



Audit of the Federal Bureau of Investigation's Media Destruction Services Contract Awarded to Articus Solutions, LLC



AUDIT DIVISION

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EXECUTIVE SUMMARY

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Objectives

The U.S. Department of Justice Office of the Inspector General (OIG) conducted an audit of the Federal Bureau of Investigation (FBI) media destruction contract awarded to Articus Solutions, LLC (Articus). The contract, awarded to Articus in September 2022, is valued at \$21.6 million and has a period of performance through September 2027. Our objectives were to assess the FBI's acquisition planning, award, and administration of the procurement, as well as Articus's performance on the contract, including compliance with security requirements, monthly reporting, and billing accuracy.

Results in Brief

We found that the contract Statement of Work (SOW) did not include quality assurance measures to help the FBI assess contract performance. Further, the FBI did not analyze the data within Articus's Monthly Status Reports (MSR) and its Asset Management System to make informed management decisions and protect the FBI against a potential lack of contractor productivity. Also, we found that the Media Destruction Team (MDT) was operating without standard operating procedures or other guidance. Finally, we found that the FBI did not timely: (1) complete a Contractor Performance Assessment Report System (CPARS) report, and (2) prepare a Contracting Officer's Representative (COR) delegation letter; the FBI took action to correct these two deficiencies during our audit.

Recommendations

We identified four recommendations for the FBI to improve the management of its media destruction contract, which will improve its ability to assess Articus's performance, protect the FBI from unsatisfactory contractor performance, and establish consistent operating procedures and training methods across the media destruction program. We provided the FBI and Articus a draft of this report and the FBI's written response is in Appendix 3 of this report. Our analysis of that response and remaining actions to close the recommendations is in Appendix 4.

Audit Results

During this contract, Articus provided 16 Full-Time Equivalents (FTE) technician personnel to assist the FBI's Asset Management Unit with the processing, sanitization, and destruction of electronic media destined for disposal. This process included technicians separating, sanitizing, and destroying all memory components in accordance with National Security Agency (NSA) standards and National Institute of Standards and Technology (NIST) guidelines. We determined that: (1) the FBI adequately justified its award to Articus, (2) Articus sanitized and destroyed computer media in accordance with NSA standards and NIST guidelines, and (3) Articus met its SOW required deliverable expectations by submitting monthly reports.

The FBI should Enhance its Contractor Performance and Resource Assessments

The FBI recommended within the SOW that Articus provide 16 FTEs, however the SOW's only defined deliverable required Articus to submit MSRs and did not contain any actual performance measures. By not including performance measures in the SOW, the FBI did not establish performance measurements and cannot ensure the contractor's continued productivity. Additionally, the FBI did not perform any trend analysis of the performance data included in Articus's MSRs or contained within the FBI's own Asset Management System, and did not establish desired levels of efficiency or maximum backlogs to protect itself from unsatisfactory contractor performance. Finally, the FBI should assess and develop a growth plan to ensure that the current physical infrastructure and manpower levels are sufficient to support the planned goal of expanding the program from the current level of 36 FBI field offices to all 55 field offices.

The FBI should Implement Standard Operating Procedures and Improve its Training Approach

The contract's SOW required Articus to coordinate with the FBI's Property Turn-In Team to ensure policies and procedures of the media destruction program are being

met. However, we found that the FBI did not develop standard operating procedures for its media destruction process. As a result, the MDT was operating without standard operating procedures to ensure consistent processes were in place and the work being performed met quality standards. MDT's current practice of assigning the responsibility of training new hires to the most recently trained employee has raised concerns over the proficiency of technicians and the potential lack of consistency in the quality of training provided.

The FBI should Address Previously Identified Contract Administration Oversight

The FBI did not submit an annual CPARS report on Articus or prepare COR delegation letter in a timely manner. After we brought these deficiencies to the FBI's attention, the FBI took action to address them. However, these deficiencies are consistent with previous OIG audit findings, and the FBI should consider our current results in addressing related open recommendations, as detailed in Appendix 2.

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Introduction

The Federal Bureau of Investigation's (FBI) Finance and Facilities Division (FFD) awarded in September 2022, a \$21.6 million Firm Fixed Price and Time and Material contract for media destruction services to Articus Solutions, LLC (Articus), a wholly owned subsidiary of an Alaska Native corporation.¹ The period of performance consists of a 1-year base period plus four 1-year option periods, ending September 2027. The purpose of this contract is to provide secure media sanitization and destruction services in accordance with applicable requirements and guidance.

FBI's Media Destruction Program

The FBI started its media destruction program in 2015 by serving only FBI offices and field offices in the National Capital Region. In 2017, the FBI started to expand the media destruction program and began adding field offices across the country into the program. As of October 2024, the media destruction program served 36 FBI field offices with plans to add the remaining 19 field offices by October 2028.

The media destruction services are carried out at an FBI-secure controlled facility located in the Washington, D.C., metropolitan area (Facility). An FBI Supervisory Management and Program Analyst (FBI Supervisor), supervises the media destruction program and is the FBI Task Lead for the media destruction services contract. The media destruction program is comprised of the FBI's Property Turn-In (PTI) Team and Media Destruction Team (MDT). Both teams operate organizationally within the FFD Asset Management Unit (AMU). The PTI team, consisting of 4 FBI employees and 2 Articus contractors, receives assets from the J. Edgar Hoover building (FBI headquarters), offices around the National Capital Region, and FBI field offices. The MDT, consisting of one Articus Media Destruction Lead and 13 Articus media sanitization and destruction contractor personnel, sanitizes and destroys the disposed assets.

