

Inspector General

United States
Department of Defense



Improvements Needed in the Oversight of the
Medical-Support Services and Award-Fee Process
Under the Camp As Sayliyah, Qatar,
Base Operation Support Services Contract

Additional Copies

To obtain additional copies of this report, visit the Department of Defense Inspector General website at <http://www.dodig.mil/pubs/index.cfm>, or contact the Secondary Reports Distribution Unit at auditnet@dodig.mil.

Suggestions for Audits

To suggest or request audits, contact the Office of the Deputy Inspector General for Auditing at auditnet@dodig.mil or by mail:

Department of Defense Office of Inspector General
Office of the Deputy Inspector General for Auditing
ATTN: Audit Suggestions/13F25-04
4800 Mark Center Drive
Alexandria, VA 22350-1500

<p>DEPARTMENT OF DEFENSE</p> 	<p>To report fraud, waste, mismanagement, and abuse of authority.</p> <p>Send written complaints to: Defense Hotline, The Pentagon, Washington, DC 20301-1900 Phone: 800.424.9098 e-mail: hotline@dodig.mil www.dodig.mil/hotline</p>
--	--

Acronyms and Abbreviations

ACA	Army Contracting Agency
ACC-RI	Army Contracting Command–Rock Island
ACO	Administrative Contracting Officer
AFDO	Award-Fee-Determining Official
AFP	Award-Fee Plan
AFRB	Award-Fee Review Board
AR	Army Regulation
ASG-QA	Area Support Group–Qatar
COR	Contracting Officer Representative
DCMA	Defense Contract Management Agency
FAR	Federal Acquisition Regulation
MEDCOM	Army Medical Command
MHSM	Medical Health Service Manager
OCI	Organizational Conflict of Interest
PM	Performance Monitor
PWS	Performance Work Statement
QBOSS	Camp As Sayliyah Installation Base Operations Support Services
TMC	Troop Medical Clinic



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

June 26, 2013

MEMORANDUM FOR COMMANDER ARMY MATERIEL COMMAND
COMMANDER, U.S. ARMY MEDICAL COMMAND
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Improvements Needed in the Oversight of the Medical-Support Services and Award-Fee Processes Under the Camp As Sayliyah, Qatar, Base Operations Support Services Contract (Report No. DODIG-2013-097)

We are providing this report for your information and use. DoD officials did not effectively administer the medical services functional area and award-fee process of the Qatar, Base Operations Support Services contract. In addition, contracting officials did not verify that contracted physician assistants were medically supervised and erroneously allowed the Area Support Group-Qatar command surgeon to supervise contractor physician assistants under a non-personal services contract. Army Officials also did not adequately document and justify an award fee of approximately \$1.5 million paid to the contractor and the contractor received the award fees even though required critical positions were unfilled.

We considered management comments on a draft of this report when preparing the final report. The comments conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905 (DSN 664-8905).

A handwritten signature in cursive script, reading "Amy J. Frontz".

Amy J. Frontz
Principal Assistant Inspector General
for Auditing



Results in Brief: Improvements Needed in the Oversight of the Medical-Support Services and Award-Fee Processes Under the Camp As Sayliyah, Qatar, Base Operations Support Services Contract

What We Did

Our objective was to determine whether DoD officials were properly administering the Camp As Sayliyah, Qatar, Base Operations Support Services (QBOSS) contract, valued at \$143.4 million. This report is one in a series and focuses on the administration of the award-fee process and medical services major functional area of the contract.

What We Found

DoD officials did not administer the medical services major functional area of the QBOSS contract in accordance with the Federal Acquisition Regulation (FAR). Specifically, the contracting officer and the administrative contracting officer allowed contractor physician assistants to provide medical services without proper supervision, and Landstuhl Regional Medical Center (Landstuhl) officials erroneously authorized the Area Support Group–Qatar command surgeon to supervise contractor physician assistants under a non-personal services contract. This occurred because the contracting officer did not clarify the contractor’s responsibility, and Army regulation does not prohibit Government employees from supervising physician assistants providing services under a non-personal health care contract.

