



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

# Audit of PBS Basic Repairs and Alterations Project: Federal Bureau of Prisons Headquarters

Report Number A200976/P/R/R21002  
April 21, 2021

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## ***Executive Summary***

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### **Audit of PBS Basic Repairs and Alterations Project:**

#### **Federal Bureau of Prisons Headquarters**

Report Number A200976/P/R/R21002

April 21, 2021

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

We included this audit in our *Fiscal Year 2020 Audit Plan* as a result of our risk assessment of the operations of GSA's Public Buildings Service (PBS). For Fiscal Year 2020, Congress authorized PBS to spend \$382.1 million for its Basic Repairs and Alterations Budget Activity 54 projects, which are designed to keep federal buildings reliably safe and in good repair. With a deferred maintenance and repair backlog exceeding \$2.53 billion, PBS faces significant challenges in maximizing the use of these funds to address the needs of its aging real property inventory. Accordingly, the proper execution of PBS's selected projects is critical.

We performed an audit of the PBS National Capital Region's (PBS NCR's) \$1.09 million Basic Repairs and Alterations project to replace three cooling towers at the Federal Bureau of Prisons (BOP) headquarters building in Washington, D.C.

Our audit objective was to determine whether PBS NCR planned, awarded, administered, and closed out the contract for the cooling towers replacement at the BOP headquarters building in accordance with the Federal Acquisition Regulation (FAR), General Services Acquisition Manual (GSAM), and other applicable policies.

### **What We Found**

PBS NCR did not award and administer the contract to replace the three cooling towers at the BOP headquarters building in accordance with the FAR and GSA policies. We found that PBS NCR did not define a viable period of performance for the contract as required. PBS NCR also did not maintain contract documentation as required, did not follow internal policy related to staff transition, and inaccurately reported data on the contract in the Federal Procurement Data System-Next Generation (FPDS-NG).

Although these deficiencies in contract award and administration did not adversely affect the project, they could have given rise to project delays and potential claims. Accordingly, PBS NCR should take appropriate actions to ensure that the project team does not repeat these errors in future procurements.

## What We Recommend

We recommend the PBS NCR Regional Commissioner take appropriate corrective action to ensure that:

1. The personnel responsible for the award and administration of the contract to replace the cooling towers at the BOP headquarters building understand their responsibilities with respect to:
  - a. Adhering to applicable regulations and GSA policies;
  - b. Complying with the GSAM and internal policies governing the transition from one contracting officer to the next;
  - c. Maintaining complete and accurate contract documentation in accordance with the FAR and Agency policies; and
  - d. Entering accurate and complete contract information in FPDS-NG.
  
2. The inaccurate entries in FPDS-NG identified in the audit report are corrected.

The PBS NCR Regional Commissioner agreed with our recommendations. GSA's comments are included in their entirety in **Appendix B**.

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## ***Introduction***

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We performed an audit of the Public Buildings Service National Capital Region's (PBS NCR's) \$1.09 million Basic Repairs and Alterations project to replace three cooling towers at the Federal Bureau of Prisons (BOP) headquarters building in Washington, D.C.

### **Purpose**

We included this audit in our *Fiscal Year 2020 Audit Plan* as a result of our risk assessment of the operations of GSA's PBS. For Fiscal Year 2020, Congress authorized PBS to spend \$382.1 million for its Basic Repairs and Alterations projects, which are designed to keep federal buildings reliably safe and in good repair. With a deferred maintenance and repair backlog exceeding \$2.53 billion, PBS faces significant challenges in maximizing the use of these funds to address the needs of its aging real property inventory. Accordingly, the proper execution of PBS's selected projects is critical.

### **Objective**

The objective of this audit was to determine whether PBS NCR planned, awarded, administered, and closed out the contract for the cooling towers replacement at the BOP headquarters building in accordance with the Federal Acquisition Regulation (FAR), General Services Acquisition Manual (GSAM), and other applicable policies.