Property Turn-in and Media Destruction Process

When FBI staff determine that an electronic asset is no longer needed, they transfer the asset to PTI for sanitization and disposal. FBI staff may transfer assets directly to the PTI's office at FBI headquarters or ship assets to PTI's main operations at the Facility.² Given the sensitivity of the information processed by the FBI, all memory components entering the media destruction process are supposed to be treated as though they contain classified information and the contractors must hold Top-Secret clearance with Sensitive Compartmented Information (TS/SCI) access.³ The PTI and MDT's processes are summarized in Figure 1.

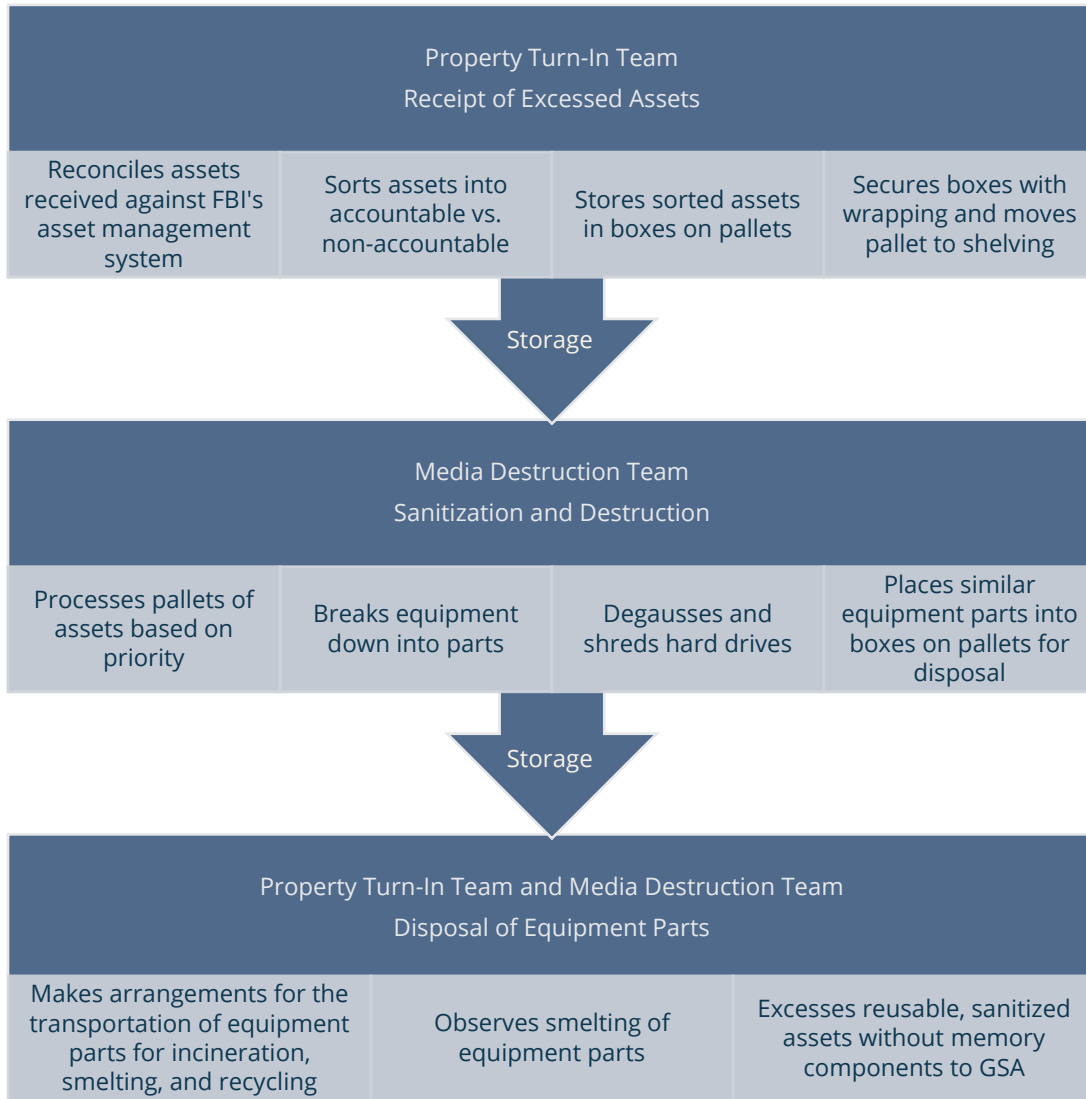
¹ Articus processes electronic media, which includes, but is not limited to, computers, laptops, servers, loose hard drives, USB drives, CDs, DVDs, smartphones, and other portable electronic devices.

² For assets (media) that are classified at the Top Secret level and designated for destruction, the FBI utilizes the Defense Courier Service to transport those items to the Facility where they are to be stored in a Sensitive Compartmented Information Facility (SCIF) until they can be destroyed.

³ Contractor personnel who are assigned to work at the Facility may have access to protected information and information systems. "Protected information" includes classified information, Foreign Intelligence Surveillance Act information, Sensitive but Unclassified information, including Law Enforcement Sensitive information, personally identifiable information, business proprietary information, and any other information that is non-public and/or protected from disclosure by law or policy.

Figure 1

Property Turn-In and Media Destruction Team Process Overview



Source: OIG depiction based on review of Statement of Work and interviews of FBI and Articus contractors.

Procurement Background

According to the Statement of Work (SOW), the FBI acquired technical expertise to oversee and execute, at the direction of AMU, media sanitization and destruction. In support of the FBI’s media destruction program, the FBI requires the contractor to perform duties such as validating and processing information related to PTI media into the Asset Management System (AMS), sanitizing memory components in accordance with National Security Agency (NSA) standards and National Institute of Standards and Technology (NIST) Guidelines, and coordinating with the FBI to ensure policies and procedures of the program are being followed. Further, the SOW estimates that contractor will process over 200 tons of mixed media and devices per year. This includes processing annually approximately 5,000 computers (desktops, laptops, and servers), 15,000 disk drives (magnetic, solid state, and hybrid), and 7,500 portable electronic devices (e.g., cell phones, tablets).

