



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

Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions

Report Number A170103/Q/T/P19003
June 28, 2019

Executive Summary

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Why We Performed This Audit

GSA's Federal Acquisition Service (FAS) awarded the Transition Ordering Assistance (TOA) task order to assist the government-wide transition to the new Enterprise Infrastructure Solutions contract. We received a hotline complaint concerning FAS's oversight of the TOA contractor's performance and spending under the TOA task order. We initiated a formal audit based on our research into the merits of the complaint. Our objective was to determine if FAS is administering the TOA task order in accordance with the Federal Acquisition Regulation and other applicable regulations, policies, and provisions to ensure the task order fulfills its intended purpose.

What We Found

FAS did not ensure that the TOA task order fulfilled its intended purpose of supporting customer agencies' transitions to the new Enterprise Infrastructure Solutions contract. FAS's ineffective administration of the TOA task order resulted in high rates of spending with minimal transition progress. We identified deficiencies in FAS's planning and management, as well as in its oversight of the contractor's performance and invoicing. These deficiencies likely contributed to the need to extend the transition deadline, resulting in missed cost savings and repeating similar problems from the prior telecommunications transition.

Since we began our audit, FAS has made changes in an effort to improve the management and administration of the TOA task order. For example, FAS moved the contracting officer's representative function to increase the flow of information with customer agencies. While this change could alleviate some of the issues identified in our audit, the deficiencies we found in the administration of the TOA task order may still exist and could further affect FAS's Enterprise Infrastructure Solutions transition support efforts.

What We Recommend

We recommend the FAS Commissioner:

1. Establish a measurement to align budget consumed to work completed.
2. Develop standard operating procedures to guide the performance of the TOA task order. At a minimum, these procedures should require the inclusion of a readiness

assessment and a schedule of deliverables into future interagency agreements with each customer agency.

3. Modify and enforce interagency agreements to ensure the contracting officer's representative receives the information necessary to monitor contractor performance and enforce the Quality Assurance Surveillance Plan.
4. Determine if modifications to the task order are necessary to address:
 - a. Key personnel in the performance of the TOA task order; and
 - b. Circumstances under which the TOA contractor must charge onsite rates.
5. Seek monetary recoveries associated with unqualified contract employees and improperly approved travel claims, and strengthen controls to ensure future compliance with task order provisions.
6. Establish a standard invoice review process to ensure:
 - a. Invoices are reviewed in a comprehensive and consistent manner; and
 - b. Contracting personnel only approve invoices for payment that are supported by appropriate documentation.

The FAS Commissioner agreed with our recommendations. FAS's written comments are included in their entirety as **Appendix E**.

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Introduction

We performed an audit of the Federal Acquisition Service's (FAS's) administration of the Transition Ordering Assistance (TOA) task order.

Purpose

FAS awarded the TOA task order to assist the government-wide transition to the new Enterprise Infrastructure Solutions (EIS) contract. We received a hotline complaint concerning FAS's oversight of the TOA contractor's performance and spending under the TOA task order. We initiated a formal audit based on our research into the merits of the complaint.

Objective

Our objective was to determine if FAS is administering the TOA task order in accordance with the Federal Acquisition Regulation (FAR) and other applicable regulations, policies, and provisions to ensure the task order fulfills its intended purpose.

See **Appendix A** – Scope and Methodology for additional details.

Background

FAS's Office of Information Technology Category awarded the EIS contract in July 2017 to provide a vehicle for federal agencies to procure mission-critical telecommunication needs. EIS replaces the Networx telecommunications contracts that were set to expire in March 2020. In December 2018, FAS announced the extension of these contracts to March 2023.

FAS's Office of Information Technology Category's Office of Telecommunications Services (OTS) manages both Networx and EIS and leads the transition between the contracts. OTS has seven divisions, two of which are the Transition and Service Delivery Division and the Customer Engagement Division. The Transition and Service Delivery Division provides program management of the EIS transition that includes tracking overall EIS transition progress. The Customer Engagement Division serves as the intermediary between FAS and customer agencies and supports transition planning efforts.

FAS led the previous government-wide transition to Networx that went almost 3 years over schedule, resulting in nearly \$400 million in additional costs and missed savings. The U.S. Government Accountability Office concluded that a lack of telecommunications and contracting expertise within customer agencies, combined with weaknesses in project management, hindered a successful transition.¹ To prevent similar issues with the EIS transition, FAS's Office

¹ *GSA Needs to Share and Prioritize Lessons Learned to Avoid Future Transition Delays* (GAO-14-63, December 2013).

of Information Technology Category awarded the TOA task order on September 29, 2016, to provide telecommunications and contracting support to customer agencies. An award protest delayed the start of work until March 22, 2017.