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

### **Background**

According to GSA's *2020 Agency Financial Report*, the average age of GSA-owned buildings is 49 years old. For Fiscal Year 2020, GSA reported a deferred maintenance and repairs cost of approximately \$2.53 billion for critical repairs and upgrades necessary to maintain its buildings in acceptable condition. As defined by federal accounting standards, deferred maintenance and repairs includes preventative maintenance; replacement of parts, systems, or components; and other activities to preserve or maintain the buildings.

PBS funds these repair needs and all of its real property activities through the Federal Buildings Fund (FBF). The FBF operates as a revolving fund; however, unlike typical revolving funds, it is subject to annual enactment of new obligational authority by Congress. As part of the annual appropriations process, Congress authorizes FBF funding for GSA's Basic Repairs and Alterations Program.

Within PBS, the Basic Repairs and Alterations Program is commonly referred to as the BA54 Program, which is the FBF's budget activity account for the program. BA54 is used to fund the cost of repairs, remodeling, improvements, and associated design and construction services

that exceed \$25,000, but are below the prospectus level.<sup>1</sup> Examples of BA54 projects include repair of roofs, plazas, and parking decks; replacement of or improvement to major building systems and equipment; and exterior window repairs or improvements.

The PBS NCR BA54 project selected for our audit was the replacement of three cooling towers at the BOP headquarters building in Washington, D.C. (see *Figure 1*). The replacement of the three cooling towers and components was pivotal to the operation of the BOP's mission-critical facility because the cooling towers had exceeded their useful life and were overdue for replacement.

**Figure 1 – Federal Bureau of Prisons Headquarters Building<sup>2</sup>**



To replace the three cooling towers at the BOP headquarters building, PBS NCR awarded Contract Number 47PM0418C0005 on April 10, 2018, for \$1,093,502 using BA54 funding. The project's start date, according to the Notice to Proceed, was May 1, 2018. The work on the project was substantially complete on March 29, 2019. A photograph of one of the cooling towers is provided in *Figure 2* on the following page.

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<sup>1</sup> The Fiscal Year 2020 prospectus threshold is \$3.10 million for any work performed on federally owned buildings, and \$1.55 million for leased buildings.

<sup>2</sup> Image obtained on February 19, 2021, from the Federal Bureau of Prisons website: [https://www.bop.gov/locations/central\\_office/](https://www.bop.gov/locations/central_office/).

Figure 2 – Federal Bureau of Prisons Headquarters Building Cooling Tower<sup>3</sup>



<sup>3</sup> Photo provided on April 29, 2020, by a GSA contracting officer’s representative.

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## Results

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### **Finding – PBS NCR did not award and administer the contract for the cooling towers replacement project at the BOP headquarters building in accordance with FAR requirements and GSA policies.**

PBS NCR did not award and administer the contract to replace the three cooling towers at the BOP headquarters building in accordance with the FAR and GSA policies. We found that PBS NCR did not define a viable period of performance for the contract as required. PBS NCR also did not maintain contract documentation as required, failed to follow internal policy related to staff transition, and inaccurately reported data on the contract in the Federal Procurement Data System-Next Generation (FPDS-NG).

Although these deficiencies in contract award and administration did not adversely affect the project, they could have given rise to project delays and potential claims. Accordingly, PBS NCR should take appropriate actions to ensure that the project team does not repeat these errors in future procurements.

### **Period of Performance Was Not Defined**

According to FAR 11.401(a), *General*, “The time of delivery or performance is an essential contract element and shall be clearly stated in solicitations. Contracting officers shall ensure that delivery or performance schedules are realistic and meet the requirements of the acquisition.” However, as described below, PBS NCR never clearly defined the period of performance for the contract.

PBS NCR’s contract solicitation identified two different periods of performance. In the period of performance under the Project Information section, the solicitation stated that “the Contractor shall achieve Substantial Completion of Work, as that term is defined in this Agreement, no later than sixty calendar days from the issuance of the Notice to Proceed (NTP).” However, the solicitation’s scope of work provided a conflicting period of performance, establishing that the contractor was required to provide pricing for three design build options with a 120-day period of performance from December 1, 2017, to March 30, 2018.