The FBI conducted market research and identified eight potential sources (four large businesses, two veteran-owned small businesses, and two businesses from the Small Business Administration (SBA) 8(a) small business development program).⁴ The FBI selected Articus, one of the SBA 8(a) businesses, for this contract.

This contract was awarded as a Firm Fixed Price contract where its price was primarily based on the estimated need for 16 contractor personnel. In addition, this contract had a Time and Material component for travel and up to eight additional contractor personnel (surge workforce). Table 1 below details the labor requirements.

Table 1
FBI’s Recommended Labor Requirements

Labor Category	Contract Type	Number of FTEs	Anticipated Hours
Media Destruction Lead	Firm Fixed Price	1	1,920
Media Sanitization and Destruction	Firm Fixed Price	15	28,800
Media Sanitization and Destruction (Surge)	Time & Material	8	15,360

Source: OIG analysis of the FBI’s SOW and Articus’s proposal

Articus Solutions, LLC.

Articus, an information technology and program management company founded in 2021 and based in Colorado Springs, Colorado, is a certified 8(a), small business and wholly owned subsidiary of an Alaska

⁴ The SBA 8(a) program is a 9-year federal contracting and training program for experienced small business owners who are socially and economically disadvantaged. Businesses that participate in the program receive training and technical assistance designed to strengthen their ability to compete effectively in the American economy. Also eligible to participate in the 8(a) program are small businesses owned by Alaska Native corporations, Community Development Corporations, Indian tribes, and Native Hawaiian organizations. Small business development is accomplished by providing various forms of management, technical, financial, and procurement assistance.

Native corporation. Articus selected a sister company as a major subcontractor to fulfill the FBI's media destruction requirements. The contract stated that Articus's subcontracted part of the work to its sister company will amount to 40 percent of the overall work while Articus will retain 60 percent of the work, measured by cost.

OIG Audit Approach

Our audit objectives were to assess: (1) the FBI's acquisition planning, awarding, and administration of the media destruction procurement; and (2) Articus's performance on the contract, including compliance with security requirements, monthly reporting, and billing accuracy. The scope of our audit covered pre-award activities such as the FBI's acquisition planning and contract solicitation, the FBI's post-award contract administration activities such as oversight of contract performance and review of invoices, and Articus's performance under the task order.

We interviewed FBI officials at the FBI's Facility and the FBI's procurement office at the Redstone Arsenal, in Huntsville, Alabama. We also conducted interviews of Articus officials and contractors. We reviewed the FBI's policies and procedures as well as applicable NIST, NSA, and Department of Justice (DOJ) guidelines surrounding the activities performed by AMU's PTI and MDT. We also reviewed monthly progress reports and contractor invoices, and we reconciled the invoices to contractor and subcontractor timesheets and supporting document for other direct costs. Additional information on our audit objectives, scope, and methodology can be found in Appendix 1.

Management Advisory Memorandum

During our contract audit, we identified significant weaknesses related to the FBI's inventory management and disposition procedures for its electronic storage media containing sensitive but unclassified information, such as law enforcement sensitive information, as well as classified national security information. We also identified concerns regarding the FBI's responsibility for the physical security over these items at the FBI's Facility where the media destruction took place. We believed that the concerns were significant enough to warrant the FBI's immediate attention and issued to the FBI a Management Advisory Memorandum with three recommendations to safeguard the electronic media slated for destruction. The FBI agreed with all three recommendations.⁵

⁵ See U.S. Department of Justice Office of the Inspector General, [Management Advisory Memorandum Notification of Concerns Identified in the Federal Bureau of Investigation's Inventory Management and Disposition Procedures of Electronic Storage Media](#), Audit Report 24-093 (August 2024), oig.justice.gov/reports/management-advisory-memorandum-notification-concerns-identified-federal-bureau.

Audit Results

We found that the FBI adequately justified its selection of Articus Solutions, LLC (Articus). We also determined that Articus submitted the required Monthly Status Reports (MSR) and accurately billed the FBI in accordance with the terms and conditions of the contract. However, we found that the contract lacked performance measures to effectively measure and evaluate Articus's productivity. We believe the FBI should identify, track, and analyze performance data points throughout the media destruction process that will allow for the FBI to better measure its backlog and the contractor's productivity and efficiency. With contractor performance information, the FBI could then establish benchmarks and make other management decisions for future contracts and expansion of the media destruction program. We also determined that the FBI did not have standard operating procedures for its MDT, and this put efficiency, consistency, and compliance with regulations at risk. Finally, we found deficiencies in the FBI's management and oversight of the contract, which is consistent with previous OIG findings related to FBI contracting activities.

FBI's Acquisition Planning and Articus's Contract Performance Were Appropriate

We reviewed the FBI's procurement file to assess its acquisition planning, award, and administration of the procurement. The FBI performed sufficient market research to identify capable sources, which included four large businesses, two veteran-owned small businesses, and two businesses from the SBA 8(a) small business development program. As required under the Federal Acquisition Regulation (FAR) Subpart 19.8, the FBI collaborated with the SBA and identified two capable 8(a) businesses that met the FBI's requirements. Further communications with the SBA revealed that Articus, which was an Alaska Native corporation in the 8(a) program and held a Top-Secret facility clearance, could meet the FBI's requirements for this procurement. In accordance with FAR Subpart 19.800, the FBI sole-sourced the requirement to Articus. Thus, we conclude that the FBI adequately justified its selection of Articus.