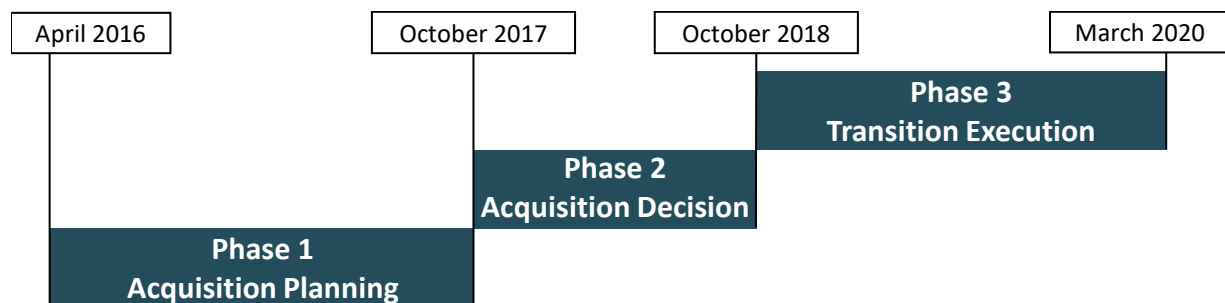
The TOA task order consists of a base year and four 1-year options with the current option expiring September 30, 2019. The TOA task order has a not-to-exceed \$105 million ceiling price, of which approximately \$66 million comes from settlements related to overcharges under previous telecommunications contracts. Instead of refunding the settlements to customer agencies, FAS retained the funds to offset transition costs to EIS. FAS allocates a majority of the annual task order funding to customer agencies based on each agency's Networkx business volume.

The TOA task order is a hybrid of both firm-fixed price and labor-hour. The overall management of the TOA task order is billed to FAS at a firm-fixed price. During our audit scope period, approximately 98 percent of costs were for direct transition support to customer agencies, billed to FAS for the labor hours worked per employee each month.

The TOA contracting officer designated a contracting officer's representative (COR) from OTS to assist in task order administration. The COR's responsibilities include monitoring contractor performance, reviewing and approving invoices for payment, and assisting in the enforcement of TOA task order provisions.

The TOA task order supports the transition to EIS by assisting customer agencies to analyze their needs, develop solicitations for EIS services, and select EIS contractors. FAS intended for certain planning and preparation activities to occur independent of and prior to EIS awards. FAS structured the EIS transition into three phases as shown in *Figure 1* below.

Figure 1 – Planned EIS Transition Timeline

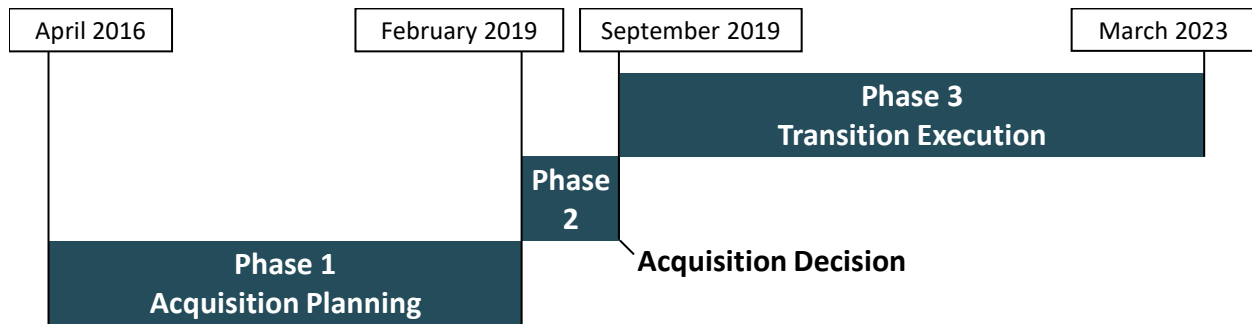


- Phase 1: Acquisition Planning – concludes once customer agencies release their solicitations. These solicitations are requests to EIS awardees to submit offers or quotes for EIS services.
- Phase 2: Acquisition Decision – concludes once customer agencies award EIS task orders.

- Phase 3: Transition Execution – concludes once customer agencies disconnect all services from their transition inventory.

Originally, FAS planned for the Acquisition Planning Phase to end in October 2017. However, by November 20, 2018, customer agencies had issued only 22 of 147 (15 percent) expected EIS solicitations. FAS planned for the Transition Execution Phase to begin in October 2018, but the first two phases were incomplete at that time. Based on the Planned EIS Transition Timeline, the transition is more than 1 year behind schedule. As a result, in December 2018, GSA announced it would extend the transition deadline by 3 years, as shown in *Figure 2* below.

Figure 2 – Extended EIS Transition Timeline



During the course of our audit, we issued two interim memorandums to the FAS Commissioner communicating immediate concerns with the administration of the TOA task order. The first memorandum related to the lack of executed interagency agreements between FAS and customer agencies receiving TOA support.² The second memorandum related to FAS’s expenditure of approximately \$675,000 on contract employees who did not satisfy the background investigation provisions of the TOA task order.³ Because of ineffective task order management, FAS assumed unnecessary risk that led to the inefficient use of taxpayer dollars.

In response to these memorandums, FAS established interagency agreements with customer agencies and stated that it planned to strengthen internal controls related to the administration of the TOA task order. While this report does not restate the deficiencies we communicated in these memorandums, we found additional concerns related to interagency agreements. Specifically, we found that FAS’s failure to establish timely interagency agreements hindered FAS’s monitoring of the TOA contractor’s efforts at the onset of the task order and that these agreements lacked some customer agency responsibilities. Based on the scope of our audit, we cannot attest to the effectiveness of FAS’s strengthened internal controls related to the administration of the TOA task order.

