement, and maintain the policies and procedures necessary to ensure that:

1. Acquisition plans are prepared in accordance with the FAR and GSAM.
2. Guidance is established for the development and use of QASPs and that surveillance activities outlined in the QASPs are properly performed and documented.
3. Required legal reviews are performed and documented by regional Office of General Counsel.
4. IGCEs contain sufficient detail and supporting documentation to determine the basis for the IGCE.
5. Task orders are performed within their allowed period of performance.
6. Fair and reasonable price determinations are properly documented.

The FAS Commissioner agreed with our recommendations. FAS's written comments are included in their entirety in **Appendix C**.

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Introduction

We performed an audit of the award and administration of task orders by the GSA Federal Acquisition Service's (FAS's) New England Region (Region 1) Client Support Center (CSC).

Purpose

This audit was included in the GSA Office of Inspector General's *Fiscal Year 2017 Audit Plan*. The Office of Assisted Acquisition Services (AAS) is one of the business lines that operates under FAS. AAS is the largest GSA Acquisition Services Fund portfolio by revenue, and FAS plans to expand its services and develop new programs to assist customers with acquisitions through AAS.¹ AAS comprises regional CSCs throughout the United States. Our past audits of the AAS CSCs have identified the need to strengthen controls and increase oversight and monitoring of transactions.² Accordingly, we performed CSC audits in the New England Region, Mid-Atlantic Region, and Pacific Rim Region.

Objective

The objective of this audit was to determine if the Region 1 CSC awards and administers task orders in accordance with federal regulations and internal GSA policy.

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

Background

FAS serves as the acquisition and procurement arm of the federal government, offering equipment, supplies, telecommunications, and integrated information technology solutions to federal agencies. In Region 1, FAS is responsible for managing the federal government's commodity and service needs within civilian and military organizations across the six Region 1 states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

AAS comprises 12 CSCs throughout the United States: the Federal Systems Integration and Management Center and 11 regional offices. It provides custom acquisition, project, and financial management support services to federal agencies, effectively helping agencies acquire the goods and services they need to further their missions. AAS establishes interagency agreements with its client agencies to confirm the service level expectation, schedule, and funding. As a cost-reimbursable, non-appropriated organization, AAS provides services on a fee-for-service basis, which includes hourly rates, fixed price, and surcharge options.

¹ The Acquisition Services Fund is a full-cost recovery revolving fund that finances operations of FAS. This fund recovers all costs through fees charged to federal agencies for services rendered and commodities provided.

² Report Number A090139/Q/A/P10011

The GSA Procurement Management Review (PMR) Division conducts periodic peer reviews of GSA contracting activities and makes recommendations to management for improvement. The PMRs assess GSA acquisition centers' compliance with procurement laws and regulations. The Region 1 CSC's 2014 PMR found that acquisition plans were not prepared for task orders issued against multiple award, single agency, indefinite-delivery, indefinite-quantity (IDIQ) contracts in accordance with the GSA Acquisition Manual (GSAM) 507.104, *General Procedures*.³

³ A multiple award is a contract entered into with two or more sources pursuant to the same solicitation. IDIQ contracts are used when the government cannot determine, above a specified minimum, the precise quantities of products or services that will be required during the contract period.

Results

The FAS Region 1 CSC has not awarded and administered task orders in accordance with federal regulations and internal GSA policy. We found multiple issues with FAS's award and administration of task orders in the Region 1 CSC, including: (1) acquisition plans were not prepared in accordance with Federal Acquisition Regulation (FAR) and GSAM guidance, (2) quality assurance surveillance plans (QASPs) were not prepared or used properly, (3) legal reviews were not performed in accordance with GSA guidance, and (4) independent government cost estimates (IGCEs) lacked supporting documentation.

We also identified other instances of inadequate task order administration, including: (1) a contractor who was still performing work past the task order period of performance and (2) contracting officers who did not document their determination of task order pricing as fair and reasonable.

Finding – The Region 1 CSC has not awarded and administered task orders in accordance with applicable regulations and guidance.