Furthermore, we found Articus satisfied the SOW deliverable by providing 16 Full-Time Equivalents (FTE) to assist the FBI's AMU with the processing, sanitization, and destruction of electronic media destined for disposal, and by submitting Monthly Status Reports to the FBI. Articus also accurately billed the FBI on a monthly basis and provided detailed invoices that contained support based on reviewed invoices. Finally, we did not find any evidence that the Articus contractors were unqualified or did not perform the sanitization and destruction work in accordance with the contract requirements.

The FBI Should Enhance Its Contractor Performance and Resource Assessments

We found that the FBI did not establish adequate metrics to effectively assess performance on its media destruction contract and did not monitor contractor productivity levels to ensure Articus was adequately performing under the contract in compliance with Federal FAR requirements.⁶ Our examination of the contract and the associated media destruction program identified indications that the FBI had not established clear and consistent data points to be tracked for determining program and contractor productivity. Additionally, the SOW did not include defined contractor performance measurements,

⁶ FAR Subpart 46.401 requires the preparation of quality assurance and states that the plans should specify – (1) all work requiring surveillance; and (2) the method of surveillance. FAR subpart also 7.105 states "In contracts for services, include how inspection and acceptance corresponding to the work statement's performance criteria will be enforced."

sufficient to ensure the government is adequately protected from the potential of the contractor's lack of productivity.

Statement of Work

The FBI's SOW recommended that the contractor provide 16 FTEs employees, with an option to expand up to 8 FTEs that could be temporarily added on a time and material basis. Because the SOW only recommended 16 FTEs and did not have a definitive staffing requirement, the FBI is not protected in the event that the contractor cannot maintain the recommended staffing level for an extended period of time or the entire period of the contract. We discussed this concern with the current FBI Contracting Officer who stated that Firm Fixed Price contracts should implement a clause, for an invoice reduction, to guard against the contractor's staffing falling below a certain percentage. This would mitigate the risk of the contractor not meeting staffing expectations. Such a price adjustment clause would be consistent with FAR Subpart 52.246-4; however, we noted that it was not incorporated into the contract.⁷ We determined that since the contract was awarded in October 2022, there have been 4 months where staffing did not meet the recommended level of 16 FTEs. While this duration is not considered significant, under the Firm Fixed Price contract model, the FBI would be obligated to pay the full contracted amount regardless of actual staffing levels.

We additionally observed that the SOW did not contain a definitive measurement of contractor performance for the media destruction services. The SOW identified MSRs as the only deliverable and estimated that once the FBI has expanded its media destruction services to all field offices, the contractor would process 50,000 pieces of mixed media and devices per year.⁸ We asked the FBI about how it arrived at the estimated production, and we reviewed the FBI's data used in the original calculation. The FBI told us that it based this estimated production from its historical tracking under the prior contractor, taking into account the increase of FTEs to 16 under the new contract and new field offices being added to the program. The FBI explained that it estimated each person assigned to MDT should process 2,000 assets annually and the 16 FTEs will process a total of 32,000 items. However, the FBI could not provide us evidence of its historical analysis of the work performed by the prior contractor. During our audit, we observed that Articus's MSRs for April 2023 through March 2024 showed it processed 105,596 pieces of mixed media, which is more than triple the FBI's estimated annual productivity levels. We concluded that the FBI's estimates were not representative of actual productivity levels of the 16 FTEs. In the following section, we further discuss the FBI's lack of analysis of the contractor's performance.

Assessment of Productivity and Efficiency

We met with both the FBI Supervisor and the Contracting Officer's Representative (COR) regarding their review and tracking of the data reported on Articus's MSRs. The COR told us that she did not perform any trend analysis on the performance data provided, compare Articus's reported productivity data to historical performance data, or compare the data to the estimates included in the SOW. When we asked how the FBI determines productivity under the program, the FBI Supervisor stated that the backlog of accountable

⁷ FAR subpart 52.246-4 Inspection of Services-Fixed-Price states that if any of the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at risk of a reduced contract price to reflect the reduced value of the services performed.

⁸ The FBI requires Articus to submit accurate and comprehensive MSRs detailing all major contractual activities performed during the preceding month. The MSRs should contain, at a minimum, the status of staffing efforts, Visitor Access Request updates, contractor labor performed, management and administrative problems, and action items.

assets waiting to be processed is the primary measurement, and the FBI assesses any backlog based on how long a pallet of accountable assets has been waiting to be processed. The media destruction lead contractor stated that the backlog had been reduced from 18 months under the prior contractor to 6 months under Articus, which corresponds to the doubling of FTEs under the Articus contract. The FBI Supervisor stated that as long as the accountable asset backlog is less than 6 months, Articus is meeting expectations. However, we noted that the backlog is not a reported metric on Articus's MSR and this expectation is not documented anywhere. Also, we believe measuring backlog based solely on the date of the oldest pallet is not an accurate method, as it does not account for fluctuations in quantities of media received in a given month. For example, one pallet may contain a single large item, while another may hold over 100 small items. We also concluded the FBI could use available inventory management data to determine the total assets awaiting destruction and the average volume of assets processed in a given month to more accurately assess the workload on hand. Furthermore, the FBI's 6-month backlog expectation is not defined in the SOW, and as such would not be enforceable as a performance measurement under the terms of the contract.

According to the FBI Supervisor, the FBI only applies this general 6-month backlog rule for accountable assets; it does not track the length of time non-accountable assets await destruction. We believe only tracking the backlog of accountable assets awaiting destruction does not sufficiently assess the actual workload on hand or the productivity and efficiency of the media destruction program. To demonstrate this, we requested an actual count of all pallets on hand from the FBI. As shown in Table 2, as of June 2024 there were 100 pallets of accountable assets waiting to be processed, with the oldest pallet dated from January 2024 (6 months). The FBI also had 81 pallets of unaccountable assets on hand, of which 57 had dates of when they entered the media destruction process at the Facility. The remaining 24 pallets of unaccountable assets did not have a date of when they entered the media destruction process. Of the 57 pallets with dates, the oldest 3 pallets were from January 2023 (18 months old as of June 2024). It is worth noting that the FBI performed this June 2024 inventory of pallets only after we requested information regarding the number and length of time that its pallets have been waiting to be destroyed. However, we believe this quick count provided more valuable information on the complete backlog of assets awaiting destruction than the FBI's general gauge of backlog based on the date of the oldest pallet of accountable assets.

