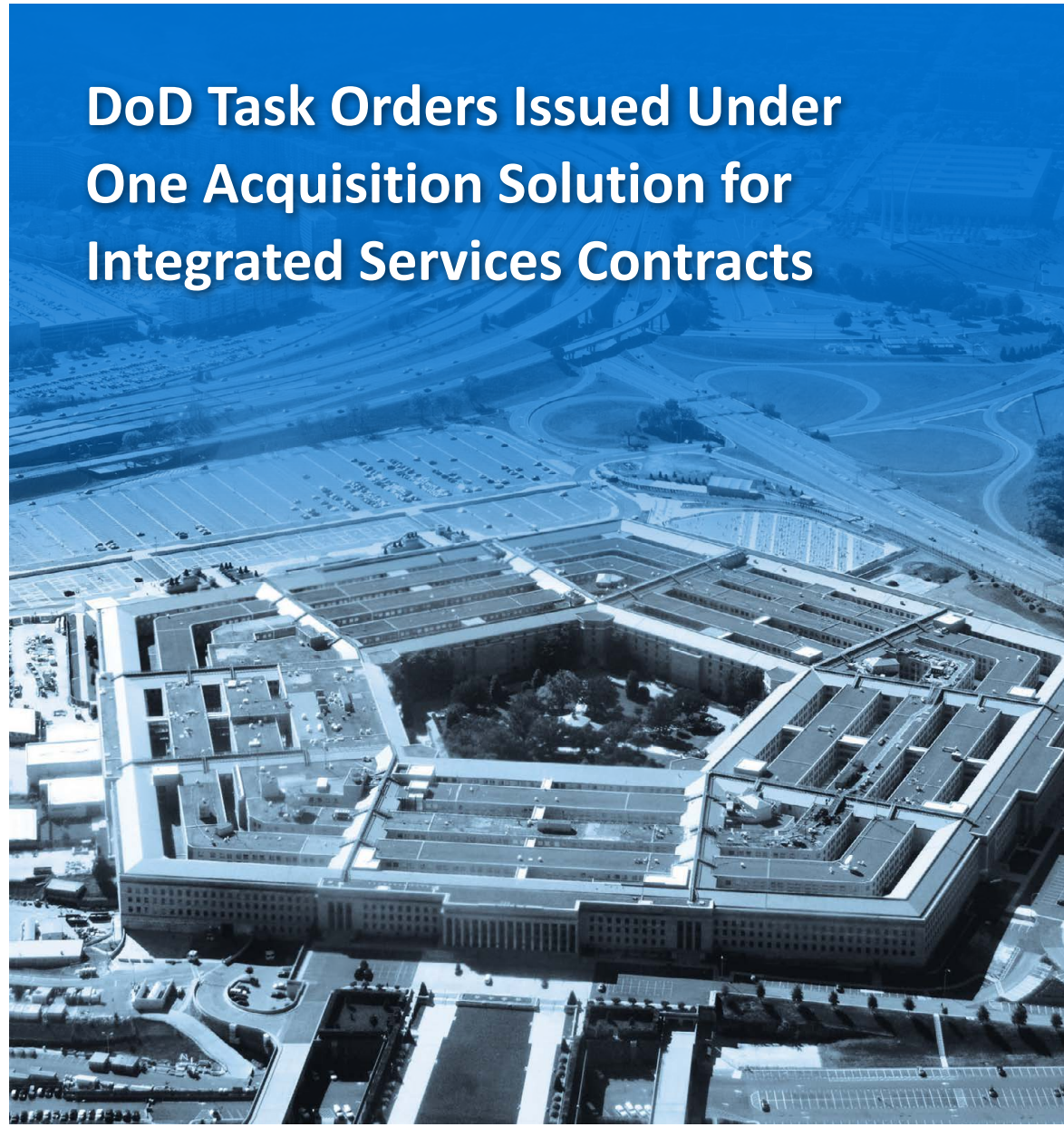




INSPECTOR GENERAL

U.S. Department of Defense

NOVEMBER 27, 2018



DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts

November 27, 2018

Objective

We determined whether the contractor employees met labor qualifications and whether the DoD was properly charged for task orders issued under the One Acquisition Solution for Integrated Services (OASIS) contracts. The OASIS contracts provide a full range of service requirements, including program management, management consulting, logistics, engineering, scientific, and financial services.

Background

The U.S. General Services Administration (GSA) Federal Acquisition Services (FAS) program management office is responsible for awarding, administering, and managing the OASIS base contracts. Since the establishment of OASIS in May 2014, the GSA FAS established seven multiple-award, indefinite-delivery, indefinite-quantity OASIS base contracts. All Federal agencies, including DoD agencies, can issue task orders under the OASIS base contracts. The OASIS base contracts define labor categories based on standard occupational classifications, as well as years of experience, education, duties, and responsibilities.

From September 2014 to October 2017, DoD contracting officers awarded 540 task orders under the OASIS base contracts with a total estimated ceiling value of \$7.1 billion and actual expenditures of \$950.5 million. We reviewed 12 task orders with total expenditures of \$245.3 million, primarily

Background (cont'd)

for program management, engineering, and scientific services issued by the Army, Air Force, and the Defense Advanced Research Projects Agency (DARPA). The Army and DARPA each issued one task order. The Air Force issued the remaining 10 task orders we reviewed.

Findings

The DoD was properly charged for 1,175 of 1,287 employees who met the labor category requirements for the 12 task orders. However, the DoD was improperly charged for 101 of 112 employees who did not meet the labor category requirements. In addition, the Air Force was unable to provide qualification documentation for 11 of 112 employees. This occurred because the Army, Air Force, and DARPA contracting officers did not validate 1,219 of 1,287 employee qualifications through resume reviews.

Furthermore, the DoD was charged for 41 of 1,175 employees who met the OASIS base contract requirements but did not have relevant education and work experience. This occurred because Army and Air Force contracting officers did not specify in the task order request for proposals that employees needed relevant education and years of work experience to meet the labor category requirements.

As a result, based on our statistical projection, Army, Air Force, and DARPA contracting officers authorized \$28 million of potential improper payments for incorrect contract costs. Additionally, contracting officers authorized \$574,162 of potential improper payments for employees who did not have qualification documentation. Finally, Army and Air Force contracting officers did not consider any potential impacts on the contracts' requirements in terms of performance and price before authorizing \$6.8 million for employees without relevant education and work experience.



Results in Brief

DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts

Recommendations

We make several recommendations to address our findings, including that the Defense Pricing and Contracting Director develop policy related to the qualifications of employees performing work on DoD task orders issued under the OASIS contracts and other applicable indefinite-delivery, indefinite-quantity service contracts.

Additionally, we recommend that the Army Contracting Command–Redstone Arsenal Executive Director; Air Force Life Cycle Management Center Commander; Air Force Research Laboratory Director; and Air Force Test Center Vice Commander require contracting officers to:

- Determine if the employees met the labor categories specified in task orders and, if not, take appropriate corrective action, including the recovery of improper payments.
- Report all improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate and notify the DoD OIG.

We do not make any recommendations to DARPA in this report. The corrective actions taken by DARPA officials are sufficient to reduce the risk of potential improper payments on the DARPA OASIS task order in the future.

Management Comments and Our Response

The Defense Pricing and Contracting Director agreed with our recommendation to develop guidance for the Military Departments and Defense Agencies. This recommendation is resolved but will remain open. We will close this recommendation when the Director

issues guidance to the Military Departments and Defense Agencies that ensures proper verification and documentation of labor categories, education, and work experience of contractor personnel performing work on OASIS and other indefinite-delivery, indefinite-quantity services contracts.

The Director for Management Support, Assistant Secretary of the Army (Acquisition, Logistics and Technology), responding for the Army Contracting Command–Redstone Executive Director, agreed with our recommendation. The Director agreed to determine if the employees meet the labor categories in the task order and report all improper payments. This recommendation is resolved but will remain open. We will close this recommendation when the Director provides the results of the review and the corrective actions taken, and reports any improper payments.

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics), responding for the Air Force Life Cycle Management Center Commander, Air Force Research Laboratory Director, and the Air Force Test Center Vice Commander, agreed with our recommendations. The Principal Deputy agreed to pursue recovery of any improper payments and report any improper payments. These recommendations are resolved but will remain open. We will close these recommendations when the Air Force completes the review to determine whether any employees did not meet the qualification requirements and a substitution was not approved; assesses whether the Government received any benefit from the performance received; recovers and reports any improper payments if it did not receive benefit.

Please see the Recommendations Table on the next page for the status of the recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Director, Defense Pricing and Contracting	None	1.a, 1.b, 1.c, 1.d	None
Executive Director, Army Contracting Command, Redstone Arsenal	None	2.a, 2.b	None
Commander, Air Force Life Cycle Management Center	None	3.a, 3.b	None
Director, Air Force Research Laboratory	None	4.a, 4.b	None
Vice Commander, Air Force Test Center	None	5.a, 5.b	None

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.





**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

November 27, 2018

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION
AND SUSTAINMENT
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE

SUBJECT: DoD Task Orders Issued Under One Acquisition Solution for Integrated Services
Contracts (Report No. DODIG-2019-029)

We are providing this report for your information and use. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments to a draft of this report when preparing the final report. Comments from the Director, Defense Pricing and Contracting, Executive Director, Army Contracting Command, Redstone Arsenal, and the Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) conformed to the requirements of DoD Instruction 7650.03; therefore, we do not require additional comments.

We appreciate the cooperation and assistance received during the audit. Please direct questions to Mr. Kenneth B. VanHove at (216) 535-3777 (DSN 499-9946).

A handwritten signature in black ink, reading "Theresa S. Hull", is positioned above the typed name.

Theresa S. Hull
Assistant Inspector General
Acquisition, Contracting, and
Sustainment

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Acronyms and Abbreviations

Introduction

Objective

We determined whether the contractor employees (employees) met labor qualifications and whether the DoD was properly charged for task orders issued under the One Acquisition Solution for Integrated Services (OASIS) contracts. See Appendix A for a discussion of the scope and methodology and prior audit coverage related to the objective.