Furthermore, contracting officials did not verify the contractor possessed required authorizing documentation before performing medical services. Specifically, Army officials did not verify a physician assistant’s license was active before granting clinical privileges; contracting officials and Landstuhl officials did not ensure the contractor obtained host-country waivers for medical personnel; and the contracting officer did not verify the contractor indemnified the U.S. Government. This occurred because Landstuhl officials did not have a written standard operating procedure for verifying authorizing documentation. In addition, contracting officials and the contractor did not know the requirements for obtaining host-country

waivers. In addition, contracting officials did not properly administer the award-fee process. Specifically, Army officials did not adequately document and justify an award fee of approximately \$1.5 million paid to the contractor and the contractor received the award fees even though required critical positions were unfilled.

This occurred because the award-fee plans used to evaluate the contractor’s performance were not consistent with FAR, and performance monitors were not trained on award-fee evaluation criteria nor on how to provide ratings that represent the intent of an award-fee contract. As a result, contracting officials put the DoD at risk of liability for claims of negligent medical treatments, receiving less-than-optimal health care, and violating host-country laws. Moreover, there was no assurance the contractor was motivated to improve performance in the rated areas, and the Army may not be able to justify continued use of an incentive-type contract with award fees valued at approximately \$2.59 million.

What We Recommend

Among other recommendations, we recommend the Commander, U.S. Army Medical Command, revise guidance and the Commander, Landstuhl Regional Medical Center, establish procedures in line with the guidance. We also recommend the Director, Army Contracting Command–Rock Island, require the contractor to provide a medical health services manager who is a medical doctor to supervise the professional aspects of physician assistants’ duties and that the Commander, Defense Contract Management Agency–Kuwait, provide clear instructions and training regarding award-fee plans and evaluations.

Management Comments and Our Response

Management comments were responsive, and no additional comments are required. Please see the Recommendations table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, U.S. Army Medical Command		A.1
Commander, Landstuhl Regional Medical Center		B.2
Commander, Defense Contract Management Agency–Kuwait		B.3, C.1.a, C.1.b
Director, Army Contracting Command–Rock Island		A.2.a, A.2.b, B.1, C.2

Table of Contents

Introduction	1
Objective	1
Background	1
Review of Internal Controls	3
Finding A. Physician Assistants Require Proper Supervision	4
Improper Supervision of Physician Assistants Under a Non-Personal Services Contract	4
Supervision Requirements Need Clarification in the Contract	5
Army Regulation Contradicts Federal Acquisition Regulation Requirement	6
Medical Malpractice Liability Transferred to the Government	6
Collecting Payments for Questioned Labor Costs	7
Conclusion	7
Memorandum to the Commander, Defense Contract Management Agency–Kuwait and the Director, Army Contracting Command–Rock Island	7
Management Actions in Response to the Memorandum and Our Response	7
Recommendations, Management Comments, and Our Response	8
Finding B. Contractor Did Not Possess Authorizing Documentation for Medical Personnel	10
Army Regulation Establishes Policy for Contracted Medical Services	10
Federal Acquisition Regulation Establishes Policy for Contract Oversight	11
Contractor Needs to Indemnify the U.S. Government	11
Landstuhl Officials Need Standard Operating Procedures	12
Contracting Officials Were Not Aware of Army Regulation Clinical Quality Requirements	12
Landstuhl Officials May Have Put Personnel at Risk of Receiving Less-Than-Optimal Health Care	13
Conclusion	13
Management Actions in Response to the Memorandum and Our Response	13
Recommendations, Management Comments, and Our Response	14

Table of Contents (cont'd)