Compliance with regulations and guidance is essential to an organization's ability to achieve its objectives and respond to risks. We examined 10 task orders valued at \$1.14 billion that were awarded and administered by the Region 1 CSC and identified poor task order administration practices, which resulted in noncompliance with applicable regulations and guidance. These deficiencies are discussed in detail below.

Acquisition Plans Were Not Prepared

The Region 1 CSC did not prepare the required acquisition plans for 4 of the 10 sampled task orders. The FAR and GSAM require acquisition plans to document all the technical, business, management, and other significant considerations "to ensure that the Government meets its needs in the most effective, economical, and timely manner."⁴

One of the four task orders was issued for a sole-source, follow-on contract. Instead of preparing a new acquisition plan, the Region 1 CSC Director stated that the acquisition plan for the previous contract was used. However, the acquisition plan for the previous order was completed in February 2010, more than 6 years prior to the award date of the follow-on contract.⁵ FAR 7.105, *Contents of written acquisition plans*, states that the specific content of plans will vary, depending on the nature, circumstances, and stage of the acquisition. Therefore, although this was a follow-on contract, a new acquisition plan should have been created because this was a new procurement for a new contract with its own requirements and considerations.

⁴ FAR 7.102(b), *Policy*.

⁵ The follow-on contract had a period of performance from August 1, 2016, through July 31, 2020.

The other three task orders were issued under multiple award, single agency, IDIQ contracts. We found that the contract files for these task orders did not include formal, written acquisition plans. Rather, contracting officers prepared acquisition planning memos that purport to justify the lack of an acquisition plan. These memoranda lack key elements required by the FAR for acquisition plans, such as costs, risks, and budgeting and funding considerations.

The acquisition planning memos were based on a template developed by Region 1 in response to an internal review conducted by GSA's PMR Division in Fiscal Year 2014. The review disclosed that acquisition plans were not prepared for task orders issued against multiple award, single agency, IDIQ contracts.

The template states that a "formal acquisition plan is not required because this is an acquisition being accomplished under a *Multiple award*, single agency, IDIQ contract ... [emphasis added]." Therefore, the region asserted that preparing acquisition plans for each task order would be redundant.

The template also cites FAR 16.505(a)(8), *Ordering*, as further support for written plans not being required for task orders issued against a multiple award, single agency, IDIQ contract. However, FAR 16.505(a)(8) states that "orders placed under a task-order contract or delivery-order contract awarded by another agency (i.e., a Government wide acquisition contract, or multi-agency contract) ... are not exempt from the development of acquisition Plans" The cited FAR clause is not relevant to the procurements in question as it does not exempt multiple award, single agency IDIQ contracts from the acquisition plan requirement.

Further, GSAM 507.104(c)(1) requires written acquisition plans for all orders except those issued against "a single IDIQ contract ... for a specific requirement and agency" However, the Region 1 CSC misinterpreted the related regulations and, as a consequence, contracting officers are violating acquisition regulations by incorporating these acquisition planning memos into their procurement documents instead of the required acquisition plans. The template's guidance that a written acquisition plan is not required is erroneous.

A CSC cannot waive creating acquisition plans for individual task orders issued under a multiple award, single agency, IDIQ contract even when the underlying IDIQ contract already has an acquisition plan in place. The Region 1 CSC should ensure that contracting staff prepare acquisition plans for all issued task orders as required by the FAR and the GSAM. The Region 1 CSC should also remove the template from its acquisition process.

Quality Assurance Surveillance Plans Were Not Prepared or Used Properly

We found that 5 of the 10 sampled task orders lacked effective QASPs. The QASP is used to assess contractor performance and establishes procedures for conducting the assessment and inspection process. A QASP will usually include what will be monitored, how monitoring will take place, who will conduct the monitoring, and how monitoring efforts and results will be documented.

FAR 37.604, *Quality assurance surveillance plans*, establishes that the government may either prepare the QASP or use an offeror's proposed QASP to develop its plan. In addition, FAR 46.103(a), *Contracting office responsibilities*, provides that contracting offices obtain the QASP from the client agency. Furthermore, FAR 46.401(a), *General*, states that QASPs should be prepared in conjunction with the preparation of the statement of work.