Table 2

June 2024 Inventory of Pallets Awaiting Destruction

Asset Type	Number of Pallets	Oldest Pallet in Inventory	Backlog as of June 2024
Accountable Assets	100	January 2024	6 months
Non-Accountable Assets			
Non-accountable Assets (Dated)	57	January 2023	18 months
Non-accountable Assets (Not Dated)	24	Unknown	Unknown
Total Pallets	181		

Source: FBI

According to a PTI official, the FBI's AMS is capable of producing reports of service requests related to assets in need of destruction as well as service requests that have been completed (i.e., assets that have been

sanitized and destroyed).⁹ Each service request represents one pallet of assets. We requested and received a report of service requests from September 2021 through September 2024. We determined that MDT processes and closes an average of 62 service requests each month. Based on the FBI's 1,477 service requests awaiting processing, we determined that the FBI has almost 24 months of workload on hand. This demonstrates that the actual backlog is higher than the FBI's informal baseline of 6 months. It is also worth noting that the FBI did not perform similar analysis of the data available in AMS. We believe this is a missed opportunity as AMS contained data from which the FBI can assess the status of its backlog as well as the MDT's processing efficiency. We believe that the FBI should analyze the data contained within its AMS to better position itself to prevent the contractor from achieving less than expected productivity. Thus, we recommend that the FBI identify and track performance data points throughout the media destruction process that will allow for the FBI to better measure its backlog and the contractor's productivity and efficiency. Once the FBI has identified and developed productivity measures, we recommend that the FBI establish, in accordance with FAR Subpart 46.401, backlog, productivity, and efficiency benchmarks as standards within its media destruction program as requirements for future contracts for media destruction services. Additionally, we recommend that the FBI utilize developed data to evaluate the current Facility's capacity and workforce, ensuring they are adequate to support its goal of onboarding all FBI offices and field offices, as discussed in the subsequent section.

As of October 2024, the media destruction program was providing services to 36 of 55 FBI field offices, with a goal of gradually expanding its services to the remaining 19 field offices by 2028 when a new award is expected to be in place. FBI and Articus staff expressed concerns over the available space at the Facility to accommodate the anticipated increase in the number of assets that will need to be processed for disposal from an additional 19 field offices. The FBI has not developed a plan to address the increased space need or staffing levels to accommodate an increasing number of field offices that would potentially utilize the services of the media destruction program. To accommodate an anticipated increase in the number of contractors, the FBI would have to consider modifying the work schedule, acquiring additional space within its current Facility from other tenants, or moving to a larger facility to accommodate an increased workload. However, the FBI's lack of analysis on the status of its backlog suggests that the FBI has not yet thoroughly considered the logistical and productivity requirements necessary to accommodate the increased workload associated with expanding disposal services to additional FBI offices. We believe that the FBI should analyze the data contained within its AMS to better position itself to make informed decisions on whether to hire additional contractors including a temporary surge workforce, utilize additional work shifts from its current level of contractors, or increasing Facility shelving space.

The FBI Should Implement Standard Operating Procedures and Improve Its Training Approach

The SOW required the contractor to: (1) coordinate with the FBI's PTI team to ensure media destruction program policies and procedures are being met; and (2) have knowledge of the Facility planning and accepted methods, procedures, and techniques. As part of the sanitization and destruction process, the contractor must separate all memory components from devices (hard drives, memory modules, and board-mounted chips), which may contain classified information, and sanitize all memory components to NSA

⁹ A service request is an automated formal request in AMS for asset disposal. It contains details about the assets being turned in for disposal, including asset type, asset classification, and value. When FBI personnel need to decommission an asset, they are required to submit a service request to properly excess the asset through the PTI process.

standards and NIST SP 800-88 Guidelines for Media Sanitization. Figure 2 shows a degausser machine used to sanitize hard drives. When handling hazardous materials, the contractor must separate incompatible substances and ensure all hazardous materials are marked and stored properly in ventilated, dry, cool areas. All chemicals should be stored in appropriate containers and the contractor should also make sure all hazardous materials containers are adequately labeled. Finally, the contractor should ensure waste is separated into proper categories (i.e., plastics, metals, batteries) and routed to the correct recycling or disposal facility, as appropriate. Figure 3 shows the pallets of parts as a result of the contractor's separation efforts before being shipped to a recycling or disposal facility.

Figure 2

Degausser Machine for Hard Drives



Source: OIG, taken in October 2023 (OIG removed commercial brand names in the photo).

Figure 3

Pallets of Parts Post Destruction



Source: OIG, taken in October 2023.

We found that the FBI has not developed standard operating procedures (SOP) for its media destruction process. SOPs formally document instructions and procedures within a program to ensure clarity and precision of work being performed. Well-documented SOPs are critical to ensuring workers are consistently following established processes, properly trained, and maintaining the proper level of quality in their work.

According to Articus contractors, the MDT's current training approach consists primarily of on-the-job training that is performed when the most recently hired and trained employee is given the responsibility of

training new hires. We have concerns that without formally documented SOPs in place, personnel performance may vary and fail to perform at the level that the FBI requires. Some Articus employees expressed concerns about inconsistencies in media destruction methods and a lack of competency, as different individuals responsible for providing training may have varying levels of expertise.