² *FAS Is Providing Support Services to Agencies Transitioning to Enterprise Infrastructure Solutions without Executed Interagency Agreements* (Audit Memorandum Number A170103-3, January 12, 2018).

³ *FAS Did Not Ensure That Contract Employees Had Background Investigations Before Providing Support to Agencies Transitioning to Enterprise Infrastructure Solutions* (Interim Memorandum Number A170103-4, June 29, 2018).

Results

FAS did not ensure that the TOA task order fulfilled its intended purpose of supporting customer agencies' transitions to the new EIS contract. FAS's ineffective administration of the TOA task order resulted in high rates of spending with minimal transition progress. We identified deficiencies in FAS's planning and management, as well as in its oversight of the contractor's performance and invoicing. These deficiencies likely contributed to the need to extend the transition deadline, resulting in missed cost savings and repeating similar problems from the prior telecommunications transition.

Finding – Deficiencies in planning and oversight of the TOA task order contributed to high rates of spending with minimal transition progress.

During the Acquisition Planning Phase, FAS was incurring a high rate of spending with no way to ascertain whether the contractor's work advanced transition progress. The rate of TOA task order spending during the first quarter of Fiscal Year 2018 showed that FAS was on track to prematurely exhaust its budget with minimal transition progress.

FAS allocated approximately \$17 million of funding to customer agencies receiving TOA support from the TOA task order Fiscal Year 2018 budget. We compared customer agencies' spending of their allocations during the first quarter of Fiscal Year 2018 to their transition progress within the Acquisition Planning Phase. We found significant variances in spend rates but relatively equal transition progress, as shown in **Appendix B**. Some customer agencies were in danger of exhausting or exceeding their Fiscal Year 2018 budget.

In addition, FAS reports indicate that minimal progress occurred during the first quarter of Fiscal Year 2018. In October 2017, FAS reported that all customer agencies receiving TOA support had only completed 55 percent or less of the Acquisition Planning Phase. In January 2018, FAS reported that just one customer agency had advanced beyond 55 percent in the Acquisition Planning Phase. Although the transition efforts resulted in minimal progress between October 2017 and January 2018, FAS spent approximately \$8 million during this period.

FAS had no assurance that TOA expenditures corresponded to EIS transition progress because FAS did not have a measurement to align budget consumed to work completed. According to the FAS training guide, *Using Multiple Award Schedules*, labor-hour task orders require greater monitoring.⁴ The guide suggests contracting officers and CORs confirm that the percent of budget consumed matches the percent of work completed for labor-hour task orders. However, FAS did not align the budget consumed to the work completed as suggested by its own guide.

⁴ Advanced Version Student Guide, Version 8.0.

To offset the aggressive spending and realign transition efforts, FAS supplemented the effort with additional FAS personnel. However, this required FAS to pay for TOA support while also using its own employees to produce deliverables required by the task order. The government effectively double paid for the deliverables required under the TOA task order.

FAS officials told us that the high spending rate was due to the TOA contractor compensating for a delay caused by an award protest of the TOA task order. However, our analysis does not support that explanation. Instead, we identified deficiencies in FAS's planning and management of the TOA task order and oversight of the contractor's performance and invoicing. These deficiencies hindered FAS's efforts to transition customer agencies on time and within budget, replicating several shortcomings of the prior telecommunications transition.

Deficient Planning and Management

Deficiencies in FAS's planning and management of the TOA task order resulted in high rates of spending with minimal transition progress. FAS did not establish interagency agreements with customer agencies before work under the TOA task order began. When FAS did establish interagency agreements, the methodology to allocate TOA funding did not consider customer agencies' needs. Additionally, FAS based annual task order funding on the TOA contractor's staffing plan, but significant variances from the plan contributed to high spending.

Delays in establishing interagency agreements. FAS's failure to establish timely interagency agreements with customer agencies resulted in the inefficient use of TOA resources.⁵ FAS personnel stated that some customer agencies were not prepared to begin receiving TOA support; however, the TOA contractor billed for work at these agencies. For customer agencies that were ready to begin receiving TOA support, the lack of interagency agreements meant that there was no formalized schedule for deliverables to create a corresponding sense of urgency.

According to the Office of Management and Budget's *Improving the Management and Use of Interagency Acquisitions* (June 6, 2008), interagency agreements strengthen contract management by formalizing the roles and responsibilities of FAS and each customer agency. Establishing interagency agreements would have provided an opportunity to conduct a readiness assessment to ensure a customer agency was prepared to begin transition activities and to determine the correct level of TOA support needed. Without these agreements, FAS did not properly plan, monitor, or direct the TOA contractor's efforts from the onset of the task order.

Allocation methodology did not consider customer agencies' needs. FAS's methodology to allocate funds to customer agencies was flawed, which contributed to customer agencies prematurely exhausting their funding. FAS's funding allocations did not consider each customer

⁵ We reported FAS's lack of interagency agreements for TOA support to the FAS Commissioner through our audit memorandum, *FAS Is Providing Support Services to Agencies Transitioning to Enterprise Infrastructure Solutions Without Executed Interagency Agreements* (Audit Memorandum Number A170103-3, January 12, 2018).

agency's need for contracting and telecommunications expertise, which is the purpose of the TOA task order. Instead, FAS allocated funds to each customer agency based on its business volume under Networx. As a result, customer agencies that had significant needs for contracting or telecommunications expertise may have had small TOA allocations due to their low Networx business volume. In those cases, the customer agency would likely have overspent its allocation.

