



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

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN

**Audit of FAS's Contractor
Assessments Program
Report Number
A150131/Q/T/P16004
September 21, 2016**

Assignment Number A180071
December 21, 2018

Table of Contents

Introduction 1

Results

Finding 1 – The changes to the IOA Manual’s sampling guidance have not resulted in consistent sampling documentation 3

Finding 2 – The changes to the IOA Manual’s guidance on labor qualifications reporting have not resulted in consistent documentation of labor qualification findings ... 3

Finding 3 – The IOA training curriculum does not fully address consistency in IOAs’ knowledge and skills..... 4

Conclusion..... 5

Appendixes

Appendix A – Corrective Action Plan for Report Number A160028/O/T/F16003 A-1

Appendix B – Report DistributionB-1

Introduction

We have completed an implementation review of the management actions taken in response to the recommendations contained in our September 2016 audit report, *Audit of FAS's Contractor Assessments Program*, Report Number A150131/Q/T/P16004 (see **Appendix A**).

Objective

The objective of our review was to determine whether the Federal Acquisition Service (FAS) has taken the actions as outlined in the corrective action plan for *Audit of FAS's Contractor Assessments Program*. To accomplish our objective we:

1. Examined documentation submitted by FAS supporting the completion of the corrective action plan steps;
2. Used judgmental, risk-based sampling to perform limited testing of the corrective actions outlined in FAS's corrective action plan; and
3. Interviewed FAS officials responsible for the Contractor Assessments Program.

Background

The purpose of a contractor assessment is to ensure contractual compliance through a review of process controls and past transactions. FAS industrial operations analysts (IOAs) are responsible for executing these assessments. Assessments are conducted according to the guidance and procedures provided by the IOA Training Manual (IOA Manual). IOAs also receive standardized training to assist them in building the necessary skills and technical competencies to perform their duties.

On September 21, 2016, we issued an audit report, *Audit of FAS's Contractor Assessments Program* to FAS. The objectives of the audit were to determine if FAS's: (1) contractor assessments are effective to determine contractors' compliance with Multiple Award Schedule contract terms and conditions, (2) IOAs are conducting their assessments in accordance with FAS guidance, (3) IOAs are communicating those results timely and in the appropriate format, and (4) IOAs are developing and completing training in accordance with program requirements.

Our audit found:

1. FAS guidance does not provide specific requirements for sampling sales transactions and résumés creating inconsistencies in the assessments.
2. IOAs are not consistently reporting on labor qualifications; therefore, FAS does not have assurance that qualifications were assessed.
3. Lack of a formalized training curriculum or training requirements for experienced IOAs may lead to inconsistent knowledge and skills.

To address the findings identified in our report, we recommended that the Commissioner of FAS:

1. Revise the IOA Training Manual to include details on a risk-based sampling methodology in order to improve the consistency of report results.
2. Revise the assessment report template to include a specific section for reviewing labor qualifications to ensure consistent review. Determine whether changes to the template require any appropriate revisions to the guidance as a result.
3. Establish and implement a formal, national training curriculum for experienced IOAs to cover, at a minimum, the number of required annual continuing education hours and appropriate subject areas for enhancing applicable knowledge and skills.

The Commissioner of FAS concurred with our report findings and recommendations.

Results

Our implementation review determined that FAS has implemented the agreed-upon corrective actions from the *Audit of FAS's Contractor Assessments Program*. However, the actions taken have not resulted in consistent documentation in the IOA assessment reports; nor have the actions fully addressed parity in IOA knowledge and skills.

Finding 1 – The changes to the IOA Manual's sampling guidance have not resulted in consistent sampling documentation.

Our original audit found that FAS guidance did not provide specific requirements for sampling sales transactions and résumés, creating inconsistencies in the IOA assessment reports. In its corrective action plan, FAS stated that it would revise the IOA Manual to include details on a risk-based sampling methodology to improve the consistency of report results. While FAS did implement the sampling guidance as outlined in its corrective action plan, we determined that the IOAs are not consistently documenting the details of the sampling methodology used in accordance with the IOA Manual.

The IOA Manual provides guidance on how the IOAs should implement and document their sampling methodology. IOAs are instructed to provide specific information such as the total number of orders in the population, the number of orders sampled, and a unique identifier for each order sampled. In our testing, we sampled 14 contractor assessment reports and found that all of them contained sampling-related documentation deficiencies. These deficiencies include the IOA not listing the population or sample size, using the incorrect sample size, or not correctly identifying the items sampled.

As a result of the IOAs inconsistently documenting the details of the sampling methodology used, FAS is unable to determine whether the sampling was conducted correctly and therefore, whether the assessment results are reliable.

Finding 2 – The changes to the IOA Manual's guidance on labor qualifications reporting have not resulted in consistent documentation of labor qualification findings.

Our original audit found that IOAs were not consistently reporting on contractors' labor qualifications; therefore, FAS did not have assurance that qualifications were assessed. In its corrective action plan, FAS stated that it would revise the assessment report template to include a specific section for reviewing labor qualifications and update the IOA Manual to include guidance for documenting labor qualifications findings. FAS made both revisions as outlined in the corrective action plan; but these revisions have not resulted in consistent documentation of labor qualification findings.

In our testing, we sampled seven contractor assessment reports to determine if they were in compliance with the IOA Manual's labor qualifications reporting guidance. The guidance

requires detailed support, such as listing the invoices reviewed, listing the labor categories reviewed on each invoice, and using the prescribed text for documenting findings. We determined that four of the contractor assessment reports were not in compliance with the manual's labor qualifications reporting guidance. For those reports, neither contracting officers nor FAS management have the information required to support the accuracy of the labor qualification findings.