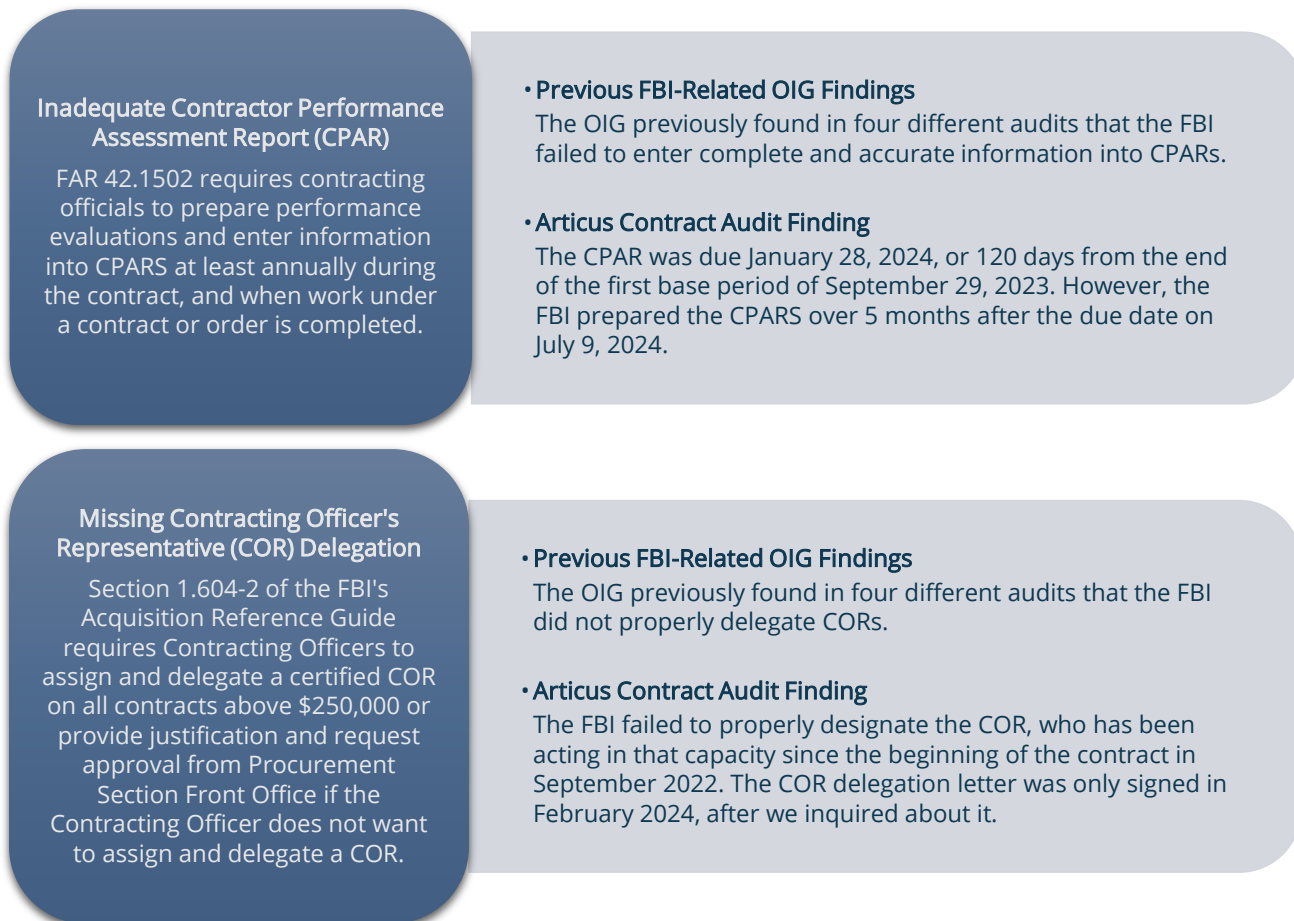
We believe the current training system may not result in a consistent transfer of knowledge, potentially resulting in knowledge gaps and reduced productivity among team members. As a result, the FBI should develop SOPs to standardize its media destruction program processes and ensure new hires as well as all contractors are trained in a consistent and methodical manner. The absence of documented procedures increases the risk of errors, miscommunication, and inconsistencies in the execution of tasks. The FBI should also develop training materials, such as outlines, checklists, and assessments to ensure a consistent and effective transfer of knowledge. Lastly, the FBI should perform periodic assessments of the effectiveness of its media destruction training program. Thus, we recommend the FBI establish standard operating procedures and standardized training methods that help ensure consistency across the media destruction program.

The FBI Should Address Previously Identified Contract Administration Oversights

During our audit, we found deficiencies in the FBI's contract administration, which were consistent with and similar to prior OIG findings related to certain FBI contracting activities. These deficiencies included the FBI not timely preparing a COR delegation letter or submitting the Contractor Performance Assessment Reports (CPAR) in a timely manner. These areas of non-compliance and deficiencies identified are depicted in Figure 4 below.

Figure 4

Contract Issues Identified in Prior OIG Audits^a



Source: OIG analysis of the FAR, previous OIG findings, and FBI contract documentation

^a Appendix 2 contains a list of OIG reports containing similar findings.

Inadequate contract management and oversight increases the risk that the contractor's activities will be inadequately monitored and the government's obligations will be inadequately protected. While the OIG previously made recommendations to the FBI to fix similar deficiencies on other audited contracts, the reoccurrence of these deficiencies indicates to us that the FBI's corrective actions related to prior OIG audits may have been inadequate or insufficient to effect change across all FBI contracts and the FBI's overall contract management and oversight activities. However, because (1) the FBI took steps during our audit to address these specific instances of FAR non-compliance for the Articus award, including completing the CPARS and COR delegation letter, and (2) as listed in Appendix 2, we have an open recommendation as of September 30, 2024 in a previously issued report for the FBI to analyze prior OIG-reported contract issues to determine if additional action is needed to enhance the FBI's contracting practices, we do not make recommendations related to these findings in this report. The FBI should consider the repeated nature of these matters in addressing the currently open recommendation.