We found that no QASPs were prepared for three task orders. For one of the three orders, the contracting officer told us that "quality assurance of the services and end products was achieved through contract terms and conditions Overall, the plan to ensure quality services and deliverables were defined in the contract rather than in a separate document." However, there were no specifics in the contract on what would be monitored, how monitoring would take place, who would conduct the monitoring, and how monitoring efforts and results would be documented.

For the two other task orders, QASPs or QASP-like documents were submitted by the contractor as required by the solicitation for each order.⁶ However, there was no evidence in the task order files that any surveillance was actually performed.

In response to our inquiries regarding whether any surveillance was conducted for these two task orders as outlined in the QASPs, the Region 1 CSC Director and contracting officer for one of the contracts stated that the contractors provide deliverables as required by the orders and the GSA project manager and the contracting officer's representative (COR) sit in on meetings with the contractor regarding the status of the contract and progress made. However, the Region 1 CSC could not provide documentation to confirm that any member of the contracting team performed the surveillance laid out in the QASPs.

QASPs are an important means of task order oversight. By not preparing QASPs or properly following methods of surveillance and monitoring methods laid out in QASPs, the government is vulnerable to receiving subpar goods and services. Accordingly, the Region 1 CSC should develop and implement guidance on QASP development and use.

⁶ For one contract, a Quality Control Plan was submitted that was similar in nature to a QASP.

Legal Reviews Were Not Performed

The Region 1 CSC did not obtain legal reviews as required for 5 of 10 task order actions. As a result, the Region 1 CSC does not have support to ensure that these task order actions complied with applicable laws and regulations and included adequate legal protections. GSA Order ADM 5000.4B requires that FAS obtain a legal review by GSA's Office of General Counsel for contract awards and contract modifications exceeding \$5 million in value.

However, we found that four task orders and one contract modification lacked pre-award legal reviews although they each exceeded the \$5 million threshold.

According to the Region 1 CSC Director and Regional Counsel, Contract Management Review Panels (CMRPs) are used to cover the legal review requirement within the Region 1 CSC. The purpose of the CMRP is to provide a management review process for Region 1 FAS acquisitions. Regional counsel is typically represented on the panel.

Our review of CMRP meeting minutes did not reveal any evidence of a written review, signature, or analysis by regional counsel. GSA Order ADM 5000.4B defines a legal review as a formal review by GSA's Office of General Counsel of a proposed action, evidenced in writing. Participating on a CMRP is not adequate; there must be written evidence that the regional Office of General Counsel reviewed the subject action for legal sufficiency.

Determinations of legal sufficiency are important to protect the government's interests. The Region 1 CSC should update its CMRP guidance to require legal reviews in accordance with GSA policy.

Independent Government Cost Estimates Lacked Supporting Documentation

Although IGCEs were prepared for 9 of the 10 sampled task orders, 5 of these IGCEs did not state who created the file and lacked documentation explaining how the estimates were developed. Therefore, we could not determine the basis of the IGCEs or if they were prepared independently. The remaining task order lacked an IGCE.

The U.S. Government Accountability Office's (GAO's) *Cost Estimating and Assessment Guide* addresses the importance of a well-documented cost estimate.⁷ According to the guide, well-documented cost estimates are considered a best practice for several reasons. First, thorough documentation is essential for validating a cost estimate. Second, documenting the estimate in detail, step-by-step, provides enough information so that someone unfamiliar with the estimate could easily re-create or update it. Finally, good documentation helps with analyzing changes in program costs and contributes to the collection of cost and technical data that can be used to support future cost estimates.

⁷ GAO-09-3SP, March 2009.

An IGCE is an estimate of the expected cost of a contract or task order and is developed by government personnel before soliciting contractor proposals or making contract awards. We identified five deficient IGCEs that varied in how much detail they included. For example, one of the IGCEs listed labor categories, rates, and hours. Another IGCE listed specific products to be used. The IGCEs lacked documentation explaining how the estimates were developed, such as the contract numbers of other contracts that were used to develop the estimate or the source of labor categories and labor rates. In addition, these five IGCEs did not indicate who created the files or the dates they were completed; therefore, we could not determine if they were prepared by an independent government source or if they were prepared in advance of contract solicitation and award.