Background

The U.S. General Services Administration (GSA) Federal Acquisition Services (FAS) program management office is responsible for awarding, administering, and managing the OASIS base contracts. Since the establishment of OASIS in May 2014, the GSA FAS established seven multiple-award, indefinite-delivery, indefinite-quantity OASIS base contracts. Indefinite-delivery, indefinite-quantity contracts provide for an indefinite quantity of supplies or services during a fixed period. The OASIS base contracts include standardized labor categories for program management, management consulting, logistics, engineering, scientific, and financial services based on the Office of Management and Budget's (OMB) Standard Occupational Classification system.¹ See Appendix B for a full list of the labor categories allowed under the OASIS base contracts. The OASIS base contracts further define the labor categories as Junior, Journeyman, Senior, and Subject Matter Expert based on years of experience, education, duties, and responsibilities. The OASIS base contracts also allow for additional work experience to be substituted for the educational requirements. See Appendix C for the description of the labor categories and the qualification substitution allowed under the OASIS base contracts. All federal agencies, to include DoD agencies, can issue task orders under any of the seven OASIS base contracts.

DoD Task Orders Issued Under OASIS Base Contracts

The Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contracting (DPC), is responsible for all contracting and procurement policy matters in the DoD. In FY 2017, DPC reported that the DoD obligated \$163.7 billion for knowledge-based, research and development, and facility-related services. The DoD established memorandums of understanding with GSA to use the OASIS base contracts for purchasing multiple program management, management consulting, logistics, engineering, scientific, and financial services.

¹ The OASIS base contracts state that OASIS labor categories have been mapped to the Standard Occupational Classification system for which the Bureau of Labor Statistics maintains compensation data.

The Federal Acquisition Regulation (FAR) 1.602-2, “Responsibilities,” designates contracting officers as the individuals responsible for ensuring compliance with the terms of the contract and safeguarding the interest of the United States in its contractual relationships. Contracting officers issue Request for Proposals (RFPs) to communicate Government requirements to prospective contractors and solicit proposals for DoD task orders under the OASIS base contracts. From September 2014 to October 2017, the DoD contracting officers awarded 540 task orders with a total estimated ceiling value of \$7.1 billion, with actual expenditures of \$950.5 million. Specifically:

- Department of the Army (Army) contracting officers issued 134 task orders, with obligations of \$379.5 million and expenditures of \$140.2 million;
- Department of the Navy contracting officers issued 80 task orders, with obligations of \$241.5 million and expenditures of \$133.1 million;
- Department of the Air Force (Air Force) contracting officers issued 292 task orders, with obligations of \$1.4 billion and expenditures of \$631.3 million; and
- Other Defense Agencies and Field Activities contracting officers issued 34 task orders, with obligations of \$101.8 million and expenditures of \$45.9 million.²

We reviewed 12 task orders, with total expenditures of \$245.3 million primarily for program management, engineering, and scientific services, issued by the Army, Air Force, and the Defense Advanced Research Projects Agency (DARPA). See Appendix A for the 12 task orders reviewed and Appendix D for specific details on our statistical sampling methodology. The U.S. Army Materiel Command, Army Contracting Command (ACC)–Redstone Arsenal, which provides contracting support for Army major weapon systems and services, issued 1 of the 12 task orders with total expenditures of \$68.2 million. The Air Force issued 10 of the 12 task orders, with total expenditures of \$152.7 million. Specifically:

- The Air Force Life Cycle Management Center (LCMC), which is responsible for total life-cycle management of Air Force weapon systems, issued six task orders with total expenditures of \$61.8 million.
- The Air Force Research Laboratory, which leads the discovery, development, and integration of warfighting technologies for the air, space, and cyberspace force, issued two task orders with total expenditures of \$45.3 million.

² The Other Defense Agencies and Field Activities are: the Office of the Under Secretary of Defense for Acquisition and Sustainment; DPC; and 27 different Defense Agencies including DARPA, the Defense Contract Audit Agency, the Defense Information Systems Agency, the Defense Threat Reduction Agency, and the U.S. Special Operations Command.

- The Air Force Test Center, which conducts developmental test and evaluation of air, space, and cyber systems, issued two task orders with total expenditures of \$45.6 million.

DARPA, which oversees investments in research and development technology programs, issued one of the 12 task orders, with total expenditures of \$24.4 million.

Review of Internal Controls

DoD Instruction 5010.40 requires the DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.³ We identified internal control weaknesses because the contracting officers did not validate 1,219 of 1,287 employee qualifications and did not specify in the task order RFPs that employees needed relevant education and years of work experience to meet labor category requirements. We will provide a copy of the report to the senior official responsible for internal controls in the Office of the Under Secretary of Defense for Acquisition and Sustainment, Army, and Air Force.

³ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

The DoD Was Improperly Charged for Unqualified Contractor Employees

The DoD was properly charged for 1,175 of 1,287 employees who met the labor category requirements for the 12 task orders. However, the DoD was improperly charged for 101 of 112 employees who did not meet the labor category requirements. In addition, the Air Force was unable to provide qualification documentation for 11 of 112 employees. This occurred because Army, Air Force, and DARPA contracting officers did not validate 1,219 of 1,287 employee qualifications through resume reviews.

Furthermore, the DoD was charged for 41 of 1,175 employees who met the OASIS base contract requirements but did not have relevant education and work experience. This occurred because Army and Air Force contracting officers did not specify in the task order RFPs that employees needed relevant education and years of work experience to meet the labor category requirements.

As a result, based on our statistical projection, Army, Air Force, and DARPA contracting officers authorized \$28 million of potential improper payments for incorrect contract costs. Additionally, contracting officers authorized \$574,162 of potential improper payments for employees who did not have qualification documentation.⁴ Finally, Army and Air Force contracting officers did not consider any potential impacts on the contracts' requirements in terms of performance and price before authorizing \$6.8 million for employees without relevant education and work experience. See Appendix D for the statistical sample and Appendix E for a chart of potential improper payments.

Employees Did Not Meet Labor Qualifications

The DoD was properly charged for 1,175 of 1,287 employees who met the labor category requirements for the 12 task orders. Employees met the labor category requirements based on education and years of work experience for the provided services. However, the DoD was improperly charged for 101 of 112 employees who did not meet the labor category requirements. The qualification documentation provided by contractors did not demonstrate that:

- 92 of 101 employees had the required education and years of work experience to meet the labor category requirements,

⁴ The \$574,162 potential improper payments are a projection across the universe of Army, Air Force and DARPA task orders. However, only Air Force sample items did not have qualification documentation.

- 6 of 101 employees had the required years of work experience because the contractor considered military deployments as double time and Reserve and Guard experience as entire work years, and
- 3 of 101 employees had the required security clearances.

In addition, the Air Force was unable to provide qualification documentation for 11 of 112 employees.

Employees Without Required Qualifications

Contractors did not demonstrate that 92 of the 101 employees had the required education and years of work experience to meet the labor categories for the provided services. For example, between August 2016 and July 2017, one contractor placed one employee in three different labor categories. The employee was not qualified for any of the three labor categories. The three labor categories included journeyman manager, journeyman engineer, and senior engineer. The journeyman manager and engineer positions both required a bachelor's degree and at least 3 years work experience, while the senior engineer position required a master's degree and a minimum of 10 years work experience. The task order allowed the substitution of 6 years' work experience for a bachelor's degree and 12 years' work experience for a master's degree.⁵ The employee, who had a high school diploma and 5 years of work experience, did not meet the qualifications for any of the three labor categories. The contractor billed the Air Force LCMC–Lackland Air Force Base (AFB) a total of \$67,321 for the three positions. The contractor stated that the employee was initially a subcontractor employee who was later hired by the prime contractor. The contractor further stated that the position would be recoded to reflect the appropriate labor category for which the employee qualified.

The employee, who had a high school diploma and 5 years of work experience, did not meet the qualifications for any of the three labor categories.

Employees' Military Experience Incorrectly Calculated

A contractor could not demonstrate that 6 of the 101 employees had the required years of work experience because the contractor considered military deployments as double time and Reserve and Guard experience as entire work years.⁶ Specifically, the contractor submitted labor charges to the Air Force Research Laboratory for three of the six employees with deployed military experience and counted the deployments as double time to meet the work experience requirement.

⁵ According to a GSA FAS official, when substituting years of experience for a degree, the employee must have the minimum experience for the labor category plus the years of experience for the degree substitution.

⁶ Deployment means the movement of troops to a place or position for military action, frequently to a foreign country.

...the contractor considered military deployments as double time and Reserve and Guard experience as entire work years.

For example, a junior intelligence analyst with a high school diploma needs 5 to 7 years of work experience. The contractor identified one employee as a junior intelligence analyst and

billed a total of \$32,979; however, the employee had only 4 years of military and 5 months of civilian work experience. The contractor stated that the employee was deployed two times for 7 months, a total of 14 months. However, the contractor stated that time should be counted as a total of 2 years and 4 months, a total of 28 months, of work experience because the individual worked over 80 hours per week during that time. The contractor could not provide criteria to support its calculations. According to a GSA FAS official, military experience should be counted per year worked and military deployments or reserve years should not be counted differently than other experience. The contractor should only count the employee's two 7-month deployments as 14 months of work experience. Therefore, the employee did not qualify as a junior intelligence analyst because the individual did not have the required 5 to 7 years of work experience.

The same contractor also submitted labor charges to the Air Force Research Laboratory for the other three of six employees with part-time Reserve and National Guard experience to meet the requirement for years of work experience. For example, a senior intelligence analyst with a high school diploma needed over 14 years of work experience. The contractor identified an employee as a senior intelligence analyst and billed a total of \$46,746. However, the employee only had 4 years of active military service, which included 1 ½ years of deployment; 5 years of Reserve experience, which included 1 year of activation; and 4 additional years of civilian work experience. The contractor stated that the employee had 5 ½ years active military experience, 6 years of Reserve experience, and 4 years of civilian experience. The contractor counted the Reserve and National Guard experience as an entire year of work experience; however, the annual service requirements for a Reserve or National Guard member are two weeks per year and one weekend per month, unless a member is activated or deployed.⁷ The contractor could not provide criteria to support its calculations. Furthermore, a GSA official stated that military experience should be counted per year worked and military deployments or reserve years should not be counted differently than other experience. Therefore, the employee did not qualify as a senior intelligence analyst because the individual did not have the required 14 years of work experience.