Conclusion and Recommendations

The FBI's media destruction services contract was awarded to sanitize and destroy no longer needed FBI electronic media in accordance with NSA standards, NIST guidelines, as well as DOJ and other federal regulations. We did not find issues with the FBI's selection of Articus for the contract, the accuracy of Articus's billing, or Articus's performance on the contract. However, we determined that the FBI's media destruction services contract SOW did not include productivity or efficiency benchmarks to assess Articus's performance. Instead, the FBI's SOW only recommended that Articus provide 16 FTEs, and the only deliverable in the SOW was for Articus to provide Monthly Status Reports. We determined that the FBI had valuable information within the data provided in Articus's Monthly Status Reports and its Asset Management System to perform trend analysis and better address contractor productivity. We believe that the FBI should analyze these data sets to better position itself to prevent the contractor from achieving less than expected productivity, and—as the program expands to all field offices—to make informed decisions on whether to hire additional contractors including a temporary surge workforce, utilize additional work shifts from its current level of contractors, or increasing Facility shelving space. The FBI also risked inconsistent work quality and efficiency when it failed to ensure that the MDT had developed SOPs as well as training instructions. Finally, we identified instances of non-compliance related to the FBI's COR delegation letter and CPARS not being prepared in a timely manner. Although these two non-compliance issues were corrected, such contract administration issues have been previously identified by the OIG in prior audits of FBI contracts. We provide four recommendations for the FBI to take corrective action and make necessary improvement.

We recommend that the FBI:

1. Identify and track performance data points throughout the media destruction process that will allow for the FBI to better measure its backlog and the contractor's productivity and efficiency.
2. Establish, in accordance with FAR Subpart 46.401, backlog, productivity, and efficiency benchmarks as standards within its media destruction program as requirements for its future contracts for media destruction services.
3. Utilize developed data to evaluate the current facility's capacity and workforce, ensuring they are adequate to support its goal of onboarding all FBI offices and field offices.
4. Establish standard operating procedures and standardized training methods that help ensure consistency across the media destruction program.

Appendix 1: Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to assess: (1) the FBI's acquisition planning, awarding, and administration of the media destruction procurement; and (2) Articus's performance on the contract, including compliance with security requirements, monthly reporting, and billing accuracy.

Scope and Methodology

We reviewed the FBI's media destruction service contract awarded to Articus, worth an estimated \$21,572,566 with period of performance consisting of a 1-year base period plus four 1-year option periods, from September 30, 2022, to September 29, 2027. As of September 2024, Articus had invoiced FBI \$5,475,363 under this contract.

To address our objectives, we interviewed FBI officials located at the FBI's Facility and the FBI's procurement office at the Redstone Arsenal in Huntsville, Alabama. We also conducted interviews of Articus officials and contractors. We reviewed the FBI's policies and procedures, applicable National Security Agency (NSA) standards, and National Institute of Standards and Technology (NIST) guidelines, and DOJ guidelines surrounding the activities performed by AMU's PTI and MDT. We also reviewed monthly progress reports and contractor invoices and reconciled the invoices to contractor and subcontractor timesheets and other supporting documents. In addition, we conducted a walkthrough of the FBI's Facility to assess the destruction process and reviewed the contract files.

Statement on Compliance with Generally Accepted Government Auditing Standards

We conducted this performance audit 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 objectives.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of the FBI and Articus to provide assurance on its internal control structure as a whole. FBI is responsible for the establishment and maintenance of internal controls in accordance with OMB Circular A-123. Because we do not express an opinion on the FBI's and Articus's internal control structure as a whole, we offer this statement solely for the information and use of the FBI and Articus.¹⁰

We assessed the design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect the FBI's ability to effectively and efficiently operate, to

¹⁰ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

correctly state financial or performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we identified are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objectives of this audit, our review may not have identified all internal control deficiencies that may have existed at the time of this audit.

Compliance with Laws and Regulations

In this audit we tested, as appropriate given our audit objectives and scope, selected transactions, records, procedures, and practices to obtain reasonable assurance that the FBI and Articus complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. Our audit included examining, on a test basis, the FBI's and Articus's compliance with the following laws and regulations that could have a material effect on the FBI's and Articus's operations:

- FAR Part 6: Competition Requirements
- FAR Part 7: Acquisition Planning
- FAR Part 10: Market Research
- FAR Part 15: Contracting By Negotiation
- FAR Subpart 1.6: Career Development, Contracting Authority, and Responsibilities
- FAR Subpart 2.1: Definitions
- FAR Subpart 4.8: Government Contract Files
- FAR Subpart 16.601: Time-and-Material Contracts
- FAR Subpart 37.6: Performance Based Acquisition
- FAR Subpart 42.15: Contractor Performance Information
- FAR Subpart 46.4: Government Contract Quality Assurance

This testing included analyzing award files and related documentation, interviewing agency contracting officials and Articus officials, assessing internal control procedures, examining procedural practices, and reviewing invoices and supporting documentation. As noted in the Audit Results section of this report, we found that the FBI did not comply with federal regulations related to establishing performance standards to enable assessment of contractor work performance, timely submission of contractor performance reports to CPARS.gov, and timely issuance of a Contracting Officer Representative delegation letter. Nothing came to our attention that caused us to believe that the FBI and Articus did not comply with federal regulations related to invoicing and whistleblower protections.

Computer-Processed Data

During our audit, we obtained information from Articus's invoicing and timekeeping systems. We did not test the reliability of those systems as a whole, therefore any findings that we identified that involved information from those systems were verified with documentation from other sources.