Staffing plan deviations contributed to high spend rate. The TOA contractor billed 2 to 10 times more hours for senior-level labor categories than proposed in its staffing plan. At the same time, the TOA contractor billed hours for several junior-level labor categories at levels far below the proposed staffing plan, or did not use them at all. While the staffing plan was only a projection of the TOA contractor's anticipated use of labor categories to satisfy task order requirements, it also served as the basis for annual task order funding. As a result, significant variances – especially in higher priced senior-level labor categories – contributed to the high spending pace.

FAS should establish a measurement to align budget consumed to work completed on the TOA task order. In addition, FAS should develop standard operating procedures to guide the performance of the TOA task order. At a minimum, these procedures should require the inclusion of a readiness assessment and a schedule of deliverables into future interagency agreements with each customer agency.

Deficient Oversight of Contractor Performance

FAS provided weak oversight of the TOA contractor's performance. By failing to enforce TOA task order provisions, FAS did not provide an incentive for the timely submission of deliverables or acceptable contractor performance and allowed essential positions to remain vacant. These issues may have hindered the success of the TOA task order and delayed the transition of customer agencies to EIS.

Quality assurance of contractor performance and deliverables. The TOA task order Quality Assurance Surveillance Plan (QAS Plan), see **Appendix C**, is a means to ensure that contractor performance conforms to contract requirements. However, the COR did not enforce the QAS Plan due to deficiencies in the interagency agreements and conflicts within OTS, which leads the EIS transition efforts. As a result, FAS did not provide an incentive for the timely submission of deliverables or acceptable contractor performance through the QAS Plan, thereby risking further delays to EIS transition progress.

The COR must monitor the contractor's performance and deliverables based on information from customer agencies' project managers (PMs) who, under the terms of the TOA task order, are to be designated in interagency agreements. However, we found that none of the interagency agreements informed customer agencies of their responsibilities to report performance and deliverables information, and less than 40 percent properly designated a

customer agency PM. Furthermore, we found that the COR did not request contractor performance or deliverable information from the customer agencies by any other means.

Lack of deliverables information. The COR did not have a comprehensive listing or schedule of the deliverables that customer agencies required nor any record of government acceptance of these deliverables as required by the FAR.⁶ As a result, it was not possible to determine if the TOA contractor owed a potential credit for untimely customer agency deliverables under the QAS Plan. Other deliverables are submitted directly to the COR, and we found that those deliverables were consistently late. Using the methodology outlined in the QAS Plan, we calculated that the TOA contractor owes the government a \$2,885 credit for these late deliverables. The COR confirmed that the deliverables were late; however, the COR told us he did not request a credit because he believed the timeframes for the deliverables are unrealistic.

Lack of contractor performance information. The COR did not have comprehensive information about the TOA contractor's performance, resulting in weak oversight of the TOA task order and limited assurance of acceptable performance. According to the QAS Plan, the COR should survey customer agency PMs on a quarterly basis to obtain the TOA contractor's performance rating. Instead, the COR surveyed the Customer Engagement Division – a division under OTS that serves as the intermediary between FAS and customer agencies – for contractor performance information. That division refused to complete the survey and told the COR that they could not assess contractor performance without invoice data. Specifically, division representatives asserted that, without knowing how much the TOA contractor had charged for the work completed, they could not provide an accurate assessment. After this refusal, the COR did not provide the invoice data to the Customer Engagement Division and made no further attempts to obtain contractor performance information. The contracting officer, the COR, and the Customer Engagement Division told us they escalated this issue to their management, but no action was taken.

The COR did not enforce the QAS Plan rendering it ineffective. Without a functioning QAS Plan, the government lacked a way to ensure that the TOA contractor would perform according to task order requirements and could not request credits when performance was substandard.

Vacant essential key personnel positions. The TOA task order requires the contractor to designate five key personnel in essential positions. Three of these key personnel positions were vacant at the time of our testing and two of those had been vacant since the TOA task order began. The contracting officer and COR did not place the same emphasis on key personnel as the TOA task order, which characterizes the positions as essential to the TOA contractor's performance. The contracting officer stated that key personnel were included as an evaluation factor in awarding the TOA task order, but not considered as a performance indicator. However, the TOA Request for Quotation (RFQ) placed greater importance on key personnel, stating that the government would reject any offer without five named key personnel. The

⁶ FAR 46.501.

absence of these personnel may have negatively affected the contractor's performance under the TOA task order.

FAS should revise and enforce the interagency agreements with customer agencies to ensure that the COR receives the information needed to monitor contractor performance and enforce the QAS Plan. Enforcing the QAS Plan will incentivize the TOA contractor's performance and timely delivery of task order requirements, thereby helping the TOA task order to fulfill its purpose of assisting customer agencies to transition to EIS. Additionally, FAS should determine if modifications to the task order are necessary to address the importance of key personnel in the performance of the task order.