With regard to the task order that lacked an IGCE, the Region 1 CSC Director gave the audit team a quote, submitted by a contractor. However, a contractor quote is not a proper substitute for an independently prepared IGCE.

The Region 1 CSC does not have guidance establishing required source documentation for the development of IGCEs. The CSC should take steps to improve its IGCEs. Among other things, management should review the GAO *Cost Estimating and Assessment Guide* to identify potential solutions for IGCE development and documentation.

Inadequate Task Order Administration

Effective task order administration is necessary to ensure that the government receives the goods and services it is purchasing. As described below, we identified several instances of inadequate task order administration.

- The Region 1 CSC awarded a task order for a 1-year performance period, with the possibility of a 6-month extension under FAR 52.217-8, *Option to Extend Services*. This resulted in a maximum 18-month performance period that should have ended on August 1, 2017. However, a contract modification improperly extended the task order period of performance until February 1, 2018. As a result, this task order exceeded the duration permissible under FAR 52.217-8.
- Another task order lacked supporting documentation for the determination of a fair and reasonable price. The award decision states, “the Contracting Officer relied on historic pricing and the results of a recent competitive acquisition for the same or similar labor categories to determine a fair and reasonable price.” However, there is no record in the contract file of a comparison to another, similar procurement.

FAR 4.801, *General*, establishes that documentation in the contract files shall provide a complete background as a basis for informed decisions, to support actions taken, and to provide information for reviews and investigations. In addition, the GAO *Standards for Internal Control in the Federal Government* provide that transactions should be completely and accurately recorded to maintain their relevance for decision making.

While these deficiencies involved only a limited number of task orders and were generally the result of contracting officer error, the Region 1 CSC management should strengthen contract administration practices to prevent future occurrences.

In summary, the Region 1 CSC needs to improve its policies and procedures for awarding and administering task orders. The Region 1 CSC management should strengthen its oversight of task order award and administration and ensure that contracting staff adhere to applicable regulations and guidance.

Conclusion

The FAS Region 1 CSC has not awarded and administered task orders in accordance with federal regulations and internal GSA policy. We found multiple issues with FAS's award and administration of task orders in the Region 1 CSC, including: (1) acquisition plans were not prepared in accordance with FAR and GSAM guidance, (2) QASPs were not prepared or used properly, (3) legal reviews were not performed in accordance with GSA guidance, and (4) IGCEs lacked supporting documentation.

We also identified other instances of inadequate task order administration, including: (1) a contractor who was still performing work past the task order period of performance and (2) contracting officers who did not document their determination of task order pricing as fair and reasonable.

Region 1 CSC management should improve its policies and procedures in the award and administration of task order awards to ensure compliance with applicable regulations and guidance.

Recommendations

We recommend that the FAS Regional Commissioner and the Region 1 CSC Director develop, implement, and maintain the policies and procedures necessary to ensure that:

1. Acquisition plans are prepared in accordance with the FAR and GSAM.
2. Guidance is established for the development and use of QASPs and that surveillance activities outlined in the QASPs are properly performed and documented.
3. Required legal reviews are performed and documented by regional Office of General Counsel.
4. IGCEs contain sufficient detail and supporting documentation to determine the basis for the IGCE.
5. Task orders are performed within their allowed period of performance.
6. Fair and reasonable price determinations are properly documented.

GSA Comments

The FAS Commissioner agreed with our recommendations. FAS's written comments are included in their entirety in **Appendix C**.

Audit Team

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

Yajaira Torres	Acting Regional Inspector General for Auditing
Shawn Justin	Auditor-In-Charge
Blayne Einstein	Auditor

Appendix A – Scope and Methodology

Our audit scope included a review of new and existing task orders for the Region 1 CSC for Fiscal Year 2016 through May of Fiscal Year 2017.⁸ We examined a cross-section of contract types awarded, including multiple award schedule and Government-wide acquisition contracts and single awards. We chose a judgmental sample of 10 task orders with estimated Fiscal Year 2016 revenue of \$88.9 million, representing 34 percent of total estimated revenue for Fiscal Year 2016. The total awarded value of the 10 task orders was \$1.14 billion (see **Appendix B** for details).