⁷ A Reservist or Guardsman who is activated is ordered to full-time active duty in the federal service.

Employees Without Required Security Clearances

Another contractor submitted labor charges to DARPA for 3 of 101 employees but could not demonstrate that the employees held the required security clearances. The DARPA task order required the contractor to hire a high-quality work force, capable of meeting all contract requirements, including established descriptions and qualifications for each labor category. Additionally, the task order identified key and non-key employees. Key employees are considered essential to the work being performed under the contract.⁸ The task order established that 60 percent of key employees require a Top Secret (TS) security clearance with Sensitive Compartmented Information (SCI) eligibility. For example, a senior executive assistant, who is considered a key employee, requires a bachelor's degree or a minimum of 10 years of specialized DoD experience and a TS security clearance with SCI eligibility. The performance work statement attached to the task order required that the employee possess the TS security clearance with SCI eligibility within 30 days after contract award. The contractor billed DARPA a total of \$102,672 for the senior executive assistant. However, while the employee had 12 years of DoD experience as a senior executive assistant, the employee did not meet the qualifications because she did not possess the required TS security clearance.

Employees Without Qualification Documentation

The Air Force was unable to provide qualification documentation for 11 of 112 employees. The Air Force and the contractor could not provide any qualification documentation for 11 employees to demonstrate that the employees met the labor categories. Specifically, Air Force LCMC–Wright-Patterson AFB and the contractor could not provide any qualification documentation for 6 of the 11 employees. The Air Force LCMC–Wright-Patterson AFB contracting officer stated that the Air Force does not review the employee's qualifications and it is the contractor's responsibility to provide qualified employees to support the contract requirements. The contractor stated that it staffed positions to meet program needs rather than check OASIS boxes and there was no negative impact on the quality of its employees.

The Air Force and the contractor could not provide any qualification documentation for 11 employees to demonstrate that the employees met the labor categories.

⁸ The OASIS base contracts state: "The Contractor shall assign a Corporate OASIS Program Manager and Corporate OASIS Contract Manager as Contractor Key Personnel to represent the Contractor as primary points-of-contact to resolve issues, perform administrative duties, and other functions that may arise relating to OASIS and task orders solicited and awarded under OASIS. Additional Key Personnel requirements may be designated by the contracting officer at the task order level."

Additionally, the Air Force Research Laboratory and the contractor could not provide any qualification documentation for the remaining 5 of the 11 employees. The Air Force Research Laboratory official stated that she does not check the employee qualifications unless there is an issue with the contractor’s performance. The contractor stated that these five employees were qualified but could not provide any qualification documentation.

Validation of Employee Qualifications

Army, Air Force, and DARPA contracting officers did not validate 1,219 of 1,287 employee qualifications. The contracting officers reviewed the qualifications of key employees, those employees considered essential to the work being performed under the task order, to determine if they met the labor categories based on years of experience and education. However, the contracting officers did not validate non-key employee qualifications. Non-key employees are employees that are not deemed key and their duties are defined in the performance work statement.

Key Employee Qualifications Were Validated

Army, Air Force, and DARPA contracting officers reviewed the qualifications of key employees to determine if they met the labor category requirements based on years of experience and education. Contracting officers included a requirement in 3 of the 12 task order RFPs for contractors to identify key employees and demonstrate that the individuals met the labor category requirements. The contractors identified 73 key employees for three task orders.⁹ See Table 1 for the total number of key employees for each task order.

Table 1. Number of Key Employees

Task Order	Contracting Office	Key Employees
FA8307-15-F-0012	Air Force LCMC-Lackland AFB	13
W31P4Q-15-F-0007	ACC-Redstone Arsenal	13
HR0011-16-F-0005	DARPA	47
Total		73

Source: Contractor proposals.

⁹ We reviewed 68 of the 73 key employees because 5 key employees on Task Order W31P4Q-15-F-0007 did not charge the voucher line items included in the sample.

Non-Key Employee Qualifications Were Not Validated

Army, Air Force, and DARPA contracting officers did not validate non-key employee qualifications. The task order RFPs did not require the review of non-key employee qualifications to determine if they met the labor categories based on years of experience and education. Army, Air Force, and DARPA contracting officers did not review the qualifications of 1,219 non-key employees we reviewed to determine if the employees met the qualifications. An Air Force official stated that performance concerns would occur if unqualified employees were used and that they have not had any reported concerns. Neither the Air Force nor the contractors could provide qualification documentation for 11 employees. Therefore, the contracting officers did not review the qualifications of the 11 employees. The DARPA task order, which did establish descriptions and qualifications for non-key employee labor categories, had an additional 55 non-key employees. Even though the DARPA task order established qualifications for non-key employees, the contracting officer stated that non-key employees are not required to meet minimum qualifications and are aligned to position descriptions. As a result, the DARPA contracting officer did not review the non-key employees. The contracting officers should determine if the employees met the labor categories specified in task orders and, if not, take appropriate corrective action, including the recovery of improper payments. Air Force officials should obtain qualification documentation to verify that the 11 employees met the labor categories stated in the task orders and, if not, take appropriate corrective action, including the recovery of improper payments.

Army, Air Force, and DARPA contracting officers did not validate employee qualifications while they performed work on the 12 task orders. Contracting officers authorize the Contracting Officer's Representatives (CORs) to perform specific

Army, Air Force, and DARPA contracting officers did not validate employee qualifications while they performed work on the 12 task orders.

technical and administrative functions; however, the contracting officer is the primary Government official responsible for ensuring compliance with contractual requirements.¹⁰ The DPC, "DoD COR Handbook," March 22, 2012, states that "CORs monitor contract performance and provide the contracting officer with documentation that identifies the contractor's compliance or noncompliance with the terms and conditions of the contract." The Handbook also states that the COR must continually monitor the contractor's performance throughout the

¹⁰ The term "Contracting Officer's Representative," is used primarily by the DoD. The Air Force uses the term "Quality Assurance Personnel," for an equivalent position.

contract. The COR can monitor contractor performance using a variety of inspection methods, including random or stratified sampling, 100 percent inspection, or periodic inspection or planned sampling. The Handbook explains that the objective of contract surveillance is to monitor contractor performance to verify that the services received are consistent with contract quality requirements. Additionally, a Quality Assurance Surveillance Plan (QASP) provides a guide for systematically and effectively monitoring the quality of the services received.

We determined that neither the contracting officers nor the CORs validated 1,219 non-key employee qualifications...

We determined that neither the contracting officers nor the CORs validated 1,219 non-key employee qualifications because the task orders and associated documents, including the RFP, performance work

statements, and QASP, do not require periodic verification of any key or non-key employee qualifications. Furthermore, the DoD obligates billions of dollars for services, and periodically validating employee qualifications on applicable indefinite-delivery, indefinite-quantity service contracts that require specific labor categories could reduce the potential for improper payments to unqualified employees. DPC should develop policy for the OASIS contracts, and all other applicable indefinite-delivery, indefinite-quantity service contracts, requiring contracting officers to develop verification procedures within the QASP to determine whether both key and non-key employees meet the labor categories specified in the task orders.

Validation of Employee Security Clearances

The DARPA contracting officer did not validate that employees had required security clearances. The contracting officer awarded task order HR0011-16-F-0005 on May 23, 2016. The performance work statement attached to the task order required 100 percent of key employees to possess and maintain an active secret or TS security clearance with SCI eligibility within 30 days after contract award. The task order also required 100 percent Government verification of key employee security clearances.

According to the task order performance work statement, the contracting officer can waive the minimum educational degree and years of experience requirements for all positions except for the prime contract program manager. However, the performance work statement does not state that the contracting officer can waive the required security clearance. DoD Manual 5200.01, Volume 1, "DoD Information Security Program: Overview, Classification, and Declassification," February 24, 2012, states that the contracting officer may grant access to classified information only if the person possess a valid and appropriate security clearance.

Specifically, DoD Manual 5200.01, Volume 1, states that persons are allowed access to classified information only if they:

- possess a valid and appropriate security clearance,
- executed an appropriate non-disclosure agreement, and
- have a valid need to know the information in order to perform a lawful and authorized governmental function.

DoD Manual 5200.02, “Procedures for the DoD Personnel Security Program,” April 3, 2017, further states that “[t]he employing activity determines access level based on eligibility, need-to-know, and the requirements of the position held.” The contracting officer determined that the appropriate level was a TS security clearance with SCI eligibility for some key employee labor categories. Therefore, those key employees must possess a valid TS security clearance with SCI eligibility.

However, we identified three key employees who did not have the required TS security clearances. In February 2016, the contractor identified within its proposal that one employee, who could perform the duties of a senior executive assistant, had been submitted for a TS security clearance but that it had not yet been granted. Nevertheless, DARPA paid \$102,672 for the employee without the required TS security clearance.

...we identified three key employees who did not have the required TS security clearances.

A second employee worked on the DARPA task order from May 2016 to July 2017 in a task lead analyst position without the required TS security clearance. On February 15, 2018, the contractor stated that it planned to have a discussion with the contracting officer to determine whether the task lead analytic position should continue to require a TS security clearance because this employee was able to perform the job without having a TS security clearance. However, the contracting officer has not yet changed the task lead analytic qualifications and has paid \$143,960 for the employee without the required TS security clearance.

Finally, the contractor proposed a replacement employee for the Task Lead Property and Record Management position. The Task Lead Property and Record Management position required a bachelor’s degree, DoD experience with a minimum of 2 years of specialized records management software experience, and a TS security clearance with SCI eligibility. The replacement employee had only 1 year of the required specialized records management software experience and a Secret security clearance. On September 6, 2016, the contractor requested a waiver for both the number of years of experience and the TS security clearance requirement. The contractor stated that the individual had a bachelor’s degree; 10 years of records management experience, 1 of which included the

implementation of the specialized management software; and an active DoD Secret security clearance. That same day, the contracting officer waived the specialized records management software experience and the TS security clearance; DARPA had already paid \$122,883 for the employee without the specialized experience and the required TS security clearance.