Deficient Oversight of Contractor Invoicing

Inadequate oversight of TOA task order invoicing led to payments for unqualified employees and other improper payments. We found contract employees who did not meet the required qualifications for their billed labor categories under the TOA task order, and FAS should recover \$116,822. In addition, the COR did not verify the accuracy of billed hours and paid \$2,904 in travel claims that were not pre-approved or supported by required documentation. Furthermore, the COR did not question why the TOA contractor only billed offsite labor rates even though some work was performed onsite at government locations.

Government paid for unqualified labor. Of the 35 contract employees sampled, we found that 5 (14 percent) were unqualified for the labor category billed. The TOA contractor billed two of these employees at labor categories that differed from their proposed labor categories, but the COR did not detect this difference during their invoice review. Upon our notification of the unqualified labor, FAS requested and received an \$82,055 refund for the two employees.

FAS has not yet recovered \$116,822 for the remaining three unqualified contract employees (see **Appendix D**) as discussed below:

- We found that two of these employees' resumes did not demonstrate the technical experience required by the TOA RFQ for the billed labor categories. The contracting officer and COR told us that they used a more "holistic" view of resumes for labor qualifications and did not consider the specific TOA RFQ requirements. Additionally, they asserted that they had specific knowledge of these two contract employees who had worked on previous telecommunication transitions. Although these two employees may have been qualified to bill under other TOA RFQ labor categories, they did not meet the qualifications of their billed labor categories, resulting in a \$69,280 overpayment.
- The remaining unqualified contract employee's resume did not contain sufficient detail to determine if he possessed the required years of experience. The COR assumed that the contract employee had continuous employment to meet the experience requirement. However, based on the documentation provided, the government overpaid \$47,542 because there was no support that the employee met the labor qualifications of the billed labor category.

Insufficient invoice review. The COR's cursory review of invoices did not verify the accuracy of contract employee hours billed to the hours worked. Instead, the COR only reviewed invoices for excessive hours billed (i.e., more hours than available in a period) for contract employees. However, we identified \$45,192 in potential overbillings from additional instances of excessive hours the COR did not detect.

According to FAS's training guide, *Using Multiple Award Schedules*, when using labor-hour task orders, additional monitoring is needed to ensure that costs do not exceed budgets.⁷ As a result, procurement activities must verify that the hours invoiced match hours worked. Also, through the COR delegation letter, the contracting officer instructed the COR not to pay invoices until contractor performance was verified (e.g., reconciling the invoices and contractor timecards). We determined that the COR did not verify invoices against supporting documentation to confirm their accuracy.

In the absence of standard procedures for invoice reviews, the COR told us that he reviewed invoices to identify excessive hours billed for contract employees. Using the COR's methodology, we tested the TOA task order invoices for excessive hours and identified an additional 24 instances totaling \$45,192 that the COR did not identify. Moreover, the three instances that the COR did identify were never properly supported, but the COR still approved the invoice for payment. This demonstrates that the COR's invoice review was insufficient.

Lack of pre-approval and support for travel claims. We reviewed travel claims totaling \$7,222 and questioned \$2,904 (40 percent) of that total because the claims did not receive advanced written approval or include required receipts. The TOA task order explicitly states that the government will not reimburse travel expenses absent advanced written approval from the contracting officer or COR. Additionally, claimed travel expenses should be reimbursed in accordance with the Federal Travel Regulation, which requires receipts for all lodging expenses and any expense over \$75.⁸

The contracting officer and COR told us that travel claims without advanced written approval were paid because it was the first travel with a new TOA contractor Program Manager, so they gave "leeway." The COR also said that he relied on expense reports and did not verify the accuracy of travel charges to supporting receipts. The COR failed to enforce provisions of the TOA task order or comply with the Federal Travel Regulation when approving \$2,904 in travel claims.

Offsite labor rates not questioned. Through our analysis of TOA invoices, we observed that the TOA contractor only billed higher priced offsite labor rates, even though the TOA contractor performed some work onsite at government locations. The task order establishes the TOA contractor's facility as the primary place of performance but also states:

⁷ Advanced Version Student Guide, Version 8.0.

⁸ Federal Travel Regulation 301-52.4.

However, depending on the agency's requirements per task as identified by the agency [project manager], the agency may request the Contractor perform at the agency's location; in that case, the Contractor **may** charge on-site rates. Furthermore, in-person meetings are anticipated occasionally at GSA and customer locations. [emphasis added]

As written, the TOA task order language allows the TOA contractor to choose to invoice onsite or offsite labor rates, but does not define when they should be used. We asked the contracting officer and COR about this practice. Their position was that onsite labor rates were only applicable when the government provided a dedicated workspace (i.e., a desk) for contract employees who were present full-time. However, the contracting officer and COR could not provide any regulation, guidance, or task order provision to support their position. With the ambiguous contract language, FAS adopted a restrictive interpretation of when the TOA contractor should charge onsite rates. Using these rates, where appropriate, would lower expenses and allow those funds to advance EIS transition progress.

Deficiencies in the COR's review of TOA invoices placed the government at risk of fraud, waste, abuse. FAS should recover \$116,822 for unqualified employees and \$2,904 in questioned travel claims. FAS should establish a standard invoice review process that validates charges to appropriate supporting documentation prior to payment. In addition, FAS should strengthen controls to ensure future compliance with TOA task order provisions for labor qualifications and travel claims. Lastly, FAS should determine if a TOA task order modification is necessary to clarify the circumstances when the TOA contractor must charge onsite rates.

