



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

DATE: January 12, 2018

TO: Alan B. Thomas, Jr.
Federal Acquisition Service Commissioner (Q)

Sonya D. Panzo

FROM: Sonya D. Panzo
Associate Deputy Assistant Inspector General for Auditing (JA-T)

SUBJECT: FAS Is Providing Support Services to Agencies Transitioning to
Enterprise Infrastructure Solutions Without Executed Interagency
Agreements
Audit Memorandum Number A170103-3

The purpose of this memorandum is to notify you of a concern we have regarding the Federal Acquisition Service's (FAS's) Enterprise Infrastructure Solutions (EIS) transition efforts. During our on-going audit of FAS's Award and Administration of the Transition Ordering Assistance (TOA) task order, we learned that FAS has provided customer agencies with almost \$9 million in support services for the transition to EIS although the required interagency agreements are not in place. In the absence of these agreements, FAS is assuming an unnecessary degree of risk, which may lead to ineffective contract management and transition delays. Accordingly, FAS should execute interagency agreements before providing additional services.

Background

EIS is a governmentwide contract managed by FAS to provide federal agencies with mission-critical telecommunications and information technology infrastructure services. FAS's Office of Network Services Programs awarded the TOA task order in September 2016 to support federal agencies as they transition to EIS from the expiring Networkx contracts. Under the task order, the contractor is responsible for providing consulting services to assist transitioning agencies in procurement decisions and EIS ordering. FAS intended for these services to address the lack of contracting and telecommunications expertise within federal agencies that contributed to delays in the prior transition to Networkx. That transition exceeded timelines by nearly 3 years and resulted in approximately \$400 million in lost savings and additional transition costs.

FAS assumes unnecessary risk without executed interagency agreements.

FAS has not executed interagency agreements with transitioning agencies for the services being provided under the TOA task order. As a result, FAS is at risk for disputes over contract oversight responsibilities, which may lead to waste of taxpayer dollars and delays in the EIS transition.

The TOA task order is an interagency acquisition and, according to Federal Acquisition Regulation (FAR) 17.5, interagency agreements should have been in place in advance of the TOA task order award. Specifically, FAR 17.502-1(b)(1)(i) requires that:

Prior to the issuance of a solicitation, the servicing agency and the requesting agency shall both sign a written interagency agreement that establishes the general terms and conditions governing the relationship between the parties, including roles and responsibilities for acquisition planning, contract execution, and administration and management of the contract(s) or order(s).

In addition to ensuring FAR compliance, properly executed interagency agreements for assisted acquisitions are integral to effective contract management. In the case of the TOA task order, contractor personnel are working directly with transitioning agencies – often without the direct supervision of FAS personnel. As a result, it is essential that FAS establish formal, detailed responsibilities to monitor contractor performance and ensure the efficient use of funds and transition progress.

The importance of these agreements is stressed in authoritative guidance from the Office of Management and Budget and the Government Accountability Office. For instance, in its June 2008 memorandum, *Improving the Management and Use of Interagency Acquisitions*, the Office of Management and Budget notes that a lack of clear responsibility between agencies can contribute to weak contract management and financial controls. The Government Accountability Office also asserts the significance of having signed interagency agreements in its *Principles of Appropriations Law*, noting that “[a] written agreement is important because, as in any contract situation, the terms to which the parties agree, as reflected in the writing, establish the scope of the undertaking and the rights and obligations of the parties.”¹

Additionally, the need for interagency agreements is supported by the TOA task order itself and FAS’s own draft interagency agreements. For instance, the TOA task order states, “GSA and each agency receiving services from the task order will establish an interagency agreement.” Furthermore, FAS’s draft interagency agreements note that, “[a]ctual work for this [interagency agreement] may not begin until this [interagency agreement] has been signed by the appropriate individuals.”

Despite these requirements, FAS has provided nearly \$9 million in support services under the TOA task order to transitioning agencies without interagency agreements in

¹ *Principles of Federal Appropriations Law*, 3rd Edition, Vol. III, Chapter 12 (B.)(1)(a.)(4).

place. In discussions, FAS officials acknowledged that the lack of interagency agreements poses a risk to the administration of the task order and that having these agreements in place is a sound business practice. They stated that they proceeded without executed interagency agreements in order to meet transition deadlines. However, attempting to meet these deadlines does not absolve FAS of its responsibility to have properly executed interagency agreements that clearly outline each agency's responsibilities.

Conclusion

FAS has not executed required interagency agreements with transitioning agencies for support services rendered under the TOA task order. Without these agreements in place, FAS is vulnerable to significant risks including potential disputes over contract administration responsibilities, the inefficient use of resources, and a prolonged transition to EIS. Therefore, FAS should immediately execute interagency agreements with all transitioning agencies receiving support services under the TOA task order. These interagency agreements should clearly establish, among other things, the scope of work and schedule of deliverables under the task order, the financial arrangement with each agency, and specific contract administration and monitoring responsibilities.

GSA Comments

In a memo dated January 2, 2018, the Federal Acquisition Service Commissioner provided the following comments on our draft memorandum:

FAS is in agreement with the OIG's findings that Interagency Agreements (IAAs) have not been properly executed with transitioning agencies for support services rendered under the Transition Ordering Assistance (TOA) task order. FAS will take immediate action to execute Interagency Agreements (IAAs), Part A, for agencies using TOA support.

We agree with the conclusions, and have reached general agreement with GSA's Office of General Counsel and Office of the Chief Financial Officer in continuing to work the terms and conditions of the IAAs. We will immediately present IAAs to each agency requesting TOA assistance to fully execute agreements signed by both GSA and the agency. These IAAs will establish the scope of work and schedule of deliverables under the task order, the financial arrangement with each agency, and specific contract administration and monitoring responsibilities.

FAS intends to have agencies execute signed IAAs for TOA assistance by January 31, 2018. The Office of Telecommunications Services Customer Engagement Division will communicate with agencies and facilitate the process of obtaining executed IAA's [sic]. The Assistant Commissioner of the GSA FAS Information Technology Category will sign the IAA on behalf of FAS. Agencies not executing the required Interagency Agreements by

January 31, 2018 may have GSA's support withheld until IAAs are executed.

This audit is managed out of the Acquisition and Information Technology Audit Office and conducted by the individuals listed below:

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