The three employees did not have the required TS security clearances and potentially had unauthorized access to TS and SCI material. DoD Manual 5200.01, Volume 3, "DoD Information Security Program: Protection of Classified Information," Incorporating Change 2, March 19, 2013, states that it is DoD policy to "[m]itigate the adverse effects of unauthorized access to classified information by investigating and acting upon reports of security violations and compromises of classified information." Additionally, the manual requires the head of the activity or activity security manager to "initiate an inquiry into the actual or potential compromise promptly to determine the facts and circumstances of the incident, and to characterize the incident as an infraction or a violation. At conclusion of the inquiry, a narrative of findings is provided in support of recommended additional investigative or other actions by the activity." The DARPA contracting officer should determine if the employees met the labor categories specified in the task order and, if not, take appropriate corrective action, including the recovery of improper payments. Additionally, the DARPA security manager should review the three employees without appropriate security clearances and determine if any TS data was compromised. At the conclusion of the review, the DARPA contracting officer should take appropriate corrective action, if required.

DARPA Officials Reviewed Potential Improper Payments and Security Clearances of Unqualified Employees

On August 7, 2018, the DARPA contracting officer conducted a review of the three employees and concluded that there were not any improper payments. Specifically, he identified that the three employees had additional qualifications that justified the additional payment values and no adverse performance documentation.

During our audit and when told of our findings, the DARPA contracting officer took the following corrective actions:

- On June 13, 2018, the performance work statement was modified to state that the contracting officer may waive the required level of security clearance in addition to the minimum degree and experience requirements based on a written rationale on why the proposed employee can meet contract requirements.

- On August 3, 2018, the performance work statement was further modified to alter performance objectives to measure the timelines of the contractor's submittal of clearance paperwork after a temporary waiver has been granted by the contracting officer. Additionally, the key personnel performance objective was updated to include providing the rationale for why the government should approve any waivers requested.
- On August 3, 2018, the COR tasked all functional leads to review current key employee qualifications to confirm security classification requirements are up to date. Once the results have been received, the contracting officer will negotiate any required changes to qualifications including any potential alterations to the fixed price.
 - *The COR tasked all functional leads to review current key employee qualifications to confirm security classification requirements are up to date.*
- The Services Division Director reminded all contracting officers of their responsibility to document decisions when exercising business judgements on behalf of the Government.

On August 1, 2018, the Director, Security and Intelligence Directorate, stated that the actions of the contracting officer waiving TS-SCI requirements for three employees did not result in a compromise of classified information. The Director stated that he reviewed the circumstances of the security concerns associated with the three employees and determined that their badges were appropriately annotated and coded to only allow the employees access to DARPA-controlled spaces at the Secret level and below. According to the Director, badge activity was checked for the three employees and none of the employees attempted unauthorized access to TS-SCI areas.

After we notified the DARPA officials, corrective actions were taken to sufficiently reduce the risk of potential improper payments on the DARPA OASIS task order and to confirm that no classified information was compromised. Therefore, we do not make any recommendations to DARPA in this report.

Employees with Unrelated Education and Years of Work Experience

The DoD was charged for 41 of 1,175 employees who met the OASIS base contract requirements but did not have relevant education and work experience. The standard labor categories in the OASIS base contracts require at least a bachelor's degree and, in some instances, a master's degree, plus a specific number of years

The OASIS base contracts did not require the education and years of work experience to be specifically related to the standard labor categories.

of work experience. However, the OASIS base contracts did not require the education and years of work experience to be specifically related to the standard labor categories. For example, the journeyman labor category required 3 to 10 years of work experience and a bachelor's or master's degree. The contractor identified an employee as a journeyman scientist and science technician and billed a total of \$17,673 to the ACC-Redstone Arsenal. The scientist and science technician labor category includes microbiologists, atmospheric and space scientists, materials scientists, anthropologists and archeologists, and forensic science technicians. The employee had 5 years of work experience as an application analyst and a Bachelor's of Science in Business Administration. The contractor stated that the bachelor's degree was sufficient since the contract requirements did not specifically state that the bachelor's degree needs to be related to the scientist and science technician labor category.

In another example, the contractor identified an employee as a junior program management specialist and billed a total of \$36,709 to the Air Force Test Center-Eglin AFB. The program management specialist labor category requires knowledge and experience in acquisition program management and general organizational procurement activities and processes. The junior labor category designation required a bachelor's degree or 6 years of work experience. The employee had a high school diploma and 8 years of work experience in motorcycle assembly and less than 1 year in aircraft scheduling. The contract requirements did not specifically state that the work experience needed to be related to the labor category, program management specialist. As a result, contractors submitted labor charges for employees that did not have relevant education and years of experience for the labor category.

Relevancy of Employee Education and Years of Work Experience

Army and Air Force contracting officers did not specify in the task order RFPs that employees needed relevant education and years of work experience to meet the labor category requirements. The OASIS base contracts require contracting officers to specifically state in the task order RFP whether the contractor must meet the standard labor categories established in the OASIS base contracts. The Army and Air Force RFPs only required contractors to use the standard labor categories established in the OASIS base contracts. However, the OASIS base contracts did not require that employees have education and years of work experience in a field relevant to the labor category.

A GSA FAS official stated that the established labor categories for the OASIS base contracts were general to allow for flexibility, but that contracting officers could specify in the task order that employees are required to have education and years of work experience in a field relevant to the labor category. The Army and Air Force contracting officers did not specify in the task order RFPs or task orders that employees needed relevant education and years of work experience to meet the labor categories.

The OASIS base contracts state that contractors may deviate from the labor category definitions as long as the deviations are clearly identified in the task order proposal. Additionally, the ordering guide for the OASIS base contracts states that contracting officers should evaluate any identified deviations from the education and years of work experience and document the rationale for accepting any

potential performance and price impacts on the agency's requirements.¹¹ We did not see any evidence that the Army and Air Force contracting officers evaluated the potential impacts on the contract requirements in terms of performance and price or documented the rationale for accepting employees who did not have relevant education or years of work experience. Although the task orders did not require that employees have relevant education and experience, it would be a

We did not see any evidence that the Army and Air Force contracting officers evaluated the potential impacts on the contract requirements in terms of performance and price or documented the rationale for accepting employees who did not have relevant education or years of work experience.

best practice for the contracting officers to review relevancy of education and experience. Furthermore, because the DoD obligated \$163.7 billion for knowledge-based research and development and facility-related services, this best practice should be applied to all other applicable indefinite-delivery, indefinite-quantity service contracts that require specific labor categories. Therefore, DPC should develop policy for DoD task orders issued under the OASIS contracts, and all other applicable indefinite-delivery, indefinite-quantity service contracts, requiring contracting officers to specify in the RFP that education and years of work experience should be relevant to the labor category. As allowed by the OASIS base contracts, the policy should include that contractors may deviate from relevant education and experience as long as the contractor clearly identifies the deviation in the proposal. In addition, the policy should require contracting officers to identify any proposed deviations from the relevant education and

¹¹ The ordering guide is written by GSA to help ordering offices effectively use the OASIS contracts.

experience qualifications in the contract file, consider any potential impacts on the agency's requirements in terms of performance and price, and document the reasons for accepting any proposed changes to the contract requirements.

Authorization of Questionable Costs and Services

Based on our statistical projection, Army, Air Force, and DARPA contracting officers authorized \$28 million of potential improper payments for incorrect contract costs. Public Law 111-204, "Improper Payments Elimination and Recovery Act of 2010," July 22, 2010, defines improper payments as any payment that should not have been made or that was made in an incorrect amount under contractual requirements. For example, one contractor was authorized improper payments of \$67,321 because an employee did not meet the qualifications for three labor categories.

Contracting officers authorized \$574,162 of potential improper payments for employees who did not have qualification documentation.

Additionally, contracting officers authorized \$574,162 of potential improper payments for employees who did not have qualification documentation. For example,

Air Force contracting officers authorized \$121,543 in potential improper payments for 6 of the 11 employees who did not have any qualification documentation. We were not able to determine the amount paid to the remaining five employees because a contractor could not provide the cost data even though the contract was a cost contract. The potential exists for additional improper payments because DoD contracting officers awarded 540 task orders with a total expended value of \$950.5 million and a total estimated ceiling value of \$7.1 billion. Public Law 111-204 requires DoD agencies that process payments to report improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, on an annual basis for annual financial reporting. If improper payments are identified, the Army and Air Force contracting officers should report all improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General (OIG).

Finally, Army and Air Force contracting officers did not consider any potential impacts on the contracts' requirements in terms of performance and price before authorizing \$6.8 million for employees without relevant education and work experience. The DoD COR Handbook emphasizes that it is vital to ensure that contractors provide quality services because of the critical reliance on contractor support and large expenditures involved. The employees provided engineering and

scientific services, which are highly technical and require an advanced education and years of relevant professional experience. Without the relevant education and years of work experience, the potential exists that the employees provided questionable services.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Director, Defense Pricing and Contracting, develop policy for the DoD task orders issued under the One Acquisition Solution for Integrated Services contracts, and other applicable indefinite-delivery, indefinite-quantity service contracts, that requires contracting officers to:

- a. Develop verification procedures within the quality assurance surveillance plan to determine whether employees meet the labor categories specified in the task orders.**
- b. Specify in the request for proposals that education and years of work experience should be relevant to the labor category but that contractors may deviate from relevant education and years of work experience as long as the contractor clearly identifies the deviation in the proposal.**
- c. Identify any proposed deviations from the relevant education and year of work experience qualifications in the contract files, considering any potential performance and price impacts on the agency's requirements.**
- d. Document the reasons for accepting any proposed changes to the contract requirements.**

Director, Defense Pricing and Contracting Comments

The Defense Pricing and Contracting Director agreed with our recommendation. The Director agreed to prepare guidance to the Military Departments and Defense Agencies in coordination with the Deputy Assistant Secretary of Defense Acquisition Enabler's Director of Services Acquisition and the General Services Administration's OASIS program office. The Director agreed that processes and procedures should be in place to ensure proper verification and documentation of labor categories, education, and work experience of contractor personnel performing work on OASIS and other indefinite-delivery, indefinite-quantity services contracts. In addition, the Director agreed that any deviations from qualifications should be clearly identified and documented. The Director anticipates issuing the guidance by the end of February 2019.