Finding C. Improvements Needed in the Award-Fee-Evaluation Process	16
Award-Fee-Evaluation Process	16
Contracting Officials Did Not Properly Administer the Award-Fee-Evaluation Process	17
The Contractor Received Award-Fees Even Though Required Critical Positions Were Unfilled	19
The Original Award-Fee Rating Scale Was Inconsistent With Federal Acquisition Regulation	19
Award-Fee Plans Lacked Specific Evaluation Criteria	20
Lack of Training Prevented the Performance Monitors From Performing Proper Award-Fee-Evaluations	21
The Army May Not Be Able to Justify Award Fees	22
Award-Fee Plans Should Motivate the Contractor to Enhance Performance	22
Conclusion	22
Recommendations, Management Comments, and Our Response	23

Appendices

A. Scope and Methodology	25
Use of Computer Processed Data	26
Use of Technical Assistance	26
B. Prior Coverage	27
C. Mitigating Potential Organizational Conflict of Interest	28
D. Quick Reaction Memorandum on Medical Services	29
E. Army Contracting Command–Rock Island Responses to the Quick Reaction Memorandum	34
F. Defense Contract Management Agency Responses to the Quick Reaction Memorandum	36

Management Comments

Army Materiel Command	38
Army Medical Command	43
Defense Contract Management Agency	47

Introduction

Objective

Our objective was to determine whether DoD officials were properly administering the Camp As Sayliyah, Qatar, Base Operations Support Services (QBOSS) contract. Specifically, we determined whether DoD officials were properly justifying award fees paid to the contractor and were effectively monitoring the contractor's performance. However, during the planning phase of the audit, we noted the contractor did not provide a supervising physician to collaborate with physician assistants or indemnify the DoD of legal liability that could result from malpractice by physician assistants. Because of the liability associated with this situation, on November 8, 2012, we issued a memorandum to the Commander, Area Support Group–Qatar (ASG-QA) stating our concerns (see Appendix D for the memorandum).

This is one in a series of reports on the QBOSS contract. We focused this review on administration of the medical support functional area of the contract and the award-fee process. A future audit will determine whether costs on contractor invoices for services performed and supplies received were accurate and allowable. See Appendix A for a discussion of the audit scope and methodology.

Background

ASG-QA is a subordinate command of U.S. Army Central and serves as the Army component headquarters for assigned Army and Joint Tenant Units at Camp As Sayliyah in Qatar and for the U.S. Central Command Area of Responsibility. ASG-QA maintains a reception, staging, onward-movement, and integration process to equip and arm battalion-to-brigade-sized task force element units arriving in Qatar.

QBOSS Contract Award

The QBOSS contract is a combination cost-plus-award-fee and firm-fixed-price contract awarded by Army Contracting Command–Rock Island (ACC-RI) on March 11, 2010. The contract is valued at \$143.4 million over one base period of performance and four option periods. The QBOSS contract performance of work statement (PWS) requires the contractor to provide installation support services at Camp As Sayliyah, to include the following major functional areas:

- supply and services,
- full food support,
- installation transportation,
- public works,
- community services support,
- medical services,
- staff augmentation,
- safety program,
- environmental program, and
- fire department.

Cost-Plus-Award-Fee Contracts

A cost-plus-award-fee contract is a type of cost-reimbursement contract that provides for a fee consisting of a base amount, fixed at the inception of the contract, and an award amount, based on a subjective evaluation by the Government. The award fee earned must be commensurate with the contractor's overall cost, schedule, and technical performance as measured against contract requirements and in accordance with criteria stated in an award-fee plan (AFP). The AFP identifies award-fee evaluation criteria and describes how the contractor's performance will be measured against the criteria. AFP criteria should motivate the contractor to enhance performance in the areas rated.

QBOSS Contract Oversight Roles and Responsibilities

The Federal Acquisition Regulation (FAR) establishes roles and responsibilities for DoD contracting and agency officials. FAR subpart 1.6, "Career Development, Contracting Authority, and Responsibilities," states that contracting officers must ensure performance of all necessary actions for effective contract administration, compliance with the terms of the contract, and safeguarding the U.S. Government's interests in its contractual relationships.