To accomplish our objective, we:

- Reviewed prior CSC reports issued by the GSA Office of Inspector General;
- Reviewed the GAO *Standards for Internal Control in the Federal Government* for internal controls that relate to our audit;
- Reviewed the GAO *Cost Estimating and Assessment Guide*;
- Requested data regarding the types of contracts issued by the Region 1 CSC (i.e., value of contracts, contract vehicle used);
- Reviewed the results of the Region 1 CSC's 2014 PMR;
- Reviewed relevant criteria, including the FAR, GSAM, and internal GSA policies and procedures;
- Reviewed FAS Region 1 organizational structure;
- Reviewed contract files and additional information provided by FAS for the 10 task orders in our sample;
- Evaluated task order award compliance with applicable regulations and contract/schedule requirements;
- Interviewed the Region 1 CSC Director, contracting officers, and other relevant GSA personnel regarding award and administration of task orders;
- Reviewed regional Office of General Counsel legal reviews from other regional CSCs that were gathered in a prior GSA Office of Inspector General audit; and
- Researched sample QASPs and quality assurance monitoring forms from other federal agencies.

We conducted the audit between March 2017 and June 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

⁸ Existing awards were awarded prior to Fiscal Year 2016.

Internal Controls

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

Appendix B – Schedule of Task Orders Reviewed and Summary of Findings by Task Order Number

The purpose of this appendix is to provide more detail regarding our results for the task orders we reviewed from the Region 1 CSC. We have listed the specific deficiencies associated with each of the task orders we reviewed.

Task Order Number	Project ID	Value of Task Order
GS-Q-01-16-BK-0198	ID01160073	\$ 777,671,613.00
GS-Q-01-16-BK-0054	ID01150096	28,613,323.31
GS-Q-01-16-BK-0089	ID01120060240	4,213,827.89
GS-Q-01-16-BK-0071	ID01120065153	3,199,984.67
GS-Q-01-16-BK-0068	ID01130023014	179,847.20
GS-Q-01-16-BK-0061	ID01120060224	4,435,825.52
GS-Q-01-16-BK-0169	ID01160042	67,388,512.08
GS-01-Q-15-BK-A-0001	ID01140031007	610,000.00
GS-01-Q-15-BK-C-0003	ID01150089	137,461,728.30
GS-T-01-10-BK-0047	R1BK13090030	<u>119,066,201.79</u>
	Total	\$ 1,142,840,863.76

1. Task Order GS-Q-01-16-BK-0198

- No QASP was prepared for this order. In addition, no QASP was requested or received from the client agency. A Quality Control Plan was submitted by the contractor. However, we did not find evidence in the contract file that the COR or another member of the contracting team performed the surveillance described in the Quality Control Plan.
- There was no written legal review for this task order. The task order award exceeded \$5 million, which would require a pre-award legal review according to GSA Order ADM 5000.4B.

2. Task Order GS-Q-01-16-BK-0054

- The contractor was tasked to complete a QASP and submit it with its proposal. However, we did not find evidence in the contract file that the COR or another member of the contracting team performed the surveillance described in the QASP. The Region 1 CSC Director told us that written documentation of surveillance was difficult to achieve since “the COR was generally removed from the physical locations of work.”

Appendix B – Schedule of Task Orders Reviewed and Summary of Findings by Task Order Number (cont.)

- There was no written legal review for this task order. The task order award exceeded \$5 million, which would require a pre-award legal review according to GSA Order ADM 5000.4B.
- The task order's period of performance was improperly extended. The task order was for a 1-year performance period, with the possibility of a 6-month extension under FAR 52.217-8, *Option to Extend Services*. This resulted in a maximum 18-month performance period that should have ended on August 1, 2017. However, a contract modification improperly extended the task order period of performance until February 1, 2018.

3. Task Order GS-Q-01-16-BK-0089

- An acquisition plan was not prepared for this task order, which was issued against a multiple award, single agency IDIQ contract. An acquisition planning template unique to Region 1 was used to justify the lack of an acquisition plan by referencing the acquisition plan for the base IDIQ contract. The template's guidance that a written acquisition plan is not required is erroneous and a violation of the FAR and GSAM.