Our Response

Recommendations 1.a, 1.b, 1.c, and 1.d are resolved but will remain open. We will close these recommendations when the Director issues guidance to the Military Departments and Defense Agencies that ensures proper verification and documentation of labor categories, education, and work experience of contractor personnel performing work on OASIS and other indefinite-delivery, indefinite-quantity services contracts.

Recommendation 2

We recommend that the Executive Director, Army Contracting Command, Redstone Arsenal, require the contracting officer to:

- a. Determine if the employees met the labor categories specified in task order W31P4Q-15-F-0007 and, if not, take appropriate corrective action, including the recovery of improper payments.**
- b. Report all improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General.**

Director for Management Support, Assistant Secretary of the Army (Acquisition, Logistics and Technology)

The Director for Management Support, Assistant Secretary of the Army (Acquisition, Logistics and Technology), responding for the Army Contracting Command–Redstone Executive Director, agreed with our recommendations. The Director stated that the Army Contracting Command–Redstone contracting officer will initiate the process of determining if the employees meet labor categories specified in task order W31P4Q-15-F-0007 on or around October 31, 2018. Additionally, the contracting officer will provide a progress report to the DoD Office of Inspector General on the results of the determination and the status of any resulting corrective actions, including the reporting of improper payments, by December 31, 2018.

Our Response

Recommendations 2.a and 2.b are resolved but will remain open. We will close these recommendations when Army Contracting Command–Redstone provides the results of the labor category review process and the corrective actions taken, reports any improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notifies the DoD Office of Inspector General of the actions.

Recommendation 3

We recommend that the Commander, Air Force Life Cycle Management Center, require contracting officers to:

- a. Determine if the employees met the labor categories, to include the six employees with no qualification documentation, specified in task orders FA8307-15-F-0012 and FA8622-15-F-8100 and, if not, take appropriate corrective action, including the recovery of improper payments.**
- b. Report all improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General.**

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics), responding for the Air Force LCMC Commander, agreed with our recommendations. The Principal Deputy stated that the Air Force LCMC does not believe that improper payments were made. The Air Force LCMC determined that prices were fair and reasonable under a competitive non-personal service task order using a Performance Work Statement, which holds the contractor accountable for delivering services that meet the quality threshold necessary for supporting Air Force LCMC mission partners. Any deviations from the labor category requirements would only be authorized by the contracting officer, not a contractor unilaterally making changes. The Air Force LCMC has documented its satisfaction with the contractor's non-personal performance, and because it authorized any deviations from the labor category requirements, the Air Force LCMC believes no improper payments were made.

In addition, the Principal Deputy stated that if any employees did not meet the qualification requirements and that a substitution was not approved, the Air Force LCMC would assess whether the Government received any benefit from the performance. If the Air Force LCMC is able to justify it did not receive a benefit and the payment was improper, then recovery of payment will be pursued. The Air Force LCMC will report any improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General. The Principal Deputy's estimated completion date is December 31, 2018.

Our Response

Our analysis identified 72 employees supporting the Air Force LCMC task order who did not have the required education and years of work experience to meet the labor categories for the provided services. For example, the Air Force LCMC-Lackland Air Force Base contracting officer authorized potential improper payments of \$67,321 to an employee who did not meet the qualifications for three labor categories. The contracting officer could not support any approved deviations from the labor category requirements. When we identified this concern, the contractor agreed to recode the employee to reflect the appropriate labor category for which the employee was qualified. Additionally, the Air Force LCMC-Wright Patterson Air Force Base contracting officer authorized \$121,543 in potential improper payments for six employees for whom the contracting officer and the contractor could provide no qualification documentation. The contracting officer stated that the Air Force does not review the employee's qualifications or approve the deviations from the labor category requirement and that it is the contractor's responsibility to provide qualified employees to support the contract requirements.

The Principal Deputy agreed that if any employees did not meet the qualification requirements and that a substitution was not approved, the Air Force LCMC would assess whether the Government received any benefit from the performance. The ordering guide for the OASIS base contracts states that contracting officers should evaluate any identified deviations from the education and years of work experience and document the rationale for accepting any potential performance and price impacts on the agency's requirements. If the Air Force LCMC is able to justify it did not receive a benefit and the payment was improper, then recovery of payment will be pursued. The Air Force LCMC will report any improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General.

As a result, Recommendations 3.a and 3.b are resolved but will remain open. We will close these recommendations when the Air Force LCMC completes its review and provides its results to determine if any employees did not meet the qualification requirements and the Air Force did not receive a benefit. Additionally, the Air Force LCMC must demonstrate it has taken appropriate corrective actions to recover any improper payments and report the improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General.

Recommendation 4

We recommend that the Director, Air Force Research Laboratory, require contracting officers to:

- a. Determine if the employees met the labor categories, to include the five employees with no qualification documentation, specified in task order FA8750-15-F-0129 and FA8750-16-F0082 and, if not, take appropriate corrective action, including the recovery of improper payments.**
- b. Report all improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General.**

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics), responding for the Air Force Research Laboratory Director, agreed with the intent of our recommendations. The Principal Deputy stated that the Air Force Research Laboratory has no evidence of overpayments on either of its task orders. However, the Air Force Research Laboratory will perform periodic sample reviews of vouchers and payroll records to verify that charges for the services delivered were reasonable, accurate, and consistent with technical and financial progress reports submitted to the COR. If problems are found, the number of reviews could be expanded. The Principal Deputy stated that a corrective action plan will be implemented to reinforce the principles for contract surveillance identified in the DoD COR Handbook. This will include the documentation of local procedures and training materials for contracting officers and COR on how to conduct periodic voucher and invoice reviews. The training materials will ensure that QASPs for each services contract describe the procedures to be used for each effort.

In addition, the Principal Deputy stated that if any employees did not meet the qualification requirements and a substitution was not approved, the Air Force Research Laboratory will assess whether the Government received any benefit from the performance. If the Air Force Research Laboratory is able to justify that it did not receive benefit and the payment was improper, then recovery of payment will be pursued. The Air Force Research Laboratory will report any improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General. The Principal Deputy's estimated completion date is December 31, 2018.

Our Response

Our analysis identified nine employees supporting the Air Force Research Laboratory task orders who did not have the required education and years of work experience to meet the labor categories for the provided services. For example, the Air Force Research Lab contracting officer authorized potential improper payments of \$32,979 to an employee who did not meet the work experience qualification for a junior intelligence analyst. Additionally, the contracting officer authorized potential improper payments for five employees for whom the contracting officer and the contractor could provide no qualification documentation. The contracting officer stated that she does not check the employee qualifications unless there is an issue with the contractor's performance.

The Air Force Research Laboratory agreed to:

- conduct periodic sample reviews of vouchers and payroll records to verify that charges for the services delivered were reasonable, accurate, and consistent with technical and financial progress reports;
- develop a corrective action plan, which includes documentation of local procedures and training materials on how to conduct periodic voucher and invoice reviews, to reinforce the principles for contract surveillance identified in the DoD COR Handbook;
- assess whether the Government received any benefit from the performance, as allowed by the ordering guide for the OASIS base contracts, if any employees did not meet the qualification requirements and a substitution was not approved;
- recover any improper payments if it did not receive any benefits; and
- report any improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General.

As a result, Recommendations 4.a and 4.b are resolved but will remain open. We will close these recommendations when the Air Force Research Laboratory completes its review and provides its results to determine if any employees did not meet the qualification requirements and the Air Force did not receive a benefit. Additionally, the Air Force Research Laboratory must demonstrate it has taken appropriate corrective actions to recover any improper payments and report the improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General.

Recommendation 5

We recommend that the Vice Commander, Air Force Test Center, require contracting officers to:

- a. Determine if the employees met the labor categories specified in task orders FA2486-16-F-0033 and FA2486-16-F-0034 and, if not, take appropriate corrective action, including the recovery of improper payments.**
- b. Report all improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General.**

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics), responding for the Air Force Test Center Vice Commander, agreed with our recommendations. The Principal Deputy stated that prior to the contractor providing services, the procurement contracting officer noted that some proposed contractor employee requests did not have the required work experience. The procurement contracting officer rejected those requests and required the contractor to provide the relevant experience details in the Qualification Substitution Requests. The procurement contracting officer rejected subsequent requests that did not have the required level of detail and the contractor had to resubmit the request with relevant experience or hire a new candidate.

In addition, the Principal Deputy stated that if any employees did not meet the qualification requirements and a substitution was not approved, the Air Force Test Center would assess whether the Government received any benefit from the performance. If the Air Force Test Center is able to justify it did not receive a benefit and the payment was improper, then recovery of payment will be pursued. The Air Force Test Center will report any improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General. The Principal Deputy's estimated completion date is December 31, 2018.

Our Response

Based on our analysis, we identified five employees supporting the Air Force Test Center who did not have relevant education and work experience. For example, the contractor identified an employee who, as a junior program management specialist, did not have enough relevant program management specialist experience but for whom the contractor billed a total of \$36,709 to the Air Force Test Center-Eglin

Air Force Base. However, the Principal Deputy agreed that if any employees did not meet the qualification requirements and a substitution was not approved, the Air Force Test Center would assess whether the Government received any benefit from the performance. The ordering guide for the OASIS base contracts states that contracting officers should evaluate any identified deviations from the education and years of work experience and document the rationale for accepting any potential performance and price impacts on the agency's requirements. Additionally, if the Air Force Test Center is able to justify it did not receive a benefit and the payment was improper, then recovery of payment will be pursued. Finally, the Air Force Test Center will report any improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General.

As a result, Recommendations 5.a and 5.b are resolved but will remain open. We will close these recommendations when the Air Force Test Center completes its review and provides its results to determine if any employees did not meet the qualification requirements and the Air Force did not receive a benefit. Additionally, the Air Force Test Center must demonstrate it has taken appropriate corrective actions to recover any improper payments and report the improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate, and notify the DoD Office of Inspector General.