Conclusion

FAS did not ensure that the TOA task order fulfilled its intended purpose of supporting customer agencies' transitions to the new EIS contract. FAS's ineffective administration of the TOA task order resulted in high rates of spending with minimal transition progress. We identified deficiencies in FAS's planning and management, as well as in its oversight of the contractor's performance and invoicing. These deficiencies likely contributed to the need to extend the transition deadline, resulting in missed cost savings and repeating similar problems from the prior telecommunications transition.

Since we began our audit, FAS has made changes in an effort to improve the management and administration of the TOA task order. For example, FAS moved the COR function to increase the flow of information with customer agencies. While this change could alleviate some of the issues identified in our audit, the deficiencies we found in the administration of the TOA task order may still exist and could further affect FAS's EIS transition support efforts.

Recommendations

We recommend the FAS Commissioner:

1. Establish a measurement to align budget consumed to work completed.
2. Develop standard operating procedures to guide the performance of the TOA task order. At a minimum, these procedures should require the inclusion of a readiness assessment and a schedule of deliverables into future interagency agreements with each customer agency.
3. Modify and enforce interagency agreements to ensure the contracting officer's representative receives the information necessary to monitor contractor performance and enforce the Quality Assurance Surveillance Plan.
4. Determine if modifications to the task order are necessary to address:
 - a. Key personnel in the performance of the TOA task order; and
 - b. Circumstances under which the TOA contractor must charge onsite rates.
5. Seek monetary recoveries associated with unqualified contract employees and improperly approved travel claims, and strengthen controls to ensure future compliance with task order provisions.
6. Establish a standard invoice review process to ensure:
 - a. Invoices are reviewed in a comprehensive and consistent manner; and
 - b. Contracting personnel only approve invoices for payment that are supported by appropriate documentation.

GSA Comments

The FAS Commissioner agreed with our recommendations. FAS's written comments are included in their entirety in **Appendix E**.

Audit Team

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

Sonya D. Panzo	Associate Deputy Assistant Inspector General for Auditing
Susan E. Myers	Audit Manager
Richard M. Gallagher	Auditor-In-Charge
Felicia M. Silver	Management Analyst
Michael A. Guhin	Management Analyst
Saul J. Guerrero	Auditor

Appendix A – Scope and Methodology

We audited FAS’s administration of the TOA task order in accordance with the FAR and other applicable regulations, policies, and provisions from April 2017 to January 2018. The TOA task order administration performed by the contracting officer and the COR designated during this time served as the basis of our results.

To accomplish our objective, we:

- Identified and reviewed relevant criteria including: the TOA task order, the TOA contractor’s Professional Services Schedule contract, the FAR, the Federal Travel Regulation, and Multiple Award Schedules guidance;
- Reconciled invoice details, analyzed the COR’s invoice review process, and tested for labor and travel overbillings and compliance with the TOA task order;
- Tested compliance with TOA task order provisions for onboarding contract personnel;
- Judgmentally sampled 22 of 44 (50 percent) offboarded TOA task order contract personnel to test offboarding activities;
- Judgmentally sampled 35 of 114 (31 percent) contract employees to determine if they met the qualifications for their billed labor categories;
- Assessed key personnel positions to determine if they were filled as required by the TOA task order;
- Analyzed TOA task order expenditures and calculated the spend rate for each customer agency from October 2017 to January 2018 and compared the spend rates to Acquisition Planning Phase progress;
- Analyzed the TOA contractor’s use of labor categories for comparison to the Proposed Staffing Plan;
- Reviewed task order documentation to determine compliance with the QAS Plan;
- Calculated the percentage of work performed by the TOA contractor and subcontractors using invoice data; and
- Interviewed FAS personnel including the TOA contracting officer, the CORs, representatives from the Customer Engagement Division, and other OTS officials to understand the TOA task order’s administration responsibilities and activities.