When PBS NCR awarded the contract on April 10, 2018, it also provided two conflicting periods of performance. Within the description of services, the contract award document stated that the period of performance “shall not exceed 120 calendar days.” However, the document later provided for a 637-day period of performance from April 3, 2017, to December 31, 2018. This period of performance not only conflicted with the stated 120-day performance period, but included a start date of April 3, 2017, which preceded the actual contract award date of April 10, 2018.

Finally, the Notice to Proceed provides three different completion dates. The Notice to Proceed states, “The contract provides that all work shall be completed within two hundred forty (120) [sic] calendar days after receipt of notice to proceed. The contract time will commence on May 1, 2018 with a completion date of October 22, 2018.” This language arguably supports at least three different periods of performance, with end dates of August 29, 2018 (120 days after May 1, 2018); October 22, 2018, as stated; or December 27, 2018 (240 days after May 1, 2018).

By failing to clearly establish the contract period of performance, PBS NCR violated the FAR and increased the risk of unnecessary disputes, delays, and costly claims arising from confusion about the schedule for contract completion.

### **Missing and Inaccurate Contract Documentation**

Maintaining accurate contract file documentation is critical for administering the contract and ensuring compliance with contract requirements. However, we found that PBS NCR did not have key contract documentation related to contractor security clearances and certified payrolls for subcontractor employees.

**Missing Security Clearance Documentation.** PBS NCR did not have documentation confirming the security clearances for 12 of the 40 contractor and subcontractor personnel who worked on the project. Under the contracting officer’s representative (COR) delegation of authority letter, the COR is responsible for “serving as the Government point of contact for all required Homeland Security Presidential Directive-12 security actions including and ensuring [their] contract administration file accurately documents the results of all security actions.” However, the COR did not have these documents for the cooling towers replacement project at the BOP headquarters and could not explain why the documentation was missing.

The security clearance requirement protects PBS buildings from theft of government property, exposure of sensitive government data, and the prospect of other such security events, including workplace violence. Accordingly, it is critical that PBS NCR ensure that contractor personnel have the proper background checks, supported by complete documentary evidence, prior to accessing federal buildings. This is critical to ensuring proper security.

Although the COR failed to maintain complete and accurate documentation, we verified that all contractors and subcontractors who worked on the project had valid security investigations through subsequent follow-up with GSA’s Office of Mission Assurance. Nonetheless, PBS NCR should ensure that CORs maintain complete documentation on contractor security clearances as required.

**Missing Subcontractor Documentation.** PBS NCR failed to collect certified payrolls and one of the statements of acknowledgement that are required by the FAR. These documents are used to ensure that contractor and subcontractor personnel adhere to federal regulations related to fair wages and applicable contract clauses.

According to FAR 22.406-6, *Payrolls and statements*, the contracting officer should have received and reviewed certified payrolls from all four subcontractors prior to payment. However, we found that certified payrolls for one subcontractor were missing from the contract file. In accordance with the FAR, the contracting officer should have withheld payments to the contractor until all payrolls were received in order to protect the interests of the government and the employees of the contractor and subcontractors.

Additionally, FAR 22.406-5, *Subcontracts*, requires that all contractors and subcontractors submit a Standard Form 1413, *Statement of Acknowledgement*, within 14 days of the contract award. This form is required under the FAR in connection with the application of labor laws and is used to document that contractors and subcontractors acknowledge the labor standards clauses included in the contract. However, the COR failed to collect a Standard Form 1413 for one of the four subcontractors as required.

### **Failure to Follow Agency and Internal Policy Requirements for Staff Transitions**

PBS NCR did not follow Agency and internal policies outlining the transition of duties during staff turnover, which resulted in a contract modification not being executed. The contract expired on or before December 31, 2018; however, the contractor did not complete work on the project until March 29, 2019. A new period of performance end date should have been established via contract modification; a request was submitted to the contracting officer for approval in June 2018.

In July 2018, during the course of the contract, a transition of contracting officers took place. PBS NCR acquisition personnel did not adhere to GSAM 504.802, *Contract files*, and an internal policy memo outlining procedures for handling contracting actions during staff turnover.<sup>4</sup> Under these requirements, the outgoing contracting officer should have finalized a contract extension prior to their departure. The incoming contracting officer should have subsequently reviewed the file to determine if a modification was needed and resolved any missing documentation. Neither did so. Further, the supervising branch chief did not ensure all pending actions were completed prior to transferring the contracting officer authority. This included ensuring the contract was extended.