Appendix A

Scope and Methodology

We conducted this performance audit from December 2017 through September 2018 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.

To determine whether employees met the labor qualifications and the DoD was properly charged for task orders issued under the OASIS base contracts, we met with officials from the following organizations to identify roles and responsibilities and obtain contract documentation.

- DPC, Office of the Under Secretary of Defense for Acquisition and Sustainment
- Assistant Secretary of the Army (Acquisition, Logistics and Technology)
- Army Materiel Command
- ACC-Redstone Arsenal, Huntsville, Alabama
- Assistant Secretary of the Navy for Research, Development and Acquisition
- Assistant Secretary of the Air Force for Acquisition
- Air Force LCMC, Lackland AFB, San Antonio, Texas; Peterson AFB, Colorado Springs, Colorado; and Wright-Patterson AFB, Dayton, Ohio
- Air Force Research Laboratory, Rome, New York
- Air Force Test Center, Eglin AFB, Florida
- Defense Advanced Research Projects Agency
- U.S. General Services Administration, Federal Acquisition Services
- U.S. General Services Administration Office of Inspector General
- ten Defense contractors

GSA FAS provided a listing of task orders issued under OASIS, from September 2014 to October 2017. The universe included 622 task orders with a total estimated value of \$14.6 billion. The DoD awarded 540 of the 622 task orders with a total estimated ceiling value of \$7.1 billion. The DoD expended \$950.5 million of the total estimated ceiling value of \$7.1 billion. We sorted the 540 DoD task orders to identify 141 task orders with expenditures of \$370.9 million that were primarily for engineering services, engineering for military and aerospace equipment, or engineering for military weapons. We identified 15 of the 141 task orders, valued at \$300.8 million, that had expenditures of more than \$5 million.

We obtained voucher data that included the task order number, line item accounting, and the voucher line item amounts for the 15 task orders from the Corporate Electronic Document Management System (CEDMS), which is a system to collect and maintain various types of hard copy source documents, including vouchers. We did not include 3 of the 15 task orders because CEDMS did not produce voucher results with the task order number. The remaining 12 task orders were for the Army, Air Force, and DARPA. The 12 task orders included 11,893 voucher line items totaling \$277.3 million. We identified 1,287 of the 11,893 voucher line items with total expenditures of \$245.3 million that were greater than \$40,000.¹² We selected a statistical sample of 138 voucher line items totaling \$53.2 million. See Appendix D for the statistical sample plan. The 138 voucher line items were for program management services, engineering services, and scientific services. See Table 2 for the number of task order voucher line items for each agency, the contracting office, and the total value of the line items.

Table 2. Task Order Voucher Line Items for each Agency, the Contracting Office, and the Total Value of the Line Items

Agency	Contracting Office	Task Order	Voucher Line Items	Dollar Value
Air Force	Air Force LCMC-Lackland AFB	FA8307-15-F-0012	10	\$5.5 million
Air Force	Air Force LCMC-Peterson AFB	FA8726-15-F-0020	1	\$232,403
Air Force	Air Force LCMC-Wright-Patterson AFB	FA8622-15-F-8100	18	\$10.6 million
Air Force	Air Force LCMC-Wright-Patterson AFB	FA8622-15-F-8107	1	\$47,945
Air Force	Air Force LCMC-Wright-Patterson AFB	FA8622-15-F-8108	7	\$401,489
Air Force	Air Force LCMC-Wright-Patterson AFB	FA8622-15-F-8113	2	\$249,495
Air Force	Air Force Research Laboratory	FA8750-15-F-0129	22	\$4.9 million
Air Force	Air Force Research Laboratory	FA8750-16-F-0082	4	\$1.9 million
Air Force	Air Force Test Center-Eglin AFB	FA2486-16-F-0033	16	\$4.5 million
Air Force	Air Force Test Center-Eglin AFB	FA2486-16-F-0034	13	\$5.7 million
Army	ACC-Redstone Arsenal	W31P4Q-15-F-0007	34	\$8.6 million
DARPA	DARPA	HR0011-16-F-0005	10	\$10.5 million
Total			138	*\$53.2 million

*Total does not equal the actual sum due to rounding.
 Source: CEDMS

¹² We eliminated the voucher line items with amounts below \$40,000 because the audit focused on engineering services, which are typically higher-dollar-value line items.

We met with the contracting offices to discuss their verification of contractor and subcontractor employee qualifications. Specifically, we obtained the RFPs, task orders, performance work statements and attachments, price negotiation documentations, contractor proposals, COR delegation memorandums, and the QASPs. Additionally, we requested invoices, names of contractor and subcontractor employees that performed the work, labor rates and hours, and a description of the services provided. Finally, we requested resumes and other documentation to determine whether the contractor or subcontractor employees met the qualifications to perform the work. The contractors provided the invoices, resumes, time and attendance records, labor rates and hours, and description of specific services provided.

We reviewed 1,287 contractor and subcontractor employee resumes assigned to the 138 voucher line items to determine if they met the qualifications specified in the task orders or OASIS base contracts. We did not review the qualifications for 11 of the 1,287 employees because the Air Force and contractors could not provide qualification documentation. Additionally, one contractor could not provide the costs paid to 5 of the 11 employees supporting the Air Force Research Laboratory. Four employees who did not meet the labor category requirements or relevant education did not have documentation for costs paid. See Table 3 for total number of contractor and subcontractor employee resumes reviewed by task order.

Table 3. Total Number of Contractor and Subcontractor Employee Resumes Reviewed by Task Order

Task Order	Contractor and Subcontractor Resumes Reviewed
FA8307-15-F-0012	78
FA8726-15-F-0020	21
FA8622-15-F-8100	162
FA8622-15-F-8107	7
FA8622-15-F-8108	42
FA8622-15-F-8113	10
FA8750-15-F-0129	99
FA8750-16-F-0082	49
FA2486-16-F-0033	169
FA2486-16-F-0034	169
W31P4Q-15-F-0007	434
HR0011-16-F-0005	47
Total	1,287

Source: Ten Defense contractors.

We verified whether the contractor and subcontractor employees' labor rates were appropriate based on experience and established qualifications. We compared the contractor and subcontractor employees' labor rates to labor rates established in the contractor proposals and the independent government cost estimates.

We reviewed the following Federal and DoD guidance related to improper payments, contracting officer and COR responsibilities, and security clearances.

- Public Law 111-204, "Improper Payments Elimination and Recovery Act of 2010," July 22, 2010
- Federal Acquisition Regulation 1.602-2, "Responsibilities"
- DoD Manual 5200.01, Volume 1, "DoD Information Security Program: Overview, Classification, and Declassification," February 24, 2012
- DoD Manual 5200.01, Volume 3, "DoD Information Security Program: Protection of Classified Information," Incorporating Change 2, March 19, 2013
- DoD Manual 5200.02, "Procedures for the DoD Personnel Security Program" April 3, 2017
- DPC, "DoD COR Handbook," March 22, 2012

Use of Computer-Processed Data

We used computer-processed data obtained from the GSA OASIS Excel spreadsheet and CEDMS to perform this audit. A GSA official manually entered task order information into the OASIS Excel spreadsheet from the GSA Contract Payment Report Module and Ordering Contracting Officer Forms submitted from other Federal Government contracting officers. We compared hard copy task orders to the task order information in the GSA OASIS Excel spreadsheet. In addition, we obtained task order voucher data from CEDMS. We compared the task order voucher data to hard copy contractor invoices provided by the contracting officers and contractors. Based on our comparisons, we determined that the data were sufficiently reliable for the purposes of this report.

Use of Technical Assistance

The DoD OIG Quantitative Methods Division assisted with the project sample selection and statistical projection of results. See Appendix D for the statistical sample plan.

Prior Coverage

During the last 5 years, the DoD OIG and GSA OIG issued two reports discussing the use of the OASIS contracts and qualifications of employees. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports>. Unrestricted GSA Inspector General reports can be accessed at <https://www.oversight.gov>.

DoD OIG

Report No. DODIG-2014-073, "Northrop Grumman Improperly Charged Labor for the Counter Narco-terrorism Technology Program," May 13, 2014

The audit determined if the DoD was properly charged the correct labor rates for the Counter Narco-terrorism Technology Program on contract W9113M-07-D-0007. The DoD OIG found that for nearly 6 years, Northrop Grumman did not properly charge the correct labor rates for the Counter Narco-terrorism Technology Program. Specifically, Northrop Grumman submitted labor charges performed by 360 DynCorp employees who did not meet the qualifications specified in the contract. Northrop Grumman officials submitted labor charges for an additional 33 DynCorp employees who may not have met the qualifications specified in the contract. As a result, ACC-Redstone Arsenal authorized questionable costs of \$91.4 million for labor performed by unqualified employees. ACC-Redstone Arsenal may have authorized additional questionable costs of \$10 million for 33 DynCorp employees who were not reviewed. These questionable costs are potentially improper payments.

GSA OIG

Report No. A160025/Q/9/P17002, "Audit of Federal Acquisition Services Use of the OASIS Contract Vehicle," April 20, 2017

The audit determined if the FAS Assisted Acquisitions awarded task orders under the OASIS contract vehicle in accordance with the price evaluation and negotiation provisions established under Federal Acquisition Regulations and GSA policies. The GSA OIG found that Assisted Acquisitions personnel complied with price evaluation and negotiation provisions when awarding OASIS task orders and there were no reportable audit findings. However, they noted that seven of the nine competitive task orders received less than three bids from qualified contractors and Assisted Acquisitions may be able to increase competition on OASIS task orders by requiring contracting officers to obtain three bids, providing contractors with advance notice, and soliciting feedback from qualified contractors that did not submit a bid. Additionally, the Electronic Contract Files did not contain all required documents and may have lacked the information Assisted Acquisitions personnel needed to justify their decision to award and properly administer the contract. FAS should consider specifying in its guidance which documents should be included in the Electronic Contract Files to comply with requirements.