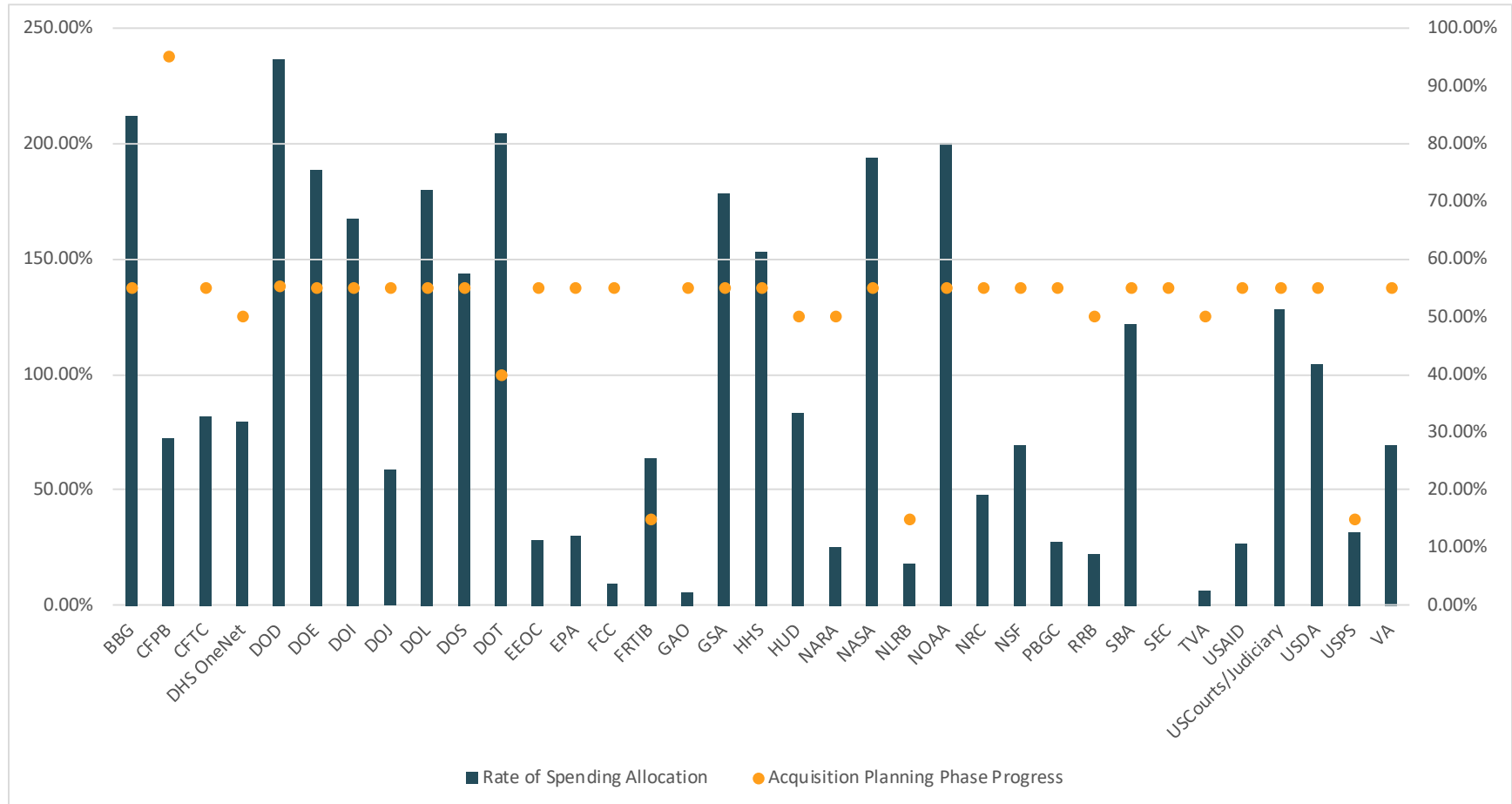
We conducted the audit between September 2017 and July 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

Internal Controls

Our assessment of internal controls was limited to those necessary to address the objective of the audit.

Appendix B – Comparison of Spend Rate to Acquisition Planning Phase Progress

The following chart shows our calculation of customer agencies' rate of spending their allocations from October 2017 to January 2018 compared to FAS's calculation of customer agencies' progress in the Acquisition Planning Phase as of January 31, 2018.



Appendix C – Quality Assurance Surveillance Plan

The QAS Plan outlines four performance measures that the COR is responsible for monitoring and enforcing. If the TOA contractor fails to meet a performance measure, the QAS Plan requires that they credit GSA with 1 percent of the quarterly amount billed for that task. We focused on two measures in the QAS Plan: deliverable timeliness and contractor performance rating. The other two measures, timeliness of fair opportunity decisions and service order information, assessed activities that had yet to occur during our audit scope. Below is an excerpt of the two parts of the QAS Plan that we audited.

PERFORMANCE MEASURE	INSPECTION AND ACCEPTANCE CRITERIA	METHOD
Deliverables documents shall be delivered on time	No more than 20% of documents are delivered later than their due date set by the [ordering contracting officer], COR, or [transition manager]	As reported by the agency's PM and recorded by the COR
The Contractor shall receive a performance rating of at least "acceptable"	Rating received from agency's PM	As determined from COR's quarterly survey of agency's PM

Appendix D – Remaining Unqualified Labor Overcharge Calculation

The following tables detail remaining government overcharges for unqualified labor under the TOA task order. There are two tables corresponding to the increased labor rates from the Base Year to Option Year 1.

Base Year (April 2017 to September 2017)

Employee Name	Billed Labor Category (Note 1)	Billed Rate (Note 1)	Billed Hours (Note 1)	Qualified Labor Category (Note 2)	Qualified Rate (Note 2)	Rate Difference (Note 3)	Overcharge (Note 4)
Employee A	Mid Communications Analyst	\$171.89	713	Mid Project Manager	\$146.21	\$25.68	\$18,173
Employee B	Mid Communications Analyst	\$171.89	757.5	Mid Project Manager	\$146.21	\$25.68	\$19,307
Employee C	Sr. Contract Specialist	\$122.87	635	Mid Contract Specialist	\$85.07	\$37.80	\$23,823
						SUBTOTAL	\$61,303

Option Year 1 (October 2017 to January 2018)

Employee Name	Billed Labor Category (Note 1)	Billed Rate (Note 1)	Billed Hours (Note 1)	Qualified Labor Category (Note 2)	Qualified Rate (Note 2)	Rate Difference (Note 3)	Overcharge (Note 4)
Employee A	Mid Communications Analyst	\$174.47	660	Mid Project Manager	\$148.40	\$26.07	\$17,077
Employee B	Mid Communications Analyst	\$174.47	569	Mid Project Manager	\$148.40	\$26.07	\$14,723
Employee C	Sr. Contract Specialist	\$124.71	623	Mid Contract Specialist	\$86.35	\$38.36	\$23,719
						SUBTOTAL	\$55,519
<i>Base Year plus Option Year 1</i>						TOTAL	\$116,822

Appendix D – Remaining Unqualified Labor Overcharge Calculation (cont.)

Notes:

1. These three columns represent the labor categories, rates, and hours billed under the TOA task order for each unqualified employee.
2. These two columns represent the labor category and rate that the employee was qualified for and that the TOA contractor should have billed, based on our comparison of the contract employee's resume to labor category qualifications.
3. The Rate Difference is the Billed Rate less the Qualified Rate.
4. The Overcharge is the Billed Hours multiplied by the Rate Difference (less the Industrial Funding Fee previously remitted by the contractor). The figures in this column are rounded.


Appendix E – GSA Comments



GSA Federal Acquisition Service

June 6, 2019

MEMORANDUM FOR: Sonya D. Panzo
Associate Deputy Assistant Inspector General for Auditing
Acquisition and Information Technology Audit Office (JA-T)

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

SUBJECT: Response to Draft Report "*Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions*" Report Number A170103-2

Thank you for the opportunity to comment on the referenced draft report, "*Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions*," Report Number A170103-2, dated May 22, 2019. The Federal Acquisition Service (FAS) appreciates your team's collaboration with the Office of Information Technology Category (ITC) throughout this process. FAS agrees with all Office of Inspector General (OIG) recommendations and provides its response to the recommendations below.

OIG Recommendation 001

Establish a measurement to align budget consumed to work completed.

FAS Response: FAS concurs with this recommendation and has taken action to better align budget consumed to work completed. FAS is reviewing instituted measures to ensure they align with the OIG recommendation.

OIG Recommendation 002

Develop standard operating procedures to guide the performance of the TOA task order. At a minimum, these procedures should require the inclusion of a readiness assessment and a schedule of deliverables into future interagency agreements with each customer agency.

FAS Response: FAS concurs with this recommendation and has established Standard Operating Procedures (SOPs) to guide the performance of the TOA task order.

OIG Recommendation 003

Modify and enforce interagency agreements to ensure the contracting officer's representative receives the information necessary to monitor contractor performance and enforce the Quality Assurance Surveillance Plan.

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405

Appendix E – GSA Comments (cont.)

FAS Response: FAS concurs with this recommendation. GSA has implemented a process to provide TOA support only to agencies who have a signed and executed Interagency Agreement (IAA) in place. All agencies have complied.

OIG Recommendation 004

Determine if modifications to the task order are necessary to address:

- a. Key personnel in the performance of the TOA task order; and**
- b. Circumstances under which the TOA contractor must charge onsite rates.**

FAS Response: FAS concurs with this recommendation and is addressing the findings.

OIG Recommendation 005

Seek monetary recoveries associated with unqualified contract employees and improperly approved travel claims, and strengthen controls to ensure future compliance with task order provisions.

FAS Response: FAS concurs with this recommendation and has sought and recovered \$94,621.76 in contractor labor with mismatched labor categories. The Contracting Officer Representatives (CORs) have strengthened controls through the onboard review process by crosswalking all resume qualifications against the contractual labor categories requirements.

OIG Recommendation 006

Establish a standard invoice review process to ensure:

- a. Invoices are reviewed in a comprehensive and consistent manner; and**
- b. Contracting personnel only approve invoices for payment that are supported by appropriate documentation.**

FAS Response: FAS concurs with this recommendation and is addressing the findings.

FAS concurs with these recommendations and has begun making changes to the Transition Ordering Assistance (TOA) program since this audit period concluded, as indicated above. Upon issuance of the final audit report, FAS will establish a Corrective Action Plan which will outline the specific actions to be taken in support of the implementation as well as the estimated dates for completion of those actions.

Thank you for the opportunity to review this draft report. If you have any questions, please contact Allen Hill, Director of the Office of Telecommunications Services at allen.hill@gsa.gov or 202-701-7891.

Appendix F – Report Distribution

GSA Administrator (A)

GSA Deputy Administrator (AD)

Commissioner (Q)

Acting Deputy Commissioner (Q1)

Deputy Commissioner (Q2)

Chief of Staff (Q0A)

Senior Advisor (Q0A)

Assistant Commissioner, Office of Policy and Compliance (QV)

Financial Management Officer, FAS Financial Services Division (BGF)

Director of Financial Management (BG)

Assistant Commissioner for Information Technology Category (QT)

Deputy Assistant Commissioner for Category Management (QT3)

Director, Telecommunication Services (QT3C)

Chief Administrative Services Officer (H)

Audit Management Division (H1EB)

Assistant Inspector General for Auditing (JA)

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