Adherence and attention to Agency policies during staff transitions is crucial to ensuring proper contract management and the integrity of contract file documentation. In addition, supervisory attention to staff transitions is needed to ensure contracts are administered properly.

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<sup>4</sup> GSA, PBS NCR, Office of Acquisition, Repairs & Alternations Division Contracting, *INTERNAL POLICY 17-01 – Contract File Transfers* (December 23, 2016).

## Inaccurate Contract Award Information in FPDS-NG

PBS NCR reported inaccurate contract award information in FPDS-NG, a government-wide system used for collecting and reporting data on federal contracting actions.<sup>5</sup> The reported data is used by the federal government to measure and assess the impact of federal procurement on the nation's economy. It is also used as a basis for recurring and special reports to the President, Congress, and the general public. In addition to creating special reports for decision makers, the data entered into FPDS-NG is also used to populate the USAspending.gov website in accordance with the Federal Funding Accountability and Transparency Act.

According to FAR 4.6, *Contract Reporting*, the contracting officer who awarded the contract action is responsible for the completeness and accuracy of the data reported to FPDS-NG. However, we found the following inaccuracies:

- *Effective Date* – The base award contract effective date in FPDS-NG of December 6, 2017, predated the signed award of April 10, 2018. According to the *GSA FPDS-NG Data Element Dictionary*, the contract effective date cannot be earlier than the signed award date.
- *Action Obligation Total* – The obligation total amount of \$1,093,474.15 on modification two was misreported in FPDS-NG as \$1,093,328.

Insufficient oversight of data integrity can lead to inaccurate reporting and decision-making. Reliable information is critical to leadership and to oversight of the procurement system; therefore, it is important that the data is accurate and complete.

In sum, although PBS NCR successfully completed the cooling towers replacement project at the BOP headquarters building, we identified deficiencies in contract award and administration that increased the risk of unnecessary delays and disputes. PBS NCR's poor contract oversight also resulted in inadequate documentation necessary to ensure contractor compliance with security and fair wage requirements, a flawed transition of contracting personnel, and inaccurate reporting in FPDS-NG. Accordingly, PBS NCR should ensure that the personnel responsible for the contract understand their roles and responsibilities for proper contract award and administration.

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<sup>5</sup> We previously reported on inaccuracies in PBS NCR's FPDS-NG data in our *Audit of Competition in the Public Buildings Service's National Capital Region Contracts* (Report Number A190019/P/R/R20010, September 23, 2020). We found that PBS NCR personnel did not input and confirm accurate competition data in FPDS-NG, leading to unreliable data and incorrect competition information.

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## Conclusion

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PBS NCR did not award and administer the contract to replace the three cooling towers at the BOP headquarters building in accordance with the FAR and GSA policies. We found that PBS NCR did not define a viable period of performance for the contract as required. PBS NCR also did not maintain contract documentation as required, did not follow internal policy related to staff transition, and inaccurately reported data on the contract in the FPDS-NG.

Although these deficiencies in contract award and administration did not adversely affect the project, they could have given rise to project delays and potential claims. Accordingly, PBS NCR should take appropriate actions to ensure that the personnel responsible for the award and administration of the contract for the project do not repeat these errors in future procurements.

## Recommendations

We recommend the PBS NCR Regional Commissioner take appropriate corrective action to ensure that:

1. The personnel responsible for the award and administration of the contract to replace the cooling towers at the BOP headquarters building understand their responsibilities with respect to:
  - a. Adhering to applicable regulations and GSA policies;
  - b. Complying with the GSAM and internal policies governing the transition from one contracting officer to the next;
  - c. Maintaining complete and accurate contract documentation in accordance with the FAR and Agency policies; and
  - d. Entering accurate and complete contract information in FPDS-NG.
2. The inaccurate entries in FPDS-NG identified in the audit report are corrected.