Appendix B

OASIS Base Contract Labor Categories Based on the OMB Standard Occupational Classification System

The OASIS base contracts included 28 different labor categories and 6 exceptions under the professional, scientific, and technical sectors. Specifically, the OASIS base contracts included standardized labor categories for program management, management consulting, logistics, engineering, scientific, and financial services. See Table 4 for the 28 different labor categories and 6 labor categories exceptions.

Table 4. OASIS Labor Categories and Exceptions

Count	Labor Categories
1	Engineering Services
2	Geophysical Surveying and Mapping Services
3	Surveying and Mapping (Except Geophysical) Services
4	Testing Laboratories
5	Administrative Management and General Management Consulting Services
6	Human Resources Consulting Services, Human Resources and Executive Search Consulting Services
7	Marketing Consulting Services
8	Process, Physical Distribution, and Logistics Consulting Services
9	Other Management Consulting Services
10	Environmental Consulting Services
11	Other Scientific and Technical Consulting Services
12	Advertising Agencies
13	Public Relations Agencies
14	Media Buying Agencies
15	Media Representatives
16	Outdoor Advertising
17	Direct Mail Advertising
18	Advertising Material Distribution Services
19	Other Services Related to Advertising
20	Marketing Research and Public Opinion Polling

Count	Labor Categories
21	All Other Professional, Scientific, and Technical Services
22	Offices of Certified Public Accountants
23	Tax Preparation Services
24	Payroll Services
25	Other Accounting Services
26	Research and Development in the Social Sciences and Humanities
27	Research and Development in Biotechnology
28	Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)
Count	Labor Category Exceptions
1	Engineering for Military and Aerospace Equipment and Military Weapons
2	Engineering for Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992
3	Engineering for Marine Engineering and Naval Architecture
4	Research and Development in Aircraft Parts, and Auxiliary Equipment, and Aircraft Engine Parts
5	Research and Development in Space Vehicles and Guided Missiles, their Propulsion Units, their Propulsion Units Parts, and their Auxiliary Equipment and Parts
6	Research and Development in Aircraft

Source: GSA FAS OASIS Base Contracts.

Appendix C

OASIS Base Contract Labor Categories Based on Experience, Education and Related Factors

The OASIS base contracts further defined the labor categories into the following labor category designations based on years of experience, education, duties, and responsibilities: Junior, Journeyman, Senior, and Subject Matter Expert. See Table 5 for the description of OASIS labor categories.

Table 5. OASIS Labor Categories

Category	Description
Junior	An employee in the junior labor category has up to 3 years of experience and a Bachelors of Arts or Science degree and is responsible for assisting positions that are more senior.
Journeyman	An employee in the journeyman labor category has 3 to 10 years of experience and a Bachelors of Arts or Science degree or a Masters of Arts or Science degree. A journeyman typically performs all functional duties independently.
Senior	An employee in the senior labor category has over 10 years of experience and a Masters of Arts or Science degree and typically works on high-visibility or mission critical aspects of a given program and performs all functional duties independently. An employee in the senior labor category may oversee the efforts of less senior staff and may be responsible for the efforts of all staff assigned to a specific job.
Subject Matter Expert	A subject matter expert is an individual whose qualifications are exceptional and may be unique. Subject matter experts are typically identified as industry leaders for a given area of expertise.

Source: GSA FAS OASIS Base Contracts.

Additionally, the OASIS base contracts allowed for a substitution of educational degrees and work experience to meet labor qualifications. See Table 6 for the description of OASIS qualification substitution.

Table 6. Qualification Substitution

Degree	Substitute Degree and Experience	Substitute Work Experience
Bachelor's	Associate's Degree plus 4 years' work experience	6 years' work experience
Master's	Bachelor's Degree plus 8 years' work experience	12 years' work experience
Doctorate's	Bachelor's Degree plus 16 years' work experience or a Master's Degree plus 12 years' work experience	20 years' work experience

Source: GSA FAS OASIS Base Contracts.

Appendix D

Statistical Sample

Population. The population consisted of 12 task orders that included 11,893 voucher line items totaling \$277.3 million. We identified 1,287 of the 11,893 voucher line items with total expenditures of \$245.3 million that were greater than \$40,000.

Sample Plan. The DoD OIG Quantitative Methods Division designed a stratified sampling plan to determine whether the employees met labor qualifications and the DoD was properly charged for task orders issued under the OASIS base contracts. The Division stratified the population into six strata by voucher line item amount and selected a random sample of 138 voucher line items totaling \$53.2 million. See Table 7 for our population and sampling plan.

Table 7. Population and Sampling Plan

Stratum	Population Size	Dollar Value	Sample Size	Dollar Value
>=\$721,004	43	\$43,367,589	25	\$24,886,242
>=\$404,390<721,004	119	\$64,839,788	29	\$15,632,074
>=\$226,810<\$404,390	139	\$41,307,072	21	\$6,474,825
>=\$127,211<\$226,810	268	\$45,276,632	21	\$3,263,614
>=\$71,349<\$127,211	296	\$27,834,183	21	\$1,861,598
<\$71,349	422	\$22,646,996	21	\$1,050,044
Totals	1,287	\$245,272,260	138	*\$53,168,398

*Total does not equal the actual sum due to rounding.

Source: CEDMS.

Analysis and Interpretation. Table 8 provides the Quantitative Methods Division statistical projection of these amounts across the population at a 95 percent confidence level.

Table 8. Projection of Potential Improper Payments

	Contractor Employees Not Qualified	Contractor Employees Without Qualification Documentation	Contractor Employees With Unrelated Education and Years of Work Experience
Upper bound	\$36,078,557	\$1,022,904	\$8,400,993
Point estimate	\$27,966,892	\$574,162	\$6,800,166
Lower bound	\$19,855,227	\$125,420	\$5,199,339

Source: The DoD OIG.

Appendix E

Chart of Potential Improper Payments

Recommendation	Type of Benefit	Amount of Benefit
2.a; 3.a; 4.a; and 5.a	Potential improper payments. Recoup improper payments paid to the contractor for employees that did not meet labor categories.	\$28 million
3.a and 4.a	Potential improper payments. Recoup improper payments paid to the contractor for employees that did not have any qualification documentation.	\$574,162

Management Comments

Director, Defense Pricing and Contracting



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

OCT 23 2018

MEMORANDUM FOR PROGRAM DIRECTOR, ACQUISITION, CONTRACTING, AND SUSTAINMENT, OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Draft Report on Department of Defense Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts (Project No. D2018-D000AT-0062.000)

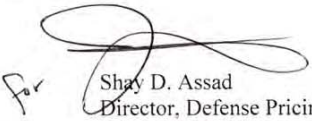
As requested, I am providing responses to Recommendation 1 in the subject report.

Recommendation 1: We recommend that the Director, Defense Pricing and Contracting, develop policy for the DoD task orders issued under the One Acquisition Solution for Integrated Services (OASIS) contracts, and other indefinite-delivery, indefinite-quantity services contracts, that requires contracting officers to:

- a. Develop verification procedures within the quality assurance surveillance plan to determine whether employees meet the labor categories specified in the task orders.
- b. Specify in the request for proposals that education and years of work experience should be relevant to the labor category but that contractors may deviate from relevant education and years of work experience as long as the contractor clearly identifies the deviation in the proposal.
- c. Identify any proposed deviations from the relevant education and year of work experience qualifications in the contract files, considering any potential performance and price impacts on the agency's requirements.
- d. Document the reasons for accepting any proposed changes to the contract requirements.

Response: Concur. Defense Pricing and Contracting (DPC) agrees that processes and procedures should be in place to ensure proper verification and documentation of labor categories, education, and work experience of contractor personnel performing work on OASIS and other indefinite-delivery, indefinite-quantity services contracts. DPC also agrees that any deviations from these qualifications need to be clearly identified and documented. The Department will prepare guidance to the Military Departments and Defense Agencies in coordination with the Deputy Assistant Secretary of Defense Acquisition Enabler's Director of Services Acquisition and the General Services Administration's OASIS program office. We anticipate issuing the guidance by the end of February 2019.

My point of contact for this subject is [REDACTED] who can be reached at [REDACTED]


Shay D. Assad
Director, Defense Pricing
and Contracting

Director for Management Support, Assistant Secretary of the Army (ALT)



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

SAAL-MS

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDITING,
DEPARTMENT OF DEFENSE, OFFICE OF THE INSPECTOR GENERAL, 4800 MARK
CENTER DRIVE, ALEXANDRIA, VA 22350-1500

SUBJECT: Official Army Position and Comments on Department of Defense Inspector
General Draft Report: (FOUO) DoD Task Orders Issued Under One Acquisition Solution
for Integrated Services Contracts (D2018AT-0062)

1. On behalf of the Assistant Secretary of the Army (Acquisition, Logistics and
Technology) (ASAALT)), the Office of the Deputy Assistant Secretary of the Army
(Review and Oversight Directorate and the Management Support Office) have reviewed
the subject draft report. I am providing the official Army position regarding
recommendations 2a and 2b.

2. This office concurs with the comments provided by the Army Contracting Command-
Redstone. Additionally, we endorse the U.S. Army Materiel Command enclosed
memorandum.

3. The point of contact is [REDACTED]

Encls

SHOFFNER.GENEVA.L [REDACTED]
VA.L [REDACTED]
Geneva L. Shoffner
Director for Management Support

Director for Management Support, Assistant Secretary of the Army (ALT) (cont'd)



DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND
4400 MARTIN ROAD
REDSTONE ARSENAL, AL 35898-5000

AMCIR

19 OCT 2018

MEMORANDUM FOR Department of Defense Inspector General (DoDIG) [REDACTED]
[REDACTED] Acquisition, Contracting and Sustainment, 4800 Mark
Center Drive, Alexandria, VA 22350-1500

SUBJECT: Command Comments to DoDIG Draft Report: DoD Task Orders Issued
Under One Acquisition Solution for Integrated Services Contracts, Project: D2018-
D000AT-0062.000.

1. The U.S. Army Materiel Command has reviewed the subject draft report and the
response from the U.S. Army Contracting Command. The U.S. Army Materiel
Command endorses the enclosed response.