Appendix 2: OIG Report References with Previous Relevant Contract Findings

<u>Risk Area</u>	<u>OIG Report Date</u>	<u>Report Title</u>
Inadequate Contractor Performance Assessment Report (CPAR):	March 2019	<i>Audit of the Federal Bureau of Investigation's Oversight and Administration of the National Vehicle Lease Program and Its Contract with EAN Holdings, LLC</i> , Audit Report 19-11
	September 2020	<i>Audit of the Federal Bureau of Investigation's Contract Awarded to TUVA, LLC for Subject Matter Expert Services</i> , Audit Report 20-111
	February 2022	<i>Audit of the Federal Bureau of Investigation's Biometric Algorithm Purchase Order Awarded to Idemia National Security Solutions, LLC</i> , Audit Report 22-045
	September 2024	<i>Audit of the Federal Bureau of Investigation's Contract for Ballistics Research Assistant Services</i> , Audit Report 24-098
Missing Contracting Officer's Representative (COR) Delegation:	September 2016	<i>Audit of the Federal Bureau of Investigation's Fuel Procurement Contracts Awarded to the Petroleum Traders Corporation</i> , Audit Report 16-25
	July 2017	<i>Audit of the Federal Bureau of Investigation's Aircraft Lease Contract Awarded to Midwest Jet Center, LLC, DBA Reynolds Jet Management</i> , Audit Report 17-30
	September 2020	<i>Audit of the Federal Bureau of Investigation's Contract Awarded to TUVA, LLC for Subject Matter Expert Services</i> , Audit Report 20-111
	September 2024	<i>Audit of the Federal Bureau of Investigation's Contract for Ballistics Research Assistant Services</i> , Audit Report 24-098

Appendix 3: Federal Bureau of Investigation's Response to the Draft Audit Report



U.S. Department of Justice

Federal Bureau of Investigation

Washington, D. C. 20535-0001

March 11, 2025

The Honorable Michael E. Horowitz
Inspector General
Office of the Inspector General
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, DC 20530

Dear Mr. Horowitz:

The Federal Bureau of Investigation (FBI) appreciates the opportunity to review and respond to your office's report entitled, Audit of the Federal Bureau of Investigation's Media Destruction Services Contract Awarded to Articus Solutions, LLC.

We look forward to working with the Office of the Inspector General to address the recommendations provided in the report. The FBI will take corrective action to improve the management of its media destruction contract, which will improve its ability to assess Articus's performance, ensure satisfactory contractor performance, and establish consistent operating procedures and training methods across the media destruction program. We appreciate your feedback as we continue this effort.

Should you have any questions, feel free to contact me. We greatly appreciate the professionalism of your audit staff throughout this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicholas Dimos", is positioned above the printed name.

Nicholas Dimos
Assistant Director
Finance and Facilities Division

**The Federal Bureau of Investigation's Response to the
Office of the Inspector General's Audit The Federal Bureau of Investigation's Media
Destruction Services Contract Awarded to Articus Solutions, LLC**

Recommendation 1: Identify and track performance data points throughout the media destruction process that will allow for the FBI to better measure its backlog and the contractor's productivity and efficiency

FBI Response to Recommendation 1: The FBI concurs with the recommendation and will take appropriate corrective action.

Recommendation 2: Establish, in accordance with FAR Subpart 46.401, backlog, productivity, and efficiency benchmarks as standards within its media destruction program as requirements for its future contracts for media destruction services.

FBI Response to Recommendation 2: The FBI concurs with the recommendation and will take appropriate corrective action.

Recommendation 3: Utilize developed data to evaluate the current facility's capacity and workforce, ensuring they are adequate to support its goal of onboarding all FBI offices and field offices

FBI Response to Recommendation 3: The FBI concurs with the recommendation and will take appropriate corrective action.

Recommendation 4: Establish standard operating procedures and standardized training methods that help ensure consistency across the media destruction program.

FBI Response to Recommendation 4: The FBI concurs with the recommendation and will take appropriate corrective action.

Appendix 4: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The Office of the Inspector General (OIG) provided a draft of this audit report to the Federal Bureau of Investigation (FBI) and Articus Solutions, LLC (Articus). The FBI's response is incorporated in Appendix 3; and Articus opted not to provide the OIG with a response. The FBI concurred with all four of our recommendations. As a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to resolve the report.

Recommendations for the FBI:

- 1. Identify and track performance data points throughout the media destruction process that will allow for the FBI to better measure its backlog and the contractor's productivity and efficiency.**

Resolved. The FBI concurred with our recommendation and stated in its response that it will take appropriate corrective action. This recommendation can be closed when we receive evidence that the FBI has identified and tracked performance data that will allow for the FBI to better measure its backlog and contractor productivity and efficiency.

- 2. Establish, in accordance with FAR Subpart 46.401, backlog, productivity, and efficiency benchmarks as standards within its media destruction program as requirements for its future contracts for media destruction services.**

Resolved. The FBI concurred with our recommendation and stated in its response that it will take appropriate corrective action. This recommendation can be closed when we receive evidence that the FBI has established benchmarks as standards within its media destruction program as requirements for its future contracts for media destruction services.

- 3. Utilize developed data to evaluate the current facility's capacity and workforce, ensuring they are adequate to support its goal of onboarding all FBI offices and field offices.**

Resolved. The FBI concurred with our recommendation and stated in its response that it will take appropriate corrective action. This recommendation can be closed when we receive evidence that the FBI has developed data to evaluate the current facility's capacity and workforce, ensuring they are adequate to support its goal of onboarding all FBI offices and field offices.

- 4. Establish standard operating procedures and standardized training methods that help ensure consistency across the media destruction program.**

Resolved. The FBI concurred with our recommendation and stated in its response that it will take appropriate corrective action. This recommendation can be closed when we received evidence that the FBI has established standard operating procedures and standardized training methods that help ensure consistency across the media destruction program.