



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

**ISSUES IDENTIFIED DURING OUR
AUDIT OF INTERIM COSTS CLAIMED
BY DEWBERRY AND DAVIS ON
CONTRACT Nos. INFI5PB000057
AND INFI5PB000059 WITH THE
U.S. FISH AND WILDLIFE SERVICE**



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AUG 10 2016

Memorandum

To: Kristin Young
Bureau Procurement Chief, U.S. Fish and Wildlife Service

From: Chris Stubbs *Chris Stubbs*
Director, Office of Financial and Contract Audits

Subject: Management Advisory – Issues Identified During Our Audit of Interim Costs Claimed by Dewberry and Davis on Contract Nos. INF15PB000057 and INF15PB000059 With the U.S. Fish and Wildlife Service
Report No. 2016-CG-031-A

The Office of Inspector General has completed an audit of the interim costs claimed by Dewberry and Davis under Contract Nos. INF15PB000057 and INF15PB000059 with the U.S. Fish and Wildlife Service (FWS). FWS awarded these contracts to Dewberry on December 31, 2014, to prepare updated coastal maps as part of the Coastal Barrier Resources System modernization program. This management advisory highlights management issues identified during the cost audit.

We found that FWS did not adequately oversee its contracts with Dewberry. Specifically, we identified three issues related to FWS' monitoring of Dewberry's performance. We found that FWS did not—

- review the qualifications of Dewberry employees;
- identify or resolve labor category redundancies; and
- maintain permanent contract files.

We make two recommendations to FWS for resolution of these deficiencies, one of which resulted in \$25,825 in wasted funds.

FWS Did Not Review the Qualifications of Dewberry Employees

FWS employees did not review the qualifications of Dewberry employees to ensure that they billed at correct labor rates. FWS told us that accurate billing was the contractor's responsibility. FWS employees also stated that they reviewed some employee qualifications as part of the proposal review process, but did not have the resources to review the qualifications of every employee. For time-and-materials contracts like these, however, the Federal Acquisition

Regulation (FAR) § 16.601(c)(1) requires U.S. Government employees to ensure reasonableness of costs, specifically stating the following:

A time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, appropriate Government surveillance of contractor performance is required to give reasonable assurance that efficient methods and effective cost controls are being used.

Thus, FWS employees should have verified the qualifications for billed labor rates as well as the experience equivalents used by Dewberry. This task was simplified as the contractor had developed a summary of its employees' qualifications for FWS employees to review.

FWS Did Not Identify or Resolve Labor Category Redundancies

FWS issued both contracts using Federal Supply Schedule No. GS-10F-0160K, administered by the General Services Administration (GSA). That agreement includes 90 job categories, and Dewberry used 13 to complete work on the 2 FWS contracts.

We determined that the GSA contract contained duplicate job descriptions and overlapping experience requirements—but different hourly billing rates—for two labor categories, namely CADD Operator and CADD System Operator. The hourly rate for CADD Operator is \$45.51, and for CADD System Operator it is \$62.83. Figure 1 shows the overlap in these labor categories.

After reviewing the education-in-lieu-of-experience standards and personnel resumes, we identified four Dewberry employees who were eligible to bill at the lower CADD Operator rate but instead billed at the higher CADD System Operator rate. This practice resulted in \$25,825 in additional costs billed to the contracts that we regard as wasted funds. Our calculation is based on four employees for the billing periods between March 28, 2015, and January 29, 2016.

FWS staff relied upon Dewberry to assign employees to appropriate labor categories. The contracting officer or an authorized representative should have performed periodic reviews on invoices by substantiating them with appropriate supports, in accordance with FAR § 52.232-7(a)(5). FWS staff should have verified the billing rates and experience equivalents for both contracts.

Labor Category	Responsibilities	Minimum Education and Experience	Hourly Rate
CADD Operator	Determines design criteria, drawing sequence and presentation, sizing various system components, and refining rough sketches and notes to include material quantities and equipment specifications obtained from standard calculations and vendor catalogues. Technical adequacy of nonroutine work is reviewed by supervisor during progress and completion.	High school diploma or equivalent; 3 – 5 years experience as a CADD Operator.	\$45.51
CADD System Operator	Determines design criteria, drawing sequence and presentation, sizing various system components, and refining rough sketches and notes to include material quantities and equipment specifications obtained from standard calculations and vendor catalogues. Technical adequacy of nonroutine work is reviewed by supervisor during progress and completion.	High school diploma or equivalent; 2 years experience as a CADD System Operator.	\$62.83

Figure 1. Duplicate labor categories from GSA Federal Supply Schedule No. GS-10F-0160K.

FWS Did Not Maintain Permanent Contract Files

FWS employees could not provide a permanent file for Contract No. INF15PB00057 and could only provide a partial contract file for Contract No. INF15PB00059. FAR § 4.801 requires the contracting officer to establish and maintain files of all contractual actions. The current FWS contracting officer told us that the previous contracting officer had not created or maintained complete contract files for these contracts.

Recommendations

We recommend that FWS:

1. Develop policies and procedures for contract oversight that include verification of labor categories and employee qualifications for billing rates; and
2. Train employees on contract administration to improve overall oversight.

Information contained in this management advisory will be included in our semiannual report to Congress and posted on our website. Please contact me at 202-208-5745 if you have any questions.

Response Required

Please provide us with your written response to this management advisory within 30 days. The response should provide information on actions taken or planned to address the recommendations, as well as target dates and title(s) of the official(s) responsible for implementation. Please send your response to aie_reports@doioig.gov.