## GSA Comments

The PBS NCR Regional Commissioner agreed with our recommendations. GSA's comments are included in their entirety in **Appendix B**.

## Audit Team

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

Byron G. Bustos	Associate Deputy Assistant Inspector General for Auditing
Cairo J. Carr	Audit Manager
Stephen B. Koch	Auditor-In-Charge
Benjamin R. Diamond	Management Analyst

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## Appendix A – Scope and Methodology

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Our audit scope consisted of one contract, judgmentally selected based on defined parameters (detailed below). The sample pool consisted of all 181 PBS NCR BA54-funded contracts awarded and closed between Fiscal Years 2017 and 2019. Our selected contract was awarded as a sole source for the cooling towers replacement project at the BOP headquarters building in Washington, D.C.

To accomplish our objective, we:

- Reviewed the FAR; the GSAM; Agency memorandums, policies, bulletins, and guides; and the Homeland Security Presidential Directive-12 policy to gain an understanding of GSA’s responsibilities in following the regulatory criteria;
- Met with personnel from the Office of Acquisition, met with a representative from the Office of Acquisitions Policy and Compliance, and attended acquisition training to gain an understanding of acquisition and contract administration processes;
- Selected a judgmental sample of one contract using the following parameters: above the simplified acquisition threshold, containing contract modifications, and excluding delivery/task orders and any special project considerations;
- Independently obtained source documentation for our sample, to the extent practicable, from the applicable GSA systems (EASi, ePM, IRIS/BAT, and D2D);<sup>6</sup>
- Reviewed all contract file preaward, award, and closeout documentation for accuracy and completeness;
- Interviewed contracting officers, contracting specialists, and CORs; and
- Worked with the Office of Mission Assurance regarding security clearance confirmations.

We conducted the audit between November 2019 and October 2020 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 objective.

### Internal Controls

We assessed internal controls significant within the context of our audit objective against GAO-14-704G, *Standards for Internal Control in the Federal Government*. Our assessment is not

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<sup>6</sup> The applicable GSA systems used for obtaining source documentation included: the PBS Electronic Acquisition System Integration system (EASi), the PBS electronic Project Management system (ePM), the Inventory Reporting Information System (IRIS)/IRIS Building Assessment Tool (BAT), and the Data to Decisions (D2D) program.

intended to provide assurance on GSA’s internal control structure as a whole. GSA management is responsible for establishing and maintaining internal controls.

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objective:

<b>Internal Control Components</b>	<b>Internal Control Principles</b>
Control activities	The organization deploys control activities through policies that establish what is expected and procedures that put polices into action.
Information and communication	The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

We assessed the design, implementation, and operating effectiveness of these internal controls. The methodology above describes the scope of our assessment and the report findings include any internal control deficiencies we identified. Because our audit was limited to these internal control components and underlying principles, it may not have disclosed all existing internal control deficiencies.

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## Appendix B – GSA Comments

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GSA National Capital Region

April 9, 2021

MEMORANDUM FOR BYRON BUSTOS  
ASSOCIATE DEPUTY ASSISTANT INSPECTOR  
GENERAL FOR AUDITING  
REAL PROPERTY AND FINANCE AUDIT OFFICE (JA-R)

THROUGH: ALLISON H. AZEVEDO *Allison Azevedo*  
ACTING COMMISSIONER  
PUBLIC BUILDINGS SERVICE (P)

FROM: DARREN J. BLUE *Darren Blue*  
REGIONAL COMMISSIONER DocuSigned by: Darren Blue 092746C1427...  
PUBLIC BUILDINGS SERVICE (WP)

SUBJECT: Response to the Office of Inspector General (OIG) Draft  
Report, *Audit of PBS Basic Repairs and Alterations Project:  
Federal Bureau of Prisons Headquarters (A200976)*

Thank you for the opportunity to comment on the subject audit report. We reviewed the report and agree with the recommendations.

If you have any questions, please contact Michael Spriggs, Acting Division Director Construction Services Division at 202-690-9499.

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## ***Appendix C – Report Distribution***

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Acting GSA Administrator (A)

GSA Deputy Administrator (AD)

Acting Commissioner (P)

Chief Financial Officer (B)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

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