2. The U.S. Army Materiel Command point of contact is [REDACTED]

2 Encls
1. ACC Comments
2. DoDIG Draft Report

Handwritten signature of Lisha H. Adams in cursive.
LISHA H. ADAMS
Executive Deputy to the
Commanding General

Director for Management Support, Assistant Secretary of the Army (ALT) (cont'd)



DEPARTMENT OF THE ARMY
U.S. ARMY CONTRACTING COMMAND
4505 MARTIN ROAD
REDSTONE ARSENAL, AL 35898-5000

09 OCT 2018

ASCC-IR

MEMORANDUM FOR [REDACTED] and
Compliance Office, Headquarters, U.S. Army Materiel Command, 4400 Martin Road,
Redstone Arsenal, AL 35898

SUBJECT: Draft Report: Department of Defense Inspector General (DoDIG) DoD Task
Orders Issued Under One Acquisition Solution for Integrated Service Contracts, Project
No. (D2018-D000AT-0062.000). September 20, 2018

1. DoDIG Draft Report, subject: same as above.
2. The Army Contracting Command (ACC) provides the enclosed comments in response to the referenced document.
3. The ACC point of contact for this memorandum is [REDACTED] at [REDACTED]

Encl

JOHN M. KYLE
Deputy to the Commanding General

Director for Management Support, Assistant Secretary of the Army (ALT) (cont'd)



DEPARTMENT OF THE ARMY
ARMY CONTRACTING COMMAND - REDSTONE
BUILDING 5303 MARTIN ROAD
REDSTONE ARSENAL, ALABAMA 35898-5000

03 OCT 2018

CCAM-SP-CM

MEMORANDUM FOR [REDACTED] Office,
Headquarters, U.S. Army Contracting Command, 4505 Martin Road, Redstone Arsenal,
AL 35898-5000

SUBJECT: Response to September 20, 2018 Request for Comments on Department of Defense Inspector General (DoD IG) Draft Report on "DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts" September 20, 2018 (Project No. D2018-D000AT-0062.000)

1. The Army Contracting Command-Redstone (ACC-RSA) provides the subject enclosed response.
2. The subject response has been reviewed for the inclusion of For Official Use Only information and has been appropriately marked.
3. The point of contact for this action is [REDACTED]

End


JOHN W. MAYES
Executive Director (Acting)
Army Contracting Command-Redstone

Director for Management Support, Assistant Secretary of the Army (ALT) (cont'd)

ARMY CONTRACTING COMMAND COMMENTS

In Response to September 20, 2018 Request for Comments
On Department of Defense Inspector General (DoD IG) Draft Report on
"DoD Task Orders Issued Under
One Acquisition Solution for Integrated Services Contracts"
September 20, 2018 (Project No. D2018-D000AT-0062.000)

Following, quoted from the report, is the recommendation addressed to the Army Contracting Command-Redstone (ACC-RSA); and ACC-RSA's response to the recommendation.

Recommendation 2:

We recommend that the Executive Director, Army Contracting Command, Redstone Arsenal [Executive Director, ACC-RSA], require the contracting officer to:

- a. Determine if the employees meet the labor categories specified in task order W31P4Q-15-F-0007 and, if not, take appropriate corrective action, including the recovery of improper payments.

ACC-RSA Comments: Concur. The KO will initiate the process of determining if the employees meet labor categories specified in Task Order W31P4Q-15-F-0007 on or about 31 October 2018.

- b. Report all improper payments to the Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate and notify the office of Inspector General.

ACC-RSA Comments: Concur: The ACC-RSA Contracting Officer (KO) will provide a progress report to the DoDIG on the results of the determination and the status of any resulting corrective actions, including the reporting of improper payments by 31 December 2018.

Note: This document does not contain information that is either critical or exempt from release under the Freedom of Information Act.

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics)



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

30 OCT 2018

MEMORANDUM FOR DoDIG

FROM: SAF/AQ

SUBJECT: DoDIG Draft Report of Audit, DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts, (Project D2018-D000AT-0062.000)

We concur with the audit results and recommendations (and the potential monetary benefits if applicable) for the DoDIG Draft Report of Audit, Project D2018-D000AT-0062.000. Specific management comments are attached.

If you have any questions or concerns with our comments, please contact [REDACTED]

A handwritten signature in cursive script that reads "Darlene J. Costello".

DARLENE J. COSTELLO
Principal Deputy Assistant Secretary of the Air
Force (Acquisition, Technology & Logistics)

Attachment:
Management Comments

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) (cont'd)

Department of Defense Inspector General
Report of Audit, DoD Task Orders Issued Under One Acquisition Solution for Integrated
Services (OASIS) Contracts
(Project D2018-D000AT-0062.000)

Audit Recommendation 3:

Recommendation.

A.1 Commander, Air Force Life Cycle Management Center (AFLCMC) require contracting officers to:

- a. Determine if the employees met the labor categories, to include the six employees with no qualification documentation, specified in task orders FA8307-15-F-0012 and FA8622-15-F-8100 and, if not, take appropriate corrective action, including the recovery of improper payments.
- b. Report all improper payments to the Office of the Under Secretary of Defense (OUSD) (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General

SAF/AQ Comments:

A.1 Concur.

- a. AFLCMC does not believe improper payments were made. AFLCMC determined prices as fair and reasonable under a competitive non-personal service task order using a Performance Work Statement (PWS) as the focus for performance. The performance-based PWS holds the contractor accountable for delivering services that meet the quality threshold necessary for supporting our mission partners. Any deviations from the labor category requirements would only be authorized by the Contracting Officer (CO) (within their authority) exercising business judgement under FAR 1.601-2; not a contractor unilaterally making changes. Therefore, because AFLCMC has documented its satisfaction with the contractor's non-personal performance under the Cost Plus Fixed Fee (CPFF) task order, and because AFLCMC, not the contractor, authorized any deviations from the labor category requirements (if required vs recommended or desired), AFLCMC believes no improper payments were made
- b. If determined that any employees didn't meet the qualification requirements and that a substitution wasn't approved, AFLCMC will assess whether the Government received any benefit from the performance received. If AFLCMC is able to justify it didn't receive benefit and the payment was improper, then recovery of payment will be pursued. Any improper payments will be reported to the OUSD (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General.
- c. Estimated Completion Date: 31 December 2018

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) (cont'd)

Audit Recommendation 4:

Recommendation.

B.1 Director, Air Force Research Laboratory (AFRL), require contracting officers to:

- a. Determine if the employees met the labor categories, to include the five employees with no qualification documentation, specified in task order FA8750-15-F-0129 and FA8750-16-F0082 and, if not, take appropriate corrective action, to including the recovery of improper payments
- b. Report all improper payments to the OUSD (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General.

SAF/AQ Comments:

B.1 Concur with intent.

- a. Although we have no evidence of overpayments to date on either OASIS order, in the interest of monitoring orders for potential procurement fraud and reducing the possibility of overpayments, AFRL/RIK agrees that periodic samples/checks of vouchers and payroll records could be accomplished to verify charges for the services delivered are reasonable, accurate (e.g., not fraudulently billing the Government \$90/hour and actually paying an employee \$50/hour), and consistent with technical and financial progress reports submitted to the Contracting Officer's Representative (COR). If problems are found, the number of reviews/samples could be expanded. A corrective action plan (CAP) will be accomplished to reinforce the principles for contract surveillance of a cost-reimbursement type contract as set forth in the DoD COR Handbook. This CAP will include the documentation of local procedures and training materials for CORs and COs on how to conduct periodic voucher/invoice reviews. The training materials will ensure Quality Assurance Surveillance Plans (QASPs) for each services contract describe the procedures to be used for each effort.
- b. If determined that any employees didn't meet the qualification requirements and that a substitution wasn't approved, AFRL will assess whether the Government received any benefit from the performance received. If AFRL is able to justify it didn't receive benefit and the payment was improper, then recovery of payment will be pursued. Any improper payments will be reported to the OUSD (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General.
- c. Estimated Completion Date: 31 December 2018

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) (cont'd)

Audit Recommendation 5:

C.1 Vice Commander, Air Force Test Center (AFTC), require contracting officers to:

- a. Determine if the employees met the labor categories, to include the five employees with no qualification documentation, specified in task order FA2486-16-F-0033 and FA2486-16-F-0034 and, if not, take appropriate corrective action, to including the recovery of improper payments
- b. Report all improper payments to the OUSD (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General.

SAF/AQ Comments:

C.1 Concur.

- a. During the Transition phase (prior to actual Performance Start), when the contractors were hiring employees to fulfill the task order requirements, the Procurement Contracting Officer (PCO) noted that some of the requests did not include the type of work experience (e.g. 20 years in the AF). The PCO rejected those vague experience requests and notified all of the contractors that the substituted experience had to be relevant and that the relevant detail had to be included in their Qualification Substitution Requests. Subsequent requests that did not have this level of detail were rejected and the Contractor then had to resubmit with relevant experience or hire a new employee candidate.
- b. If determined that any employees didn't meet the qualification requirements and that a substitution wasn't approved, AFTC will assess whether the Government received any benefit from the performance received. If AFTC is able to justify it didn't receive benefit and the payment was improper, then recovery of payment will be pursued. Any improper payments will be reported to the OUSD (Comptroller), Accounting and Finance Policy Directorate and notify the DoD Office of Inspector General.
- c. Estimated Completion Date: 31 December 2018

Acronyms and Abbreviations

ACC	Army Contracting Command
AFB	Air Force Base
CEDMS	Corporate Electronic Document Management System
COR	Contracting Officer's Representative
DPC	Defense Pricing and Contracting
DARPA	Defense Advanced Research Projects Agency
GSA	General Services Administration
GSA FAS	General Services Administration Federal Acquisition Services
LCMC	Life Cycle Management Center
OASIS	One Acquisition Solution for Integrated Services
OIG	Office of Inspector General
OMB	Office of Management and Budget
QASP	Quality Assurance Surveillance Plan
RFP	Request for Proposal
SCI	Sensitive Compartmented Information
TS	Top Secret



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U.S. DEPARTMENT OF DEFENSE

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