Finding 3 – The IOA training curriculum does not fully address consistency in IOAs' knowledge and skills.

Our original audit found that the lack of a formalized training curriculum for experienced IOAs may result in inconsistent knowledge and skills. In its corrective action plan, FAS stated that it would establish and implement a formal, national training curriculum for experienced IOAs that would, at a minimum, cover the number of required annual continuing education hours and appropriate subject areas. FAS developed and implemented a training program framework and curriculum that prescribes a number of required annual continuing education hours and identifies three specific subject areas – data analytics, acquisitions, and personal development – to enhance IOAs' applicable knowledge, skills, and abilities (KSA). However, the curriculum does not provide guidance on how the continuing education hours should be distributed among the designated KSA categories. Without such guidance, there may be ongoing variances in the knowledge and skills of the IOAs.

In our testing, we sampled training records for 10 IOAs and found that, although all IOAs in our sample took training courses in at least one of the three prescribed KSA areas, the continuing education hours were not well distributed among the KSAs. For example, half of the IOAs did not log any continuing education hours in one or two of the KSA categories. Also, four of the IOAs did not log any continuing education hours in data analytics and an additional four logged only 1 or 2 hours in this category. If experienced IOAs do not receive training in one or more of the KSA areas, the knowledge and skills of IOAs will remain inconsistent.

Conclusion

Our implementation review determined that FAS has implemented the agreed-upon corrective actions from our *Audit of FAS's Contractor Assessments Program*; however, the actions taken have not resulted in consistent documentation in the IOA assessment reports, nor have they fully addressed parity in IOA knowledge and skills.

As a result, a revised corrective action plan addressing these issues must be submitted by January 21, 2019, to this office and the Audit Management Division (H1EB).

Audit Team

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

Sonya D. Panzo	Associate Deputy Assistant Inspector General for Auditing
Michelle L. Westrup	Audit Manager
Victor R. Pimentel	Auditor-In-Charge
Suzanne B. Weiss	Management Analyst

**Appendix A – Corrective Action Plan for Report Number
A150131/Q/T/P16004**

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: 10/13/2016

Audit Report Number	Recommendation Number	Proposed Recommendation Completion
A150131 –AUDIT OF FAS’s CONTRACTOR ASSESSMENTS PROGRAM	001	Date June 2017

Recommendation 001: Revise the Industrial Operations Analyst Training Manual to include details on a risk-based sampling methodology in order to improve the consistency of report results.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to GAO/IG Audit Response Division</u>	<u>Documentation Will be Sent Last Day</u>
001. Develop the framework for a sampling plan that results in consistent expectations for sample sizes based on compliance risks.	Copies of recommendations provided to Supplier Management Program Office will be provided to the GAO/IG Audit Division via email	NLT January 30, 2017
002. Finalize IOA Manual revision to incorporate appropriate assessment topics.	Email to the H1G with access to new IOA Manual	NLT May 30, 2017
003. Implement new IOA Manual (with new sampling instructions).	Email to the H1G	NLT June 30, 2017

**Appendix A – Corrective Action Plan for Report Number
A150131/Q/T/P16004 (cont.)**

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: 10/13/2016

Audit Report Number	Recommendation Number	Proposed Recommendation Completion
A150131 –AUDIT OF FAS’s CONTRACTOR ASSESSMENTS PROGRAM	002	Date November 2016

Recommendation 002: Revise the assessment report template to include a specific section for reviewing labor qualifications to ensure consistent review. Determine whether changes to the template require any appropriate revisions to the guidance as a result.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the GAO/IG Audit Response Division</u>	<u>Documentation Will be Sent Last Day</u>
001. Provide evidence of revised assessment template that includes section for reviewing labor qualifications as well as updates to IOA manual reflecting review of labor qualifications.	Industrial Operations Analyst Manual & Contractor Assessment Report Template housed in Online Contract Management System	No later than November 30, 2016

**Appendix A – Corrective Action Plan for Report Number
A150131/Q/T/P16004 (cont.)**

Designated Responding Official: [REDACTED]
 Contact Person: [REDACTED]
 Telephone Number: [REDACTED]
 Date: 10/13/2016

Audit Report Number	Recommendation Number	Proposed Recommendation Completion
A150131 –AUDIT OF FAS’s CONTRACTOR ASSESSMENTS PROGRAM	003	Date June 2017

Recommendation 003: Establish and implement a formal, national training curriculum for experienced Industrial Operations Analysts to cover, at a minimum, the number of required annual continuing education hours and appropriate subject areas for enhancing applicable knowledge and skills.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the GAO/IG Audit Response Division</u>	<u>Documentation Will be Sent Last Day</u>
001. Develop framework of the IOA curriculum continuous education program. (Include review by the Governance board)	Email framework of the IOA continuous education program to the GAO/IG Audit Management Division	NLT February 28, 2017
002. Develop draft IOA curriculum continuous education program.	Email the draft IOA continuous education program to the GAO/IG Audit Management Division	NLT May 30, 2017
003. Deliver final IOA curriculum continuous education program submission to Union and pending outcome of Union negotiation proceed with implementation to the IOA group.	Email Final curriculum to the H1G	NLT June 30, 2017

Appendix B – Report Distribution

GSA Administrator (A)

Commissioner (Q)

Deputy Commissioner (Q1)

Deputy Commissioner (Q2)

Chief of Staff (Q0A)

Senior Advisor (Q0A)

Program Analysis Officer (Q1A)

Assistant Commissioner, Office of Policy and Compliance (QV)

Financial Management Officer, FAS Financial Services Division (BGF)

Chief Administrative Services Officer (H)

Audit Management Division (H1EB)

Assistant Inspector General for Auditing (JA)

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