



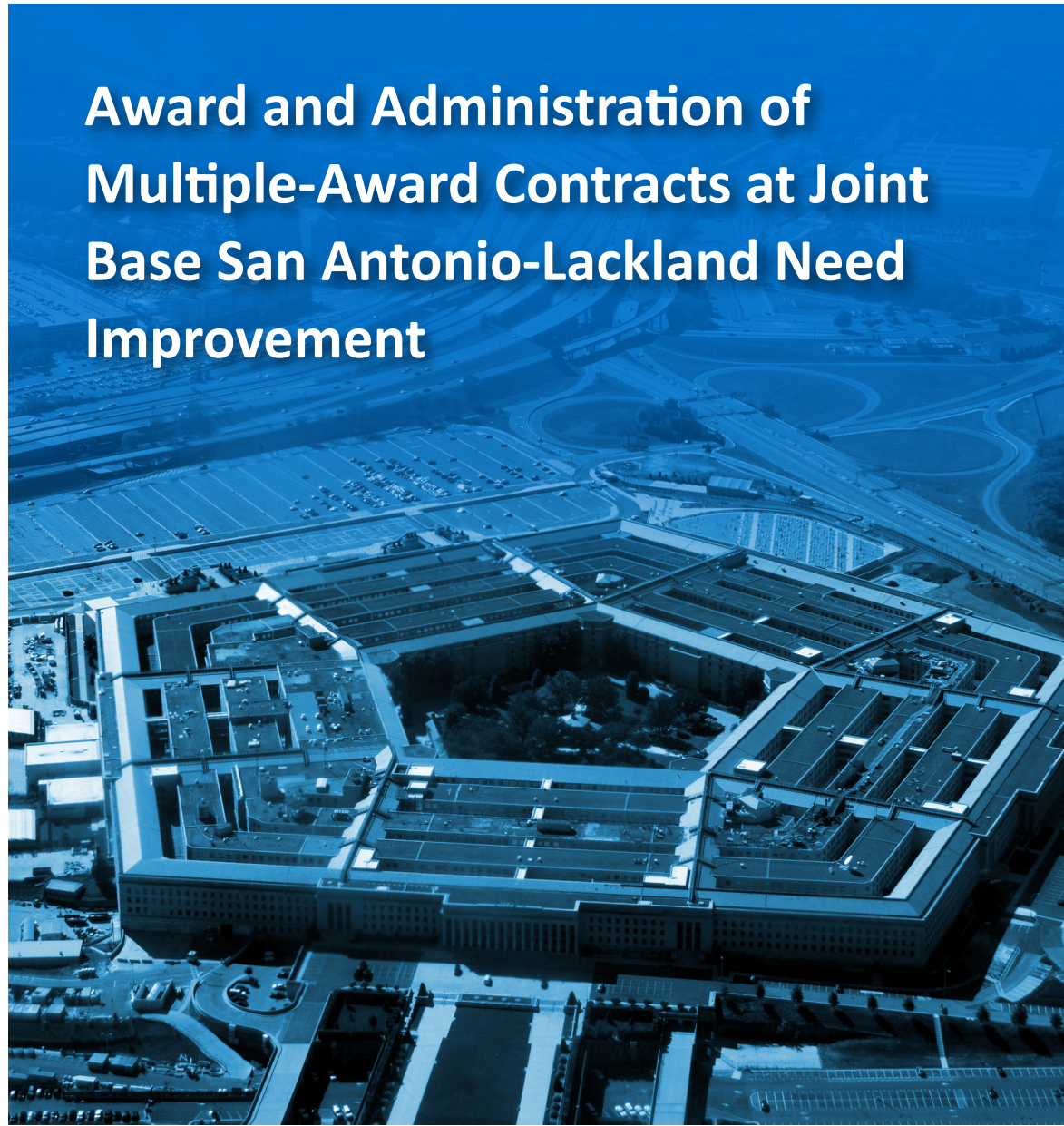
INSPECTOR GENERAL

Department of Defense

AUGUST 23, 2013



Award and Administration of Multiple-Award Contracts at Joint Base San Antonio-Lackland Need Improvement



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Results in Brief

Award and Administration of Multiple-Award Contracts at Joint Base San Antonio-Lackland Need Improvement

August 23, 2013

Objective

Our objectives were to determine whether contracting officials provided a fair opportunity to compete, supported price reasonableness determinations, and performed adequate surveillance for task orders issued under multiple-award contracts for services in accordance with Federal and DoD procedures. We reviewed 20 task orders, valued at \$15.8 million, awarded under two multiple-award contracts.

Findings

The 772nd Enterprise Sourcing Squadron (ESS) contracting officers provided contractors a fair opportunity to compete or adequately justified a fair opportunity exception for 19 task orders reviewed, valued at \$15.3 million. However, a contracting officer did not justify a fair opportunity exception for one task order, valued at \$446,954, because the contracting officer did not understand the Federal Acquisition Regulation requirements for documenting fair opportunity exceptions. In addition, they did not adequately document that the prices paid for the 20 task orders were fair and reasonable because they relied on unsupported technical evaluations and independent Government cost estimates (IGCE) that did not include the estimate basis to make their determinations. As a result, Air Force customers may have paid more than they should have for the services purchased under the 20 task orders reviewed.

Contracting officers did not adequately oversee Air Force Civil Engineer Center contracting

Findings Continued

officer's representatives (CORs) surveillance of 19 task orders, valued at \$15.4 million. Specifically, contracting officers did not:

- prepare quality assurance surveillance plans (QASPs) for the 19 task orders because they did not understand QASP requirements;
- tailor COR designation letters because they relied on a standard template;
- monitor the CORs because they used customer feedback instead;
- obtain COR reviews of contractor monthly status reports because CORs were not required to document their reviews; and
- verify the adequacy of COR reviews of other direct costs because CORs reviewed proposed costs, not actual costs.

As a result, Air Force customers may not have received all of the services they paid for.

Recommendations

We recommend the Commander, 772nd ESS, obtain technical reviews and IGCEs that are adequately supported and require contracting officers to prepare QASPs, tailor COR designation letters, and require CORs to document surveillance performed and report progress to the contracting officer.

Management Comments and Our Response

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed with the recommendations. However, the Acting Deputy Director's comments on Recommendation A.1 were partially responsive because the comments did not address whether the 772nd ESS will develop written procedures for technical evaluations. The Acting Deputy Director's comments were not responsive for Recommendations B.1 and B.2. because the comments did not address the type of multiple-award task orders we reviewed. Please see the Recommendations Table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, 772nd Enterprise Sourcing Squadron	A.1, B.1, B.2.a	A.2, B.2.b, c, d, e, f

Please provide comments by September 23, 2013.



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

August 23, 2013

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)**


**SUBJECT: Award and Administration of Multiple-Award Contracts at Joint Base
San Antonio–Lackland Need Improvement (Report No. DODIG-2013-121)**

We are providing this report for review and comment. Contracting officials at the 772nd Enterprise Sourcing Squadron generally provided contractors fair opportunity to compete for task orders awarded under multiple-award contracts. However, they did not prepare adequate fair and reasonable price determinations for 20 task orders reviewed, valued at \$15.8 million. In addition, contracting officer's representatives at the Air Force Civil Engineer Center did not perform adequate surveillance on 19 task orders reviewed or review invoices for cost-type contracts, which included unsupported other direct costs, totaling \$267,405.

We considered management comments on a draft of this report when preparing the final report. DoD Directive 7650.3 requires that recommendations be resolved promptly. The Acting Deputy Director, 772nd Enterprise Sourcing Squadron, responding for the Commander, 772nd Enterprise Sourcing Squadron, agreed with the recommendations. However, the Acting Deputy Director comments on Recommendation A.1 were partially responsive and not responsive for Recommendations B.1 and B.2. Therefore, we request additional comments on those recommendations by September 23, 2013.

Please provide comments that conform to the requirements of DoD Directive 7650.3. If possible, send a portable document file (.pdf) file containing your comments to audapi@dodig.mil. Copies of management comments must contain the actual signature of the authorizing official. We are unable to accept the /Signed/symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9077 (DSN 664-9077).


Jacqueline L. Wiccarver
Assistant Inspector General
Acquisition, Parts, and Inventory

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Introduction

Objectives

Our objectives were to determine whether contracting officials provided a fair opportunity to compete, supported price reasonableness determinations, and performed adequate surveillance for task orders issued under multiple-award contracts (MAC) for services in accordance with Federal and DoD procedures. See Appendix A for a discussion of the scope and methodology and Appendix B for prior coverage related to the objectives.

Background

Multiple-award contracting allows the Government to procure goods and services using streamlined acquisition procedures while obtaining the advantage of competition. A MAC represents a pool of indefinite-delivery, indefinite-quantity (IDIQ) contracts used by DoD customers to obtain services. Specifically, all IDIQ contractors in the pool are to be given a fair opportunity to compete for award of a task order. Federal Acquisition Regulation (FAR) Subpart 16.5, “Indefinite-Delivery Contracts,” establishes a preference for making multiple awards of indefinite-quantity contracts under a single solicitation for the same or similar supplies or services to two or more sources.

772nd Enterprise Sourcing Squadron

According to the official Wright-Patterson Air Force Base website, the 772nd Enterprise Sourcing Squadron (ESS) at Joint Base San Antonio–Lackland, Texas, is a geographically separated unit of Air Force Materiel Command’s Enterprise Sourcing Group at Wright-Patterson AFB, Ohio. The 772nd ESS provides environmental, construction, and services contract support for the Air Force Civil Engineer Center (AFCEC). We reviewed 20 task orders that 772nd ESS contracting officers awarded under two MACs for fair opportunity and price reasonableness issues discussed in Finding A. The first MAC was for the Global Engineering, Integration, and Technical Assistance (GEITA) bridge contracts. The second MAC was for Real Estate Support Services (RESS). See Appendix C for a list of task orders reviewed.

Air Force Civil Engineer Center

According to the official U.S. Air Force website, AFCEC was established from the merger of the Air Force Center for Engineering and the Environment, the Air Force Real Property Agency, and the Air Force Civil Engineer Support Agency. The mission of AFCEC is to provide ready engineers, engineering and real property solutions, and emergency

response services that enable sustainable, highly effective power projection platforms to support the warfighter. Air Force leaders activated AFCEC on October 1, 2012. Contracting officer's representatives (CORs) at AFCEC were responsible for surveillance for 19¹ of the 20 task orders discussed in Finding B.

Review of Internal Controls

DoD Instruction 5010.40, "Managers' Internal Control Program (MICP) Procedures," July 29, 2010, requires 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. We identified internal control weaknesses in price reasonableness determinations and task order oversight and surveillance. Specifically, contracting officers did not adequately support that the prices paid for the 20 task orders were fair and reasonable because the contracting officers relied on unsupported technical evaluations and independent Government cost estimates (IGCEs) to make their determinations. In addition, contracting officers did not prepare quality assurance surveillance plans (QASPs) for the 19 task orders because they did not understand QASP requirements or tailor COR designation letters because they relied on a standard template. Further, CORs did not document their reviews of contractor monthly status reports because there was no requirement to document their reviews for cost reimbursable task orders and because they used Wide Area Workflow (WAWF)² to document their monthly reviews of fixed price task orders. Also, CORs did not review and verify documentation supporting other direct costs (ODC) on five task orders, valued at \$267,405, because they limited their reviews of ODCs to travel requests and availability of funds rather than on actual travel receipts. We will provide a copy of the final report to the senior official responsible for internal controls at the 772nd ESS and AFCEC.

¹ We reviewed 19 of the 20 task orders for surveillance because contracting officials cancelled one GEITA task order shortly after award.

² The DoD-wide system for electronic invoicing, receipt, and acceptance. WAWF allows government vendors to submit and track invoices and receipt/acceptance documents over the web and allows government personnel to process those invoices in a real-time, paperless environment.

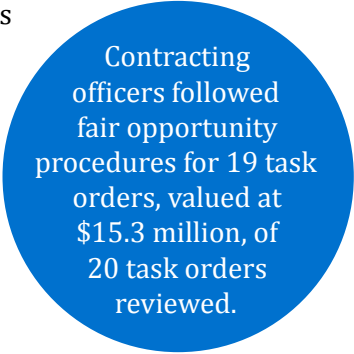
Finding A

Contracting Officers Provided Contractors Fair Opportunity, But Their Price Reasonableness Determinations Could be Improved

Contracting officers provided contractors a fair opportunity to compete or adequately justified a fair opportunity exception for 19 task orders, valued at \$15.3 million, of the 20 task orders reviewed, valued at \$15.8 million. However, a contracting officer did not justify the use of a fair opportunity exception for one task order, valued at \$446,954, because she inappropriately determined that her signature on the requiring customer's request for a specific contractor justified the use of a fair opportunity exception. This indicated that the contracting officer did not understand FAR requirements for documenting fair opportunity exceptions. In addition, the contracting officers did not adequately document that the prices paid for the 20 task orders were fair and reasonable because the contracting officers relied on unsupported technical evaluations and IGCEs that did not include the estimate basis to make their determinations. As a result, Air Force customers may have paid more than they should have for the services purchased under the 20 task orders reviewed.

Contracting Officers Provided Fair Opportunity to Contractors

Contracting officers followed fair opportunity procedures for 19 task orders, valued at \$15.3 million, of 20 task orders reviewed. FAR 16.505(b)(1) requires that contracting personnel must provide each contractor a fair opportunity to be considered for orders exceeding \$3,000 issued under MACs. Contracting officers provided the prospective contractors for 18 task orders, valued at \$14.9 million, a fair opportunity by emailing them a copy of the solicitation as an attachment. A contracting officer adequately justified a fair opportunity exception for task order 8, valued at \$449,460, awarded under contract FA8903-11-D-8501, to a small business. According to FAR 16.505(b)(2)(i)(F), contracting personnel can set aside task orders issued under MACs for small businesses.



Contracting officers followed fair opportunity procedures for 19 task orders, valued at \$15.3 million, of 20 task orders reviewed.

A contracting officer did not document a fair opportunity exception for task order 8, valued at \$446,954, awarded under contract FA8903-11-D-8503, in accordance with FAR 16.505(b)(2)(i), “Exceptions to the Fair Opportunity Process.” Instead, the contracting officer inappropriately determined that her signature on the requiring customers request for a specific contractor justified the use of a fair opportunity exception. However, the contracting officer’s signature on the customer’s request for a specific contractor did not meet FAR 16.505(b)(2)(i) requirements for documenting and supporting the use of a fair opportunity exception. The contracting officer agreed that she did not justify the fair opportunity exception for task order 8 in accordance with FAR 16.505(b)(2)(i).

Price Reasonableness Determinations Were Not Adequately Supported

Contracting officers received only one proposal on each of the 20 task orders, valued at \$15.8 million, and did not adequately document and support that the prices obtained were fair and reasonable. The problems occurred because contracting officers relied on the results of technical evaluations of contractor proposals that did not identify the basis for determining the reasonableness of contractor-proposed hours rather than asking the technical evaluators for more detailed information. In addition, the contracting officers relied on IGCEs that did not document the basis for cost estimate determinations. According to FAR 15.404-1, the contracting officer is responsible for evaluating the reasonableness of the offered prices. As a result, Air Force customers may have paid more than they should have for the services purchased under the 20 task orders reviewed.

Technical Evaluations for Contractor-Proposed Hours Lacked Detail

Contracting officers relied on technical evaluations of contractor proposals that lacked detail for the 20 task orders, valued at \$15.8 million. According to FAR 15.404-1(e)(2), “At a minimum, the technical analysis should examine the types and quantities of material proposed and the need for the types and quantities of labor hours and the labor mix.” Supported technical evaluations are important because contracting officers rely on them to support their price reasonableness determinations. The technical evaluations for the 20 task orders reviewed were inadequate because they did not identify the basis used for determining how contractor-proposed hours were reasonable. Instead, the technical evaluations included cursory statements regarding contractor-proposed hours regardless of the dollar value of the task order. The following are two examples where technical evaluations did not explain how contractor-proposed hours were reasonable.

Task Order 93

A contracting officer awarded Task Order 93 for the purchase of advisory and assistance services at Kunsan Air Base, Republic of Korea to support the following programs: environmental management system, compliance, pollution prevention, and conservation and planning. The COR who prepared the technical evaluation for task order 93, a firm-fixed-price (FFP) task order, valued at \$165,880, awarded under FA8903-10-D-8504, included the following statement, “The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.” The COR did not include any additional explanation or documentation to support that statement.

Task Order 205

A contracting officer awarded Task Order 205 for the purchase of advisory and assistance services at numerous Air Force bases in support of environmental program requirements. The COR who prepared the technical evaluation for task order 205, a cost-plus-fixed-fee (CPFF) task order, valued at \$2,373,831, awarded under contract FA8903-10-D-8501, stated, “The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.” However, the COR did not include any additional explanation or documentation to support that statement.

Historical pricing information existed for 18 of the 20 task orders reviewed. Contracting officers stated that CORs used historical information to determine that contractor-proposed hours were reasonable and agreed that the CORs should have provided more detail in the technical evaluations explaining how the contractor-proposed hours were reasonable. The contracting officers also stated that they did not request additional information from the CORs but rather relied on the CORs expertise alone. For details on the technical evaluations prepared in support of the 20 task orders, see Appendix D. The Commander, 772nd ESS, needs to establish written procedures with examples to show contracting officers for task orders awarded under MACs how to obtain technical evaluations of contractor proposals that identify the basis for determining how proposed hours are reasonable.

General Statements Used to Support IGCEs

Contracting officers relied on the inadequate IGCEs for 15 task orders, valued at \$10.4 million, of the 20 task orders when making price reasonableness determinations. According to FAR 15.404-1(b)(2)(v), comparison of proposed prices with IGCEs is one price analysis technique for determining price reasonableness. The IGCEs were

inadequate because they included general statements instead of specific information on the basis used for determining the adequacy of the estimated costs. General statements included:

- previous projects,
- expiring orders,
- prior history for similar requirements,
- previous IGCEs,
- past task order history, and
- similar work at other bases.

Table 1 identifies the non-specific information that the COR prepared to support the IGCE for task order 93, a FFP task order, valued at \$165,880, awarded under contract FA8903-10-D-8504. The nonspecific information consisted of historical experience, previous similar projects, previous IGCEs and previous projects.

Table 1. Inadequate IGCE For Task Order 93

The basis of the IGE is as follows:	
1.	How was this estimate developed? This IGE was developed using project knowledge, historical experience for developing cost estimates, and consultation with other technical professionals.
2.	What assumptions were made? One mid-level engineer for 12 months, no TDYs.
3.	What information and estimating tools were used? Information from previous similar projects at Kunsan was used to develop the IGE.
4.	Where was the information obtained? Previous IGEs and new FY 12 labor rates from GEITA Bridge.
5.	How did previous estimates compare with prices paid? Prices paid in previous projects were comparable to project estimates (note: GEITA bridge pricing very similar to GEITA 05).

The COR who prepared the inadequate IGCE for task order 93 also prepared the inadequate technical evaluation for task order 93.

Table 2 on page 7 identifies the nonspecific information that the COR prepared to support the IGCE for task order 205, a CPFF task order, valued at \$2,373,831, awarded under contract FA8903-10-D-8501. The nonspecific information consisted of previous projects.

Table 2. Inadequate IGCE For Task Order 205

The basis of the IGE is as follows:	
1. How was the IGE developed?	The IGE was developed using GEITA direct and indirect costs associated with the contract for this task order.
2. What assumptions were made?	All labor and materials will be provided by the Contractor to complete tasks.
3. What information and estimating tools were made?	Information used for this estimate was obtained from the Installation or PMO group.
4. Where was the information obtained?	The information was obtained from the Installation or PMO group and programming documents.
5. How did previous estimates compare with prices paid?	In relation to the technical aspect of the task order, prices paid are comparable to previous projects.

The COR who prepared the inadequate IGCE for task order 205 also prepared the inadequate technical evaluation for task order 205.

Table 3 provides an example where the COR identified specific information to support the IGCE for task order 214, a FFP task order, valued at \$206,601, awarded under contract FA8903-10-D-8501. For example, the IGCE identified a specific prior contract that the COR used to estimate hours.

Table 3. IGCE For Task Order 214 That Included More Detail

The basis of the IGE is as follows:	
1. How was the IGE developed?	The IGE was developed using my experience from other GEITA support contracts, personal knowledge of the requirements after speaking with the customer and through my experience in developing other types of engineering and support cost estimates.
2. What assumptions were made?	Hours worked and personnel will be similar to the previous contract (FA8903-10-D8501-117 and 05-D-8729-0576 and 0396). The Government will provide fully functional work stations and typical office supplies at JBER, AK [Joint Base Elmendorf-Richardson, Alaska] and JBPHH, HI [Joint Base Pearl Harbor-Hickam, Hawaii]. For travel estimated purposes the contractor should assume: Hickam to Wake - 4 trips for up to a 2 week period Hickam to Kokee- 1 trip for up to a 1 week period. Period of performance will be 12 months.
3. What information and estimating [sic] tools were used?	GEITA IGE tool, the base support letter and position descriptions provided by the base project manager.
4. Where was the information obtained?	Task descriptions were provided by the base, office support was provided in the base support letter and labor rates were gathered from the AFCEE IGE Tool.
5. How did previous estimates compare with prices paid?	Estimates for previous projects were reasonably close to final contract amounts. Much of this is due to set labor rates and number of hours for a full-time position and because this type of support has been provided over a number of years. The continuing support has reduced the number of unknowns to the government and contractor.

While task order 214 was a low-dollar, FFP task order, the COR provided more detailed information than the COR who prepared the IGCE for task order 205, a high-dollar CPFF task order. The Commander, 772nd ESS, needs to require contracting officers to obtain IGCEs that include adequate documentation to support cost estimates.

Necessity for Good Documentation

In DoD Inspector General Report No. D-2011-021, “More DoD Oversight Needed for Purchases Made Through the Department of Energy,” December 3, 2010, we identified the need for good documentation.

Need for Good Documentation. Good documentation is essential to good contracting. As time goes on, you forget times, dates, persons involved, and other elements that are important in all aspects of contracting and pricing in particular. While fresh in your mind, you should document:

- events;
- actions; and
- decisions.

Problems from Poor Documentation. Lack of good documentation can create serious problems. Since you will not always be available to explain what you did, or why, other contracting personnel will not know what happened, or about any special circumstances that may have affected your decisions. If your files lack proper documentation:

- other contracting personnel may take the time to accomplish an action or make a decision that you have already completed. These actions or decisions may conflict with yours.
- legal advisors and management review teams may question your action or lack of action because they do not have all of the relevant information.
- you will find that the lack of documentation is generally treated as a lack of action. If it is not documented, it never happened.

Recommendations, Management Comments, and Our Response

Recommendation A

We recommend the Commander, 772nd Enterprise Sourcing Squadron, establish written procedures with examples to show contracting officers for task orders awarded under multiple-award contracts how to:

1. **Obtain technical evaluations of contractor proposals that identify the basis for determining how contractor-proposed hours are reasonable.**

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS will train contracting personnel to include guidance in their requests for technical evaluations to identify the basis for determining how proposed labor hours are reasonable. The 772nd ESS plans to complete the training by August 31, 2013.

Our Response

Comments from the Acting Deputy Director were partially responsive. Training, along with establishing written procedures will meet the intent of our recommendation. Accordingly, the Commander, 772nd ESS needs to clarify whether the 772nd ESS intends to establish written procedures for technical evaluations.

2. **Obtain independent Government cost estimates that include adequate documentation to support cost estimates.**

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS will revise the Purchase Request Checklist to include language that directs CORs to provide significant detail regarding the basis of their cost estimate. Additionally, contracting officers will verify that estimated costs are properly supported. In correspondence received after official comments, a 772nd ESS contracting official stated the 772nd ESS plans to complete these actions by September 30, 2013.

Our Response

Comments from the Acting Deputy Director were responsive and no further comments are required.

Finding B

Task Orders Lacked Adequate Surveillance

The 772nd ESS contracting officers and AFCEC CORs did not perform adequate surveillance of 19 task orders³ reviewed, valued at \$15.4 million. Specifically, for the 19 task orders reviewed, the contracting officers did not:

- prepare task order-specific QASPs because they did not understand QASP requirements;
- tailor COR designation letters to the specific requirements of individual task orders because they used a standard template for all COR designation letters, and
- adequately monitor the CORs because they relied on customer feedback as the method of determining whether CORs were performing their duties.

The CORs did not:

- document their reviews of contractor monthly status reports for 19 task orders because there was no requirement to document their reviews for cost reimbursable task orders and because they used Wide Area Workflow (WAWF)⁴ to document their reviews of fixed-price task orders; and
- review and verify documentation supporting other direct costs (ODC) on five⁵ task orders, valued at \$267,405, because they limited their reviews of ODCs to travel requests and availability of funds rather than on actual travel receipts.

As a result, Air Force customers may not have received all of the services they paid for.

³ See Footnote 1.

⁴ The DoD-wide system for electronic invoicing, receipt, and acceptance. WAWF allows government vendors to submit and track invoices and receipt/acceptance documents over the web and allows government personnel to process those invoices in a real-time, paperless environment.

⁵ Contractors for the other 2 task orders with cost reimbursable line items did not submit bills for ODCs and the other 12 task orders did not have cost reimbursable line items for ODCs because they were FFP.

One Performance Plan and One QASP Used for Oversight of Multiple-Award Task Orders Awarded Under MACs

Contracting officers and CORs did not prepare task order-specific QASPs for the 19 task orders. Instead, they prepared one performance plan for all IDIQ contracts for the GEITA MAC and one QASP for all IDIQ contracts for the RESS MAC. FAR Subpart 46.4, “Government Contract Quality Assurance,” states that QASPs should be prepared in coordination with the performance work statement. FAR Subpart 37.6, “Performance-Based Acquisitions,” adds that the performance work statement should include measureable performance standards and the methodology for assessing contractor performance against performance standards. In addition, FAR subpart 46.4 states that the QASP should address the frequency of surveillance and the location. The QASP should also identify all work requiring surveillance and the type of surveillance. The surveillance can be performed at any time or location deemed necessary to verify that services conform to contract requirements.

Since contracting officers issued task orders against the IDIQ contracts, they should have developed a separate QASP before each task order award to provide requirements for COR monitoring and reporting of contractor progress and provide instruction for acceptance of contract deliverables. The contracting officers did not understand the QASP requirement. In addition, separate QASPs should identify who has responsibility for surveillance and be signed and dated before the start of the task order performance period.

A contracting officer stated that the FAR does not require QASPs for individual task orders. The 19 task orders varied in price from \$162,090 to \$4.4 million, included a mixture of

A contracting officer stated that the FAR does not require QASPs for individual task orders.

15 FFP and 4 CPFF contract types, and involved purchase of services for various Air Force sites around the world.

Contracting officers and CORs did not establish adequate methods for assessing contractor performance for the 17 GEITA task orders we reviewed. While the GEITA MAC performance plan included four potential methods of assessing contractor performance—periodic inspection, random sampling, 100 percent inspection, and customer feedback—contracting officers used customer feedback, measured as customer complaints, as the primary method of assessing contractor performance.

The RESS QASP included three potential methods of assessing contractor performance—periodic inspection, 100 percent inspection, and customer feedback. The two RESS task orders reviewed included periodic inspection in addition to customer feedback, measured as customer complaints, as the method of assessing contractor performance. The Commander, 772nd ESS, needs to require contracting officers and CORs to prepare, sign, and date QASPs for individual task orders that identify specific methods for assessing contractor performance before the start of task order performance.

Table 4. *Methods of Assessing Contractor Performance*

	Methods of Assessment
GEITA Performance Plan	“Potential surveillance methods used for monitoring contractor performance of task orders issued against the basic contracts may include Periodic Inspection, Random Sampling, 100% Inspection, and Customer Feedback.”
RESS QASP	“Potential surveillance methods used for monitoring contractor performance of task orders issued against the basic contracts may include Periodic Inspection, 100% Inspection, and Customer Feedback.”

Legend:

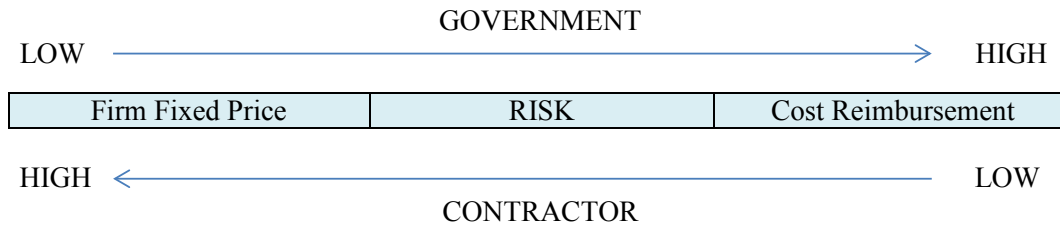
- GEITA Global Engineering, Integration, and Technical Assistance
- QASP Quality Assurance Surveillance Plan
- RESS Real Estate Support Services

The periodic inspection method of assessment combined with the customer complaint performance standard used in the two RESS task orders provided a more systematic approach for surveillance than just customer complaints. According to the DoD COR Handbook, March 22, 2012, while customer feedback is a method of assessing contractor performance, it is not usually a primary method but rather a supplement to more systematic surveillance methods. The Commander, 772nd ESS, needs to require contracting officers to tailor methods of assessing contractor performance to the contract type and dollar value.

COR Designation Letters Were Not Modified to Fit Task Order Requirements

Contracting officers did not modify COR designation letters to specific requirements for the 19 task orders reviewed. Of the 19 task orders, 4 were CPFF. However, the COR letters for those 4 task orders were exactly the same as the COR letters for the 15 FFP task orders. Cost reimbursable contracts shift the risk to the Government as shown in Figure 1 on page 13 obtained from the DoD COR Handbook. Instead of paying a pre-defined price, the Government reimburses the contractor for all allowable, allocable, and reasonable costs. Accordingly, surveillance requirements in the COR designation letters should have reflected that difference.

Figure 1. Risks of Firm-Fixed Price versus Cost-Reimbursable Contracts



In addition, CORs did not perform duties required by the COR designation letters. Specifically, COR designation letters required CORs to prepare memorandums for the record of all meetings, trips, and telephone conversations relating to the task orders regardless of the task order amount or where the contractor was located. CORs provided various reasons why they did not follow the documentation requirements. One COR was unaware of the documentation requirements, another COR stated that he believed his presence at meetings and minutes of meetings prepared by the contractor were sufficient, and another COR stated that she did not prepare memorandums for each meeting and telephone conversations but instead kept e-mails and deliverables.

All 19 COR designation letters included the following excerpt:

Perform inspection and acceptance for the Government assuring performance/delivery is in accordance with contract/order requirements, terms and conditions. Ensure the hours worked by the contractor are the hours billed in the contractor's invoice.

However, services procured under the task orders ranged from the preparation of legal documents to the services of a person with construction management experience. In addition, the contractors for the 15 FFP task orders were not required to bill by the hour. The wording should have been tailored to the COR's responsibilities for each task order.

The contracting officer who awarded 10 of the 19 task orders stated that it would be administratively unfeasible to craft different memorandums for each COR and alternate COR without a basis for the generation of added effort and potential for inadvertently omitting some of the responsibilities. The contracting officer who awarded the other nine task orders stated that she used a standard template to prepare the COR designation letters. The Commander, 772nd ESS, needs to require contracting officers to develop COR designation letters tailored to the requirements of each task order and require CORs to follow the instructions in the COR designation letters.

Contracting Officers Did Not Review COR Surveillance

Contracting officers did not monitor the surveillance that CORs performed for the 19 task orders. FAR 1.602-2, "Responsibilities," states that contracting officers are responsible for ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships. The contracting officer who awarded 10 of the 19 task orders stated that she did not monitor the CORs performance but instead used customer feedback as her method of determining whether the CORs were performing adequate surveillance. The Commander, 772nd ESS, needs to require contracting officers to review COR surveillance files to verify that the CORs are providing adequate surveillance.

CORs Did Not Document Their Reviews of Contractor Monthly Status Reports

CORs did not document their reviews of contractor monthly status reports for 19 task orders. According to the MACs, the contractor monthly status report shall include a statement of the overall project status, covering the accomplished technical activities and development; objectives of efforts; summary results of efforts; identification of major problems/deficiencies with impact; and recommended solutions. FAR 46.501, "General," states that acceptance constitutes acknowledgement that the supplies or services conform to applicable contract quality and quantity requirements. FAR 46.501 also states that the acceptance should ordinarily be evidenced by execution of an acceptance certificate on an inspection. FAR 4.802, "Contract Files," requires that a contract file should include documents reflecting the basis for and the performance of contract administration responsibilities. Accordingly, the COR is required to document acceptance of deliverables and to include that documentation in the COR surveillance file. CORs for the four CPFF task orders stated that they did not document their reviews of the contractor monthly status reports because they were not required to. The CORs for the 11 of the 15 FFP task orders stated that they documented their reviews of contractor monthly status reports by accepting contractor invoices in WAWF which included contractor monthly status reports as attachments. While WAWF showed that CORs inserted a check mark in WAWF to show their acceptance of contractor invoices, there was no evidence that the CORs reviewed and verified the contractor monthly status reports attached to the invoices. The Commander, 772nd ESS, needs to require contracting officers to require that CORs document their reviews of contractor monthly status reports.

CORs Did Not Adequately Review Other Direct Costs

CORs did not perform adequate reviews of ODCs, valued at \$267,405, included on contractor invoices. The ODCs consisted primarily of travel and material costs and were included in three CPFF task orders, valued at \$8.7 million, and two FFP task orders, valued at \$790,773, that included cost reimbursable line items for ODCs. Some contractor invoices identified what the ODCs were for, while other invoices just stated other direct costs. However, in neither situation did the CORs review contractor actual receipts to determine whether the receipts supported the ODCs included on the invoices. Figure 2 below includes an excerpt from a contractor invoice that shows where a contractor invoice did not specify what the other direct costs were for and the COR did not review contractor documentation to validate the other direct costs.

Figure 2. Contractor Invoice That Did Not Specify Other Direct Costs

[CONTRACTOR]			
INVOICE			
Invoice : INV-0000016666 Invoice Amount : [Deleted]		Invoice Date : 11/20/12 Invoice Due Date : 12/20/12	
Bill To U.S. AIR FORCE 772 ESS/PKS/BLDG 171 2261 Hughes AVE STE 163 LACKLAND AFB TX 78236-9861		Remit To [CONTRACTOR]	
Project ID : 2244.0068 Project Name : DLA PM Support Bill Number : 12		Project Period of Performance : Oct.31.2011 to Oct.30.2012 Invoicing Period of Performance : Sep 29, 2012 to Oct 26, 2012	
Description	Rate/Unit Price	Hours/Unit	Amount
TOTAL LABOR			
FULL TIME LABOR		[Deleted]	[Deleted]
PART TIME LABOR		[Deleted]	[Deleted]
Subtotal for TOTAL LABOR		[Deleted]	[Deleted]
TOTAL FRINGE			
FULL TIME FRINGE	[Deleted]		[Deleted]
PART TIME FRINGE	[Deleted]		[Deleted]
Subtotal for TOTAL FRINGE			[Deleted]
TOTAL OVERHEAD			
AFCEE OFFICE O/H	[Deleted]		[Deleted]
HOME ORG OVERHEAD	[Deleted]		[Deleted]
ON-SITE O/H	[Deleted]		[Deleted]
Subtotal for TOTAL OVERHEAD			[Deleted]
TOTAL ODCs			
OTHER DIRECT COSTS			[Deleted]
Subtotal for TOTAL ODCs			[Deleted]
TOTAL SUBCONTRACTOR			
SUB DIRECT COSTS			[Deleted]
SUB G&A	[Deleted]		[Deleted]
SUB HANDLING	[Deleted]		[Deleted]

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CORs provided various reasons why they did not review supporting documentation for ODC amounts (see Table 5 below). We did not review labor hours identified in contractor invoices, only other direct costs.

Table 5. Reasons Why CORs Did Not Review ODC Source Documentation

Contract No.	ODC Amounts	Type of Contract	Reasons
FA8903-10-D-8500/49	\$24,993	Cost-plus-fixed-fee	Source documents are not typically reviewed unless there is a concern about the realism verses scope anticipated.
FA8903-10-D-8501/205	74,775	Cost-plus-fixed-fee	COR stated that this contract required an off-site contractor to work on different phases of the PRD process. The signed invoices and meeting minutes demonstrates review of other direct costs (that are included in the invoices) and surveillance.
FA8903-10-D-8502/68	150,299	Cost-plus-fixed-fee	COR stated that ODCs were primarily for travel and that he did not review receipts for travel but used site reports to verify that the travel occurred. COR then applied the Joint Travel Regulations to determine whether ODC amounts for travel were appropriate.
FA8903-10-D-8501/209	8,097	Firm-fixed-price with cost reimbursable material & travel costs	COR stated: "I review funding remaining in the CLIN [contract line item number] and the requirement in the performance work statement and if appropriate I send back my approval."
FA8903-10-D-8501/210	9,241	Firm-fixed-price with cost reimbursable material & travel costs	COR stated that she focused her review on verifying that ODCs billed had not exceeded the ODC CLIN amount.
Total	\$267,405		

Legend:

COR Contracting Officer's Representative
 CLIN Contract Line Item Number
 ODC Other Direct Costs

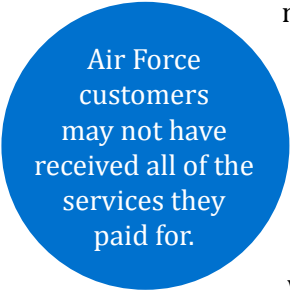
The CORs explained that they limited their reviews of ODCs to travel requests and the availability of funds instead of reviewing actual travel receipts. They also stated that the contractors maintained actual travel receipts; however, they did not request the receipts from the contractors.

According to DoD Financial Management Regulation, volume 10, chapter 10, paragraph 100302(A), while the Defense Contract Audit Agency has sole authority for verifying claimed costs under cost reimbursement, time and materials, and labor-hour contracts, CORs may also review contractor billings in support of their surveillance responsibilities as long as they coordinate with the Defense Contract Audit Agency when cost verification of data is necessary. On April 14, 2008, the Director, Defense Procurement, Acquisition Policy and Strategic Sourcing, issued a memorandum, "Approving Payments under Cost-Reimbursement, Time-and-Materials, and Labor-Hour Contracts," that also stated that CORs may review contractor billings as part of their contract performance surveillance.

Accordingly, CORs may request, review, and maintain receipts to verify the validity of charges billed for ODCs. The lack of supporting documentation (for example airline tickets, hotel bills, and rental car receipts) for invoices increased the risk for improper payment. See Appendix E for a summary of potential monetary benefits resulting from CORs reviewing ODCs. The Commander, 772nd ESS, needs to require contracting officers to obtain supporting documentation and validate the other direct costs of \$267,405, or, as appropriate, initiate action to recover unsupported other direct costs.

Conclusion

Performance monitoring was inadequate. Specifically, contracting officers did not provide sufficient guidance in the form of QASPs for each task order and did not tailor COR designation letters to the requirements of each task order. Instead, the contracting officers relied on the customer to inform them if the CORs were not adequately monitoring the contractor. In turn, the CORs relied on customer feedback as the primary method of monitoring the quality of the contractor's performance. The CORs for the four CPFF task orders did not have a formal process for documenting that they reviewed the contractor monthly status reports even though there is a higher risk to the Government when issuing CPFF task orders. The CORs for the 11 of the 15 FFP task orders did not maintain evidence that they actually reviewed contractor monthly status reports but only checked a box in WAWF for approving an invoice. In addition, the CORs did not review contractor documentation to determine whether that documentation supported the ODCs included on the invoices. As a result, Air Force customers may not have received all the services they paid for.



Air Force customers may not have received all of the services they paid for.

Recommendations, Management Comments, and Our Response

Recommendation B

We recommend the Commander, 772nd Enterprise Sourcing Squadron require:

- 1. Contracting officers and contracting officer's representatives to prepare, sign, and date quality assurance surveillance plans for individual task orders, identifying specific methods of assessing contractor performance before the start of task order performance.**

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS implemented use of a Quality Assurance Surveillance Plan at the task-order level when the squadron began acquiring advisory and assistance services under General Services Administration orders.

Our Response

Comments from the Acting Deputy Director were nonresponsive because the comments focused on General Services Administration orders. The task orders we reviewed were multiple-award task orders awarded under FAR 16.5 procedures where 772nd ESS contracting officers awarded both the MAC and the task orders under the contracts. Accordingly, the Commander, 772nd ESS, needs to clarify whether the 772nd ESS implemented the use of QASPs for the type of task orders we reviewed.

- 2. Contracting officers to:**
 - a. Tailor methods of assessing contractor performance to the contract type and the dollar value.**

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS took corrective action to document the different methods for performing surveillance in each QASP under General Services Administration orders and that it completed the action on May 1, 2013.

Our Response

The Acting Deputy Director comments were nonresponsive because the comments focused on General Services Administration orders. The task orders we reviewed

were multiple-award task orders awarded under FAR 16.5 subpart procedures where 772nd ESS contracting officers awarded both the MACs and the task orders under the contracts. Accordingly, the Commander, 772nd ESS, needs to clarify whether the 772nd ESS will take corrective action to document the different methods for performing surveillance in the QASPs prepared for individual multiple-award task orders.

b. Develop contracting officer's representative's designation letters tailored to the requirements of each task order.

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS will take corrective action to provide training to contracting personnel to properly identify the pricing arrangement, understand the risks associated with the pricing arrangement selected, and include only COR duties that are applicable for the task order when identifying COR surveillance responsibilities in the COR designation letters. The 772nd ESS plans to complete this training by August 31, 2013.

Our Response

Comments from the Acting Deputy Director were responsive, and no further comments are required.

c. Require contracting officer's representatives to follow the instructions in the contracting officer's representative's designation letters.

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS took corrective action to remind CORs during the contracting officer led training to follow the instructions in the COR designation letters when conducting surveillance. The Acting Deputy Director stated that the training documentation has been revised to include a statement that CORs are to follow the instructions and are advised of their duties and responsibilities. The Acting Deputy Director stated that contracting personnel are reviewing COR files on a quarterly basis to ensure CORs are following assigned duties as specified in the designation letter and that the Acting Deputy Director would elevate issues where a COR is not in compliance to Air Force Civil Engineer Center leadership. The 772nd ESS completed this action on June 1, 2013.

Our Response

Comments from the Acting Deputy Director were responsive, and no further comments are required.

- d. Review the contracting officer's representatives surveillance files to determine whether contracting officer's representatives are performing adequate surveillance.**

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS took corrective action to ensure contracting officers review the COR files utilizing a "Contracting Officer Representatives Checklist" as included in the DoD Contracting Officer Representatives Handbook. The Acting Deputy Director stated that as COR file reviews are completed, a narrative report is drafted and coordinated with the COR for his acknowledgement and signature. Narrative reports include any deficiencies and set a suspense date for correction. Additionally, the findings from reviews are loaded into the Contracting Officer Representatives Tool and forwarded to the COR and his supervisor. The 772nd ESS completed this action by June 1, 2013.

Our Response

Comments from the Acting Deputy Director were responsive, and no further comments are required.

- e. Require contracting officer's representatives to document their reviews of contractor monthly status reports.**

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS will take corrective action to provide training to CORs to document reviews of contractor monthly status reports where there are any discrepancies and/or deficiencies in WAWF, under the Miscellaneous Tab. The Acting Deputy Director stated that if there are no discrepancies and/or deficiencies, the checked block should suffice as evidence that the CORs reviewed the invoice. By checking the block, the CORs acknowledge their review. The 772nd ESS plans to complete this action by August 31, 2013.

Our Response

Comments from the Acting Deputy Director were responsive, and no further comments are required.

- f. Obtain supporting documentation and validate the other direct costs of \$267,405 cited below or, as appropriate, initiate action to recover unsupported other direct costs.**

(1) \$24,993 on task order 49 under contract FA8903-10-D-8500

(2) \$74,775 on task order 205 under contract FA8903-10-D-8501

(3) \$150,299 on task order 68 under contract FA8903-10-D-8502

(4) \$8,097 on task order 209 under contract FA8903-10-D-8501

(5) \$9,241 on task order 210 under contract FA8903-10-D-8501

772nd Enterprise Sourcing Squadron Comments

The Acting Deputy Director, 772nd ESS, responding for the Commander, 772nd ESS, agreed, stating that the 772nd ESS is engaged to secure supporting documentation for the task orders. The 772nd ESS plans to complete this action by August 31, 2013.

Our Response

Comments from the Acting Deputy Director were responsive, and no further comments are required.

Appendix A

Scope and Methodology

We conducted this performance audit from October 2012 through June 2013 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.

We collected, reviewed, and analyzed documents on 20 task orders, valued at \$15.8 million, that 772nd ESS contracting officers at Joint Base San Antonio-Lackland awarded for professional, administrative, and management support services and other services, from two MACs awarded in FYs 2010 and 2011. The 20 task orders represented all task orders awarded under those two MACs for those types of services during FY 2012. See Appendix C for a list of MACs and task orders reviewed. To determine whether fair opportunity and price reasonableness was adequate, we reviewed pre-award documentation on the 20 task orders reviewed, including request for proposals, proposals, price negotiation memorandums, technical evaluations of contractor proposals, and IGCEs. To determine whether surveillance was adequate, we examined COR designation letters, QASPs, contractor monthly status reports, and COR surveillance files. We interviewed three contracting officers that awarded the 20 task orders and 14 CORs that performed surveillance on 19 task orders reviewed for surveillance. The 14 CORs were located at:

- Joint Base San Antonio-Lackland, Texas;
- Hickam Air Force Base, Hawaii; and
- Otis Air National Guard Base, Massachusetts.

We reviewed other direct costs amounts included in contractor invoices—we did not review labor hours. We reviewed documentation from December 2000 to April 2013. We used the following criteria to perform the audit:

- FAR 16.505(b)(1), “Fair Opportunity,” requires contracting officers to provide each awardee a fair opportunity to be considered for each order exceeding \$3,000 issued under MACs, unless an exception to the fair opportunity process applies.
- FAR 16.505(b)(3), “Pricing Orders,” requires contracting officers to establish prices for each order using the policies and methods in FAR Subpart 15.4 in situations where the contract did not establish the price for the supply or service.

- FAR 15.404-1, “Proposal Analysis Techniques,” states that the contracting officer is responsible for evaluating the reasonableness of the offered prices.
- Defense Procurement and Acquisition Policy Memorandum, “Improving Competition in Defense Procurements–Amplifying Guidance,” April 27, 2011, states that contracting officers shall not depend on the standard at FAR 15.403-1(c)(ii) when determining the price to be fair and reasonable. Rather, the contracting officer shall use price or cost analysis in accordance with FAR 15.404-1 to make that determination.
- FAR 46.401(a) and (b) states that a QASP should be prepared in conjunction with the preparation of the statement of work. The QASPs should specify all work requiring surveillance, the method of surveillance, and the place or places where the Government reserves the right to perform quality assurance.
- Defense Federal Acquisition Regulation Supplement (DFARS), Procedures, Guidance, and Information (PGI) 201.602-2 allows contracting officers to designate qualified personnel as their authorized representatives to assist in the technical monitoring or administration of a contract.
- DFARS 237.172, “Service Contracts Surveillance,” requires that QASPs be prepared in conjunction with the preparation of the statement of work or statement of objectives for solicitations and contracts for services. QASPs should be tailored to address the performance risks inherent in the specific contract type and the work effort addressed by the contract.
- DFARS 246.401, “General,” states that the requirement for a QASP shall be addressed and documented in the contract file for each contract except those awarded using simplified acquisition procedures. For service contracts, the contracting officer should prepare a QASP to facilitate assessment of contractor performance.

Use of Computer-Processed Data

We used the Federal Procurement Data System–Next Generation database to identify task orders that Air Force contracting activities award from MACs between October 1, 2011, and September 30, 2012. We also used information downloaded from WAWF to obtain documentation showing when DoD personnel reviewed contractor invoices. To assess the accuracy of computer-processed data, we verified the Federal Procurement Data System and WAWF data against official records at the 772nd ESS visited. We determined that data obtained through the Federal Procurement Data System and WAWF were sufficiently reliable to accomplish our audit objectives.

Appendix B

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO), DoD Inspector General (DoD IG), Air Force Audit Agency, and the Special Inspector General for Iraq Reconstruction issued 17 reports discussing competition and surveillance. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov/>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/pubs>.

Air Force Audit Agency reports can be accessed from .mil domains over the Internet at <https://afkm.wpafb.af.mil/community/views/home.aspx?Filter=OO-AD-01-41> by those with Common Access Cards.

Special Inspector General for Iraq Reconstruction unrestricted reports can be accessed over the Internet at <http://www.sigir.mil/Default.aspx>.

GAO

GAO Report No. GAO-09-579, "Contract Management: Minimal Compliance with New Safeguards for Time-and-Materials Contracts for Commercial Services and Safeguards Have Not Been Applied to GSA Schedules Program," June 24, 2009

GAO Testimony No. GA0-09-643T, "Defense Acquisitions: Actions Needed to Ensure Value for Service Contracts," April 23, 2009

DoD IG

DoD IG Report No. DODIG-2013-007, "Award and Administration of Multiple Award Contracts at Naval Facilities Engineering Command Specialty Centers Need Improvement," October 26, 2012

DoD IG Report No. DODIG-2012-134, "Contingency Contracting: A Framework for Reform 2012 Update," September 18, 2012

DoD IG Report No. DODIG-2012-033, "Award and Administration of Multiple Award Contracts for Services at U.S. Army Medical Research Acquisition Activity Need Improvement," December 21, 2011

DoD IG Report No. D-2011-028, "Contract Oversight for the Broad Area Maritime Surveillance Contract Needs Improvement," December 23, 2010

DoD IG Report No. D-2010-087, "Weaknesses in Oversight of Naval Sea Systems Command Ship Maintenance Contract in Southwest Asia," September 27, 2010

DoD IG Report No. D-2010-081, "Army Use of Time-and-Materials Contracts in Southwest Asia," August 27, 2010

DoD IG Report No. D-2010-078, "Air Force Use of Time-and-Materials Contracts in Southwest Asia," August 16, 2010

DoD IG Report No. D-2010-059, "Contingency Contracting: A Framework for Reform," May 14, 2010

DoD IG Report No. D-2009-109, "Contracts Supporting the DoD Counter Narcoterrorism Technology Program Office," September 25, 2009

DoD IG Report No. D-2009-083, "Logistics Support Contracting for the United States Special Operations Command," May 28, 2009

DoD IG Report No. D-2009-082, "SeaPort Enhanced Program," May 6, 2009

DoD IG Report No. D-2009-036, "Acquisition of the Air Force Second Generation Wireless Local Area Network," January 16, 2009

Air Force Audit Agency

Air Force Audit Agency Report No. F2013-0009-L30000, "Air Force Center for Engineering and the Environment Support Services Contract Management," April 1, 2013

Air Force Audit Agency Report No. F2011-0008-FC1000, "Multiple-Award Indefinite Delivery Indefinite Quantity Contracts at the Air Logistics Centers," August 13, 2011

Special Inspector General for Iraq Reconstruction

Special Inspector General for Iraq Reconstruction Report No. 09-017, "Need to Enhance Oversight of Theater-Wide Internal Security Services Contracts," April 24, 2009

Appendix C

Task Orders Reviewed

We reviewed 18 task orders awarded under the MAC for the Global Engineering, Integration, and Technical Assistance (GEITA) bridge contracts. The Air Force can procure a wide variety of services under the GEITA MAC, including restoration, compliance, pollution prevention, conservation and planning, fuel facility engineering and project work, base realignment and closure activities, range activity support, military family housing (includes privatization and outsourcing), military construction program support, Homeland Defense Act activities and initiatives (Global War on Terrorism, force protection, and overseas contingency support), and operations and maintenance support. The overall MAC has a not-to-exceed ceiling of \$200 million and the place of performance can be anywhere in the world.

Contract No.	Task Order Amount (Figures Rounded)	Type of Advisory and Assistance Services Purchased	Task Order Type
GEITA Bridge Contract			
1) FA8903-10-D-8500/49	\$1,950,000	14 CMEs to support the environmental restoration work component, which includes the installation restoration program, compliance restoration program, and military munitions response program.	Cost-plus-fixed-fee
2) FA8903-10-D-8500/50	530,000	3.4 CMEs in support of the AFCEE and its services to multiple BRAC installations.	Firm-fixed-price
3) FA8903-10-D-8501/203	635,422	4 CMEs to provide information technology, program management, project management, quality assurance/quality control, and strategic planning services.	Firm-fixed-price
4) FA8903-10-D-8501/205	2,373,831	14 CMEs to support the performance based acquisition and environmental restoration work component at the programming and project levels.	Cost-plus-fixed-fee
5) FA8903-10-D-8501/208	1,610,241	10 CMEs, including 1 CME for Western Region Execution Center Program Operation support, 0.6 CME for Legacy BRAC Master Plan support, and 8.4 CMEs for the Environmental Portfolio Management Program Implementation support.	Firm-fixed-price

Acronyms used throughout Appendix C are defined on the final page of Appendix C

Task Orders Reviewed (cont'd)

Contract No.	Task Order Amount (Figures Rounded)	Type of Advisory and Assistance Services Purchased	Task Order Type
6) FA8903-10-D-8501/209	530,933	3.4 CMEs to provide information technology, project management, quality assurance/quality control, and strategic planning services.	Firm-fixed-price/Cost reimbursable material & travel
7) FA8903-10-D-8501/210	259,840	1 CME of on-site full time support to the Headquarters United States Air Force, Europe Military Family Housing Branch.	Firm-fixed-price/Cost reimbursable material & travel
8) FA8903-10-D-8501/211	176,881	0.75 CME for program and project-level Environmental Planning services in support of the AFCEE mission to support Pacific Air Force.	Firm-fixed-price
9) FA8903-10-D-8501/212	179,622	1 CME to support BRAC military construction programs by providing design and construction management services in support of the AFCEE mission.	Firm-fixed-price
10) FA8903-10-D-8501/213	528,043	3 CMEs on-site technical personnel to carry out a full range of Geospatial Information System support.	Cost-plus-fixed-fee
11) FA8903-10-D-8501/214	206,601	1 CME in support of the environmental program, pursuant to HQ AFCEE mission supporting the 611th CES at Wake Island, remote sites in Alaska, and Hawaii.	Firm-fixed-price
12) FA8903-10-D-8501/217	192,220	1 CME for Project Management services and access to reach back support for all U.S.-Japan Alliance Transformation and Realignment Agreement projects on Yokota Air Base.	Firm-fixed-price
13) FA8903-10-D-8501/219	162,090	1 CME for compliance support at Joint Base Pearl-Harbor, Hickam in support of the Pacific Air Force requirements.	Firm-fixed-price
14) FA8903-10-D-8502/68	4,394,214	31 CMEs to review and assess contractor design and/or construction schedules, work plans, quality control plans, and other contract submittals.	Cost-plus-fixed-fee

Acronyms used throughout Appendix C are defined on the final page of Appendix C

Task Orders Reviewed (cont'd)

Contract No.	Task Order Amount (Figures Rounded)	Type of Advisory and Assistance Services Purchased	Task Order Type
15) FA8903-10-D-8502/76	289,926	2 CMEs in support of environmental restoration, compliance, pollution prevention, and conservation and planning.	Firm-fixed-price/Cost reimbursable material & travel
16) FA8903-10-D-8504/89	298,425	2 CMEs, one with mechanical engineering experience and one with construction management experience, in support of the military construction and operations and maintenance programs.	Firm-fixed-price
17) FA8903-10-D-8504/90	410,728	1 CME to provide program management support for AFCEE on all aspects of security onsite in Afghanistan and in the Area of Responsibility.	Cost-plus-fixed-fee
18) FA8903-10-D-8504/93	165,880	1 CME to support AFCEE in its role as a national service center for developing and providing environmental services in support of the 8th CES and the AFCEE mission.	Firm-fixed-price
Sub-Total	\$14,894,897		
FA8903-11-D-8501/8	449,460	RESS 2011 for Air Combat Command Group III Project at Dyess AFB, Texas and Moody AFB, Texas.	Firm-fixed-price
FA8903-11-D-8503/8	446,954	RESS 2011 for Continental Group Project at Edwards AFB, Eglin AFB, Eielson AFB, Hurlburt Field, McConnell AFB and Seymour Johnson AFB.	Firm-fixed-price
Sub-Total	\$896,414		
Totals	\$15,791,311		

Legend:

AFB	Air Force Base
AFCEE	Air Force Center for Engineering and the Environment
BRAC	Base Realignment and Closure
CES	Civil Engineering Squadron
CME	Contracted Man Year Equivalents

We reviewed two task orders awarded under the MAC for Real Estate Support Services (RESS). Services that the Air Force can procure under the RESS MAC include private sector financial, legal, real estate investment and development expertise and litigation-related support as required to support real estate efforts. The overall MAC has a not-to-exceed ceiling of \$40 million.

Appendix D

Technical Evaluation Problems

Contract No.	Task Order No.	Task Order Amount (Figures Rounded)	Information from Technical Evaluations Regarding Reviews of Contractor-Proposed Hours
1) FA8903-10-D-8500	49	1,950,000	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.
2) FA8903-10-D-8500	50	530,000	Pending confirmation that the "Office Personnel" designation for the two Wurtsmith individuals is accurate, the contractor's proposed labor/resources are considered reasonable and appropriate.
3) FA8903-10-D-8501	203	635,422	The type of labor skill level and mix of labor as well as the proposed direct labor hours and intercompany labor hours were reviewed and determined to be appropriate for the effort.
4) FA8903-10-D-8501	205	2,373,831	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.
5) FA8903-10-D-8501	208	1,610,241	The proposed labor hours as well as labor categories are necessary and reasonable.
6) FA8903-10-D-8501	209	530,933	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable and consistent with past task order.
7) FA8903-10-D-8501	210	259,840	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.
8) FA8903-10-D-8501	211	176,881	The quantity and mix of labor hours proposed by [the contractor] has been evaluated and is considered reasonable.
9) FA8903-10-D-8501	212	179,622	[The contractor] proposed 1612 hours at a cost of \$179,622. The proposal is consistent with the performance work statement, fair and reasonable and acceptable to the government.
10) FA8903-10-D-8501	213	528,043	The number of hours proposed are appropriate; therefore, the labor rates should be verified as appropriate.
11) FA8903-10-D-8501	214	206,601	The quantity and mix of labor hours proposed by [the contractor] has been evaluated and is considered to be fair and reasonable.

Technical Evaluation Problems (cont'd)

Contract No.	Task Order No.	Task Order Amount (Figures Rounded)	Information from Technical Evaluations Regarding Reviews of Contractor-Proposed Hours
12) FA8903-10-D-8501	217	192,220	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable—overall, [the contractor] proposed about the same amount of hours as identified in the Independent Government Estimate.
13) FA8903-10-D-8501	219	162,090	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.
14) FA8903-10-D-8502	68	4,394,214	[The contractor] has proposed sufficient labor hours and qualified personnel to perform the requirements identified in the performance work statement.
15) FA8903-10-D-8502	76	289,926	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.
16) FA8903-10-D-8504	89	298,425	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.
17) FA8903-10-D-8504	90	410,728	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.
18) FA8903-10-D-8504	93	165,880	The quantity and mix of labor hours proposed by [the contractor] have been evaluated and are considered to be fair and reasonable.
19) FA8903-11-D-8501	8	449,460	The [contractor's] proposed labor hours/categories are reasonable and although above (2,175 hours) the Independent Government Estimate (2,000 hours). The [contractor's] hourly task labor coverage are reasonable and appropriate.
20) FA8903-11-D-8503	8	446,954	Availability of labor and resources assessment: The proposal to provide a combination of internal [the contractor] resources along with the boutique of real estate services from [the sub-contractors] to perform the tasks is considered an acceptable approach to conduct the tasks as identified in the performance work statement.
Total		\$15,791,311	

Appendix E

Summary of Potential Monetary Benefits

Recommendations	Type of Benefit	Amount of Benefit	Accounts
B.2.f(1, 2, 3 ,5)	Economy and Efficiency. Funds put to better use from the FY 2012 Operations and Maintenance, Air Force appropriation	\$259,308	5723400
B.2.f(4)	Economy and Efficiency. Funds put to better use from the Department of Defense Base Closure Account 2005	\$8,097	97X0512

Note: Potential monetary benefits are questioned costs.

Management Comments

772nd Enterprise Sourcing Squadron Comments



DEPARTMENT OF THE AIR FORCE
AIR FORCE MATERIEL COMMAND
ENTERPRISE SOURCING GROUP
WRIGHT-PATTERSON AIR FORCE BASE OHIO

JUL 10 2013

MEMORANDUM FOR SAF/FMP

FROM: 772 ESS/CD
2261 Hughes Aveue , Ste 163
JBSA Lackland TX 78236-9853

SUBJECT: Report of Audit, Award and Administration of Multiple Award Contracts at Joint Base San Antonio-Lackland, Report No. D2013-D000CF-0014.000

The 772d Enterprise Sourcing Squadron concurs with the DoD IG Draft Report of Audit, Award and Administration of Multiple Award Contracts at Joint Base San Antonio-Lackland, comments on the subject audit results and recommendations. Specific managements comments are attached.

Our point of contact for this audit is [REDACTED]


DOREEN R. MOORE, GS-14, DAF, 
Deputy Director, 772d Enterprise Sourcing Squadron

Attachment:
Management Comments

War-winning capabilities ... on time, on cost

772nd Enterprise Sourcing Squadron Comments (cont'd)

Recommendations and Responses for the Inspector General Audit #D2013-D000CF-0014.000

A. We recommend the Commander, 772nd Enterprise Sourcing Squadron, establish written procedures with examples to show contracting officers for task orders awarded under multiple award contracts how to:

1. Obtain technical evaluations of contractor proposals that identify the basis for determining how contractor proposed hours are reasonable.

Response: The 772d Enterprise Sourcing Squadron (772 ESS) concurs with the recommendation. 772 ESS will take corrective action to train contracting personnel to include guidance in their requests for technical evaluations to ensure COR personnel adequately evaluate and provide sufficient detail to support their evaluations, to include identifying the basis for determining how proposed labor hours are reasonable. The proposed date for completion date is 31 August 2013.

2. Obtain independent Government cost estimates that include adequate documentation to support cost estimates.

Response: The 772d Enterprise Sourcing Squadron concurs with the recommendation. 772 ESS will take corrective action to revise the Purchase Request Checklist (part of the PR package) to include language that directs COR personnel to provide significant detail regarding the basis of their cost estimate. Additionally, contracting officers will verify that estimated costs are properly supported. The proposed date for completion date is 31 July 2013.

B. We recommend the Commander, 772nd Enterprise Sourcing Squadron, require:

1. Contracting officers and contracting officer's representatives to prepare, sign, and date QASPs for individual task orders that identify specific methods of assessing contractor performance before the start of task order performance.

Response: The 772d Enterprise Sourcing Squadron concurs with the recommendation. 772 ESS implemented the use of a QASP at the task order level when 772 ESS began acquiring advisory and assistance services under GSA orders. Action complete on 16 Aug 2011. Recommend close.

2. Contracting officers to:

a. Tailor methods of assessing contractor performance to the contract type and the dollar value.

Response: The 772d Enterprise Sourcing Squadron concurs with the recommendation. 772 ESS took corrective action to document the different methods for performing surveillance in each QASP under GSA orders. The COR decides which approach is best suited for conducting surveillance for the specific objectives and thresholds identified in each task order service summary. This process includes a decision to use other surveillance methods in combination with the use of 'customer feedback' for assessing contractor performance. The contracting officer completes contract specific training IAW MP5301.602-2(d), Para 1.4.8 (Contract Specific Training (CST) Template). The CST covers methods for assessment tailored to contract type and dollar value. Action complete on 01 May 2013. Recommend close.

772nd Enterprise Sourcing Squadron Comments (Cont'd)

b. Develop contracting officer's representative's designation letters tailored to the requirements of each task order.

Response: The 772d Enterprise Sourcing Squadron concurs with the recommendation. 772 ESS will take corrective action to provide training to contracting personnel to properly identify the pricing arrangement, understand the risks associated with the pricing arrangement selected, and to include only COR duties that are applicable for the task order when identifying COR surveillance responsibilities in the representative's designation letters. The proposed date for completion is 31 August 2013.

c. Require contracting officer's representatives to follow the instructions in the contracting officer's representative's designation letters.

Response: The 772d Enterprise Sourcing Squadron concurs with the recommendation. 772 ESS took corrective action to remind COR personnel during the CO Led training to follow the instructions in the designation letters when conducting surveillance. The COR is provided CO Led training for each task order prior to contract award. The CO Led Training documentation has been revised to include a statement that COR personnel are to follow the instructions. In addition, COR personnel are advised of their duties and responsibilities IAW MP5301.602-2(d). Contracting personnel are reviewing COR files on a quarterly basis to ensure COR personnel are following assigned duties as specified in the designation letter. 772 ESS will elevate issues where COR personnel are not in compliance to Air Force Civil Engineer Center leadership. Action complete 01 June 2013. Recommend close.

d. Review the COR surveillance files to determine whether CORs are performing adequate surveillance.

Response: The 772d Enterprise Sourcing Squadron concurs with the recommendation. 772 ESS took corrective action to ensure contracting officers review the COR files utilizing a COR Checklist as included in the DoD COR Handbook. As COR file reviews are completed, a narrative report is drafted and coordinated with the COR for his acknowledgement and signature. Narrative reports include any deficiencies and set a suspense date for correction. Additionally, the findings from reviews are loaded into the CORT and forwarded to the COR and his supervisor. Action complete 01 June 2013. Recommend close.

e. Require contracting officer's representatives to document their reviews of contractor monthly status reports (msr).

Response: The 772d Enterprise Sourcing Squadron concurs with comments. 772 ESS will take corrective action to provide training to COR personnel to document reviews of contractor monthly status reports, where there are any discrepancies and/or deficiencies, in WAWF under the Miscellaneous Tab. Where there are no discrepancies and/or deficiencies, the checked block should suffice as evidence that the COR has reviewed the invoice. By checking the block, the COR is acknowledging his review. The proposed date for completion is 31 August 2013.

f. Either obtain supporting documentation and validate the other direct costs of \$267,405 cited below or, as appropriate, initiate action to recover unsupported other direct costs.

(1) \$24,993 on task order 49 under contract FA8903-10-D-8500

(2) \$74,775 on task order 205 under contract FA8903-10-D-8501

772nd Enterprise Sourcing Squadron Comments (Cont'd)

(3) \$150,299 on task order 68 under contract FA8903-10-D-8502

(4) \$8,097 on task order 209 under contract FA8903-10-D-8501

(5) \$9,241 on task order 210 under contract FA8903-10-D-8501

Response: 772 ESS concurs with this recommendation. 772 ESS is engaged to secure supporting documentation under the task orders as listed above. The proposed date for completion is 31 August 2013.

Acronyms and Abbreviations

AFCEC	Air Force Civil Engineer Center
COR	Contracting Officer's Representative
CPFF	Cost-Plus-Fixed-Fee
DFARS	Defense Federal Acquisition Regulation Supplement
ESS	Enterprise Sourcing Squadron
FAR	Federal Acquisition Regulation
FFP	Firm-Fixed-Price
GEITA	Global Engineering, Integration, and Technical Assistance
IDIQ	Indefinite-Delivery, Indefinite-Quantity
IGCE	Independent Government Cost Estimate
MAC	Multiple-Award Contract
ODC	Other Direct Costs
QASP	Quality Assurance Surveillance Plan
RESS	Real Estate Support Services
WAWF	Wide Area Workflow

Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

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