4. Task Order GS-Q-01-16-BK-0071

- An acquisition plan was not prepared for this task order, which was issued against a multiple award, single agency IDIQ contract. An acquisition planning template unique to Region 1 was used to justify the lack of an acquisition plan by referencing the acquisition plan for the base IDIQ contract. The template's guidance that a written acquisition plan is not required is erroneous and a violation of the FAR and GSAM.
- The IGCE lacked documentation. We were not able to determine who prepared the IGCE or the assumptions, descriptions, methods, and calculations used to develop the IGCE.

Appendix B – Schedule of Task Orders Reviewed and Summary of Findings by Task Order Number (cont.)

5. Task Order GS-Q-01-16-BK-0068

- No QASP was prepared for this order. In addition, no QASP was requested or received from the client agency.
- The IGCE lacked documentation. We were not able to determine who prepared the IGCE or the assumptions, descriptions, methods, and calculations used to develop the IGCE.

6. Task Order GS-Q-01-16-BK-0061

- An acquisition plan was not prepared for this task order, which was issued against a multiple award, single agency IDIQ contract. An acquisition planning template unique to Region 1 was used to justify the lack of an acquisition plan by referencing the acquisition plan for the base IDIQ contract. The template's guidance that a written acquisition plan is not required is erroneous and a violation of the FAR and GSAM.
- The IGCE lacked documentation. We were not able to determine who prepared the IGCE or the assumptions, descriptions, methods, and calculations used to develop the IGCE.

7. Task Order GS-Q-01-16-BK-0169

- An acquisition plan was not prepared for this task order. The task order was a follow-on to a previous task order (GS-T-01-10-BK-0047). The acquisition plan for the previous task order was used for this order.
- No QASP was prepared for this task order. The contracting officer explained that "quality assurance of the services and end products was achieved through contract terms and conditions.... Overall, the plan to ensure quality services and deliverables were defined in the contract rather than in a separate document." However, there were no specifics on what will be monitored, how monitoring will take place, who will conduct the monitoring, and how monitoring efforts and results will be documented.
- There was no written legal review for this task order. The task order award exceeded \$5 million, which would require a pre-award legal review according to GSA Order ADM 5000.4B.

Appendix B – Schedule of Task Orders Reviewed and Summary of Findings by Task Order Number (cont.)

- There was a lack of documentation to support the determination of a fair and reasonable price. The award decision states, “the Contracting Officer relied on historic pricing and the results of a recent competitive acquisition for the same or similar labor categories to determine a fair and reasonable price.” However, there was no record in the contract file of a comparison to another, similar procurement.

8. Task Order GS-01-Q-15-BK-A-0001

- No QASP was prepared for this task order. In addition, no QASP was requested or received from the client agency.
- No IGCE was prepared for this task order. We reached out to the Region 1 CSC Director and asked if an IGCE was completed for the task order. The Region 1 CSC Director sent us a quote that a contractor submitted.

9. Task Order GS-01-Q-15-BK-C-0003

- There was no written legal review for this task order. The task order award exceeded \$5 million, which would require a pre-award legal review according to GSA Order ADM 5000.4B.
- The IGCE lacked documentation. We were not able to determine who prepared the IGCE or the assumptions, descriptions, methods, and calculations used to develop the IGCE.

10. Task Order GS-T-01-10-BK-0047

- There was no written legal review for a \$5.5 million modification to this task order. GSA Order ADM 5000.4B requires written legal reviews for modifications in excess of \$5 million.
- The IGCE lacked documentation. We were not able to determine who prepared the IGCE or the assumptions, descriptions, methods, and calculations used to develop the IGCE.

Appendix C – GSA Comments

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GSA Federal Acquisition Service

July 2, 2020

MEMORANDUM FOR: Yajaira Torres
Acting Regional Inspector General for Auditing
Northeast and Caribbean Region Audit Office (JA-2)

FROM: Julie Dunne
Commissioner *Julie A. Dunne* 7/2/2020
Federal Acquisition Service (Q)

SUBJECT: Response to Draft Report Audit of the GSA Federal Acquisition
Service's New England Region Client Support Center Report
Number Assignment A170063

Thank you for the opportunity to comment on the referenced draft report Audit of the GSA Federal Acquisition Service's New England Region Client Support Center Report (Region 1), Report Number Assignment A170063 dated June 18, 2020. This audit was included as part of the GSA Office of Inspector General's Fiscal Year 2017 Audit Plan. Region 1 received an engagement letter on June 14, 2017.

Over the past 3 years, Region 1 has taken proactive steps to strengthen its organizational structure and provide greater oversight of its acquisition program. Specifically, Region 1 strengthened its organizational structure by creating management positions that previously did not exist within its organization. Since 2018, Region 1 has hired a new Contracting Director, two Branch Chiefs in the Contracting Division, and 2 new Branch Chiefs in the Assisted Acquisition Services (AAS) Division. The implementation of these newly created and hired positions provided the Region with an opportunity to further develop its Contract Management Review Panel (CMRP) for legal sufficiency and to strengthen its procurement teams through the standardization of acquisition processes and procedures. Furthermore, the new management team has made enhancements to standardized templates to further document award decisions to amplify that prices are deemed fair and reasonable. All of these improvements were implemented while the subject audit was being conducted and before Region 1 received the draft Audit Assignment Number A170063.

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Appendix C – GSA Comments (cont.)

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The Federal Acquisition Service (FAS) provides its response to the recommendations below.

OIG Recommendation 001: Acquisition plans are prepared in accordance with the FAR and GSAM.

Response: In an effort to reduce administrative burden for its acquisition professionals, Region 1 instituted a streamlined standardized Acquisition Plan template when issuing fair opportunity task orders supported by a previous GSA Program Management Review (PMR). The template, when used, was tied to and aligned with the master level Acquisition Plan that was reviewed and approved. After proactive consultation with the AAS Program Management Office (PMO), and this draft report, Region 1 will take corrective action to eliminate this template from use and incorporate Acquisition Plans as recommended by Audit Assignment Number A170063 which analyzed 4 of the 10 orders that resulted in this finding.

OIG Recommendation 002: Guidance is established for the development and use of QASPs and that surveillance activities outlined in the QASPs are properly performed and documented

Response: Region 1 agrees with recommendations provided in Audit Assignment Number A170063. Region 1 is currently partnering with the AAS PMO to coordinate refresher training, templates and best practices within the AAS portfolio that will provide the regional acquisition professionals with local and enterprise training and assist in the development of standardized templates to incorporate into solicitations, contract awards, and contract administration.

OIG Recommendation 003: Required legal reviews are performed and documented by the Regional Office of General Counsel.

Response: Region 1 agrees with recommendations provided by Audit Assignment Number A170063. Region 1 proactively revamped its CMRP process to correct any deficiencies in our contract review process and to properly document legal reviews. The enhanced Region 1 CMRP charter and changes to its processes have addressed the findings that were recommended by Audit Assignment Number A170063.

OIG Recommendation 004: IGCEs contain sufficient detail and supporting documentation to determine the basis for the IGCE.

Response: Region 1 agrees with recommendations provided by Audit Assignment Number A170063 and will review the U.S. Government Accountability Office's (GAO's) Cost Estimating and Assessment Guide to incorporate best practice techniques to provide greater supporting documentation and methodology of IGCEs.

Appendix C – GSA Comments (cont.)

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OIG Recommendation 005: Task orders are performed within their allowed period of performance.

Response: Region 1 has provided information around this finding to detail the rationale behind the bi-lateral mutually agreed modifications in a one-bid setting. However, Region 1 agrees with recommendations provided in Audit Assignment Number A170063.

OIG Recommendation 006: Fair and reasonable price determinations are properly documented.

Response: Last year, Region 1 proactively revamped its templates to correct any deficiencies in documenting prices are deemed fair and reasonable.

FAS concurs with these recommendations and will begin to address each of the findings. Upon issuance of the final audit report, FAS Region 1 will make additional process changes and provide additional training where necessary to address the specific findings contained in the final report.

Thank you for the opportunity to review this draft report. If you have any questions, please contact Joe Nickerson, Regional Commissioner, at joe.nickerson@gsa.gov or 617.565.6727.

Appendix D – Report Distribution

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