In addition, FAR 42.2, "Contract Administration Services," permits contracting officers to delegate contract administration to a contract administration office. Contract administration office responsibilities for the QBOSS contract were initially delegated on July 16, 2010, to ASG-QA but were re-delegated to the Defense Contract Management Agency–Middle East on August 2, 2012. Whether contract administration is delegated to a contract administration office or not, a contracting officer retains responsibility for ensuring all contract administration functions are performed. Contracting officers may designate a contracting officer representative (COR) for administration of contracts. If delegated, CORs are responsible for assisting in the technical monitoring or administration of a contract. As of July 1, 2012, 24 CORs had been assigned to perform technical monitoring and surveillance of the QBOSS contractor.

Medical Privilege Granting Authority

According to the PWS, the QBOSS contractor is required to provide non-personal health care services at the Camp As Sayliyah troop medical clinic (TMC). Contractor personnel provided documentation showing there were three physician assistants providing health care services, as of September 22, 2012. Army Regulation (AR) 40-68, "Clinical Quality Management," May 22, 2009, establishes policies, procedures, and responsibilities for the administration of Army medical facilities. According to AR 40-68, physician assistants deliver primary or specialty medical care with physician supervision. However, before providing health care services, physician assistants must be granted clinical privileges. Clinical privileges define the scope and limit of practice for physician assistants and are based on the capability of the health care facility, along with the physician assistant's licensure, relevant training and experience, current competence, health status, and judgment.

The Landstuhl Regional Medical Center (Landstuhl), in Germany, serves as the privileging authority and is responsible for recommending an applicant be granted clinical privileges after verifying the applicant meets DoD and state licensure requirements. Contracting officials and the contractor must ensure certifications required for clinical privileges are renewed and maintained for applicable personnel.

QBOSS Prime Contractor and Subcontractors

The QBOSS contract was awarded to one prime contractor. The prime contractor subcontracted with three companies to provide services on medical support, food services, and foreign-national labor sourcing. One of the subcontractors also performs as the prime contractor host-country sponsor in Qatar. A former contracting official raised concerns regarding the relationship and a potential conflict of interest. See Appendix C for ACC-RI actions on mitigating potential organizational conflicts of interest.

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 related to oversight of the QBOSS contract. Specifically, the contracting officer did not clarify the contractor’s responsibility in the PWS, and AR 40-68 was in direct contradiction with FAR guidance regarding the supervision of physician assistants providing services under a non-personal health care contract. In addition, Landstuhl officials did not have a written standard operating procedure for verifying authorizing documentation, such as state licenses and host-country waivers. Furthermore, contracting officials did not implement AR 40-68 clinical quality requirements for indemnification and obtaining host-country waivers. Finally, the award-fee plans did not have sufficient evaluation criteria, and performance evaluators were not trained on award-fee evaluation criteria and rating process. We will provide a copy of the report to the senior official responsible for internal controls in the Department of the Army and to Defense Contract Management Agency (DCMA).

Finding A. Physician Assistants Require Proper Supervision

Army and DCMA officials did not administer the medical services functional area of the QBOSS contract in accordance with FAR subpart 37.4 “Nonpersonal Health Care Services.” Specifically, administrative contracting officers (ACO) did not verify contractor physician assistants provided medical services under proper supervision and Landstuhl officials erroneously authorized the ASG-QA command surgeon to supervise contractor physician assistants under a non-personal services contract.

This occurred because the contracting officer at ACC-RI did not clarify in the performance work statement (PWS), the contractor’s responsibility to provide a medical doctor to supervise the medical and professional aspects of health care services provided in accordance with FAR subpart 37.4 and the contract proposal. In addition, AR 40-68, “Clinical Quality Management,” May 22, 2009, did not prohibit the appointment of Government employees for supervision of physician assistants providing services under a non-personal health care contract, in direct contradiction of FAR subpart 37.4. As a result, the contracting officer created an improper employer-employee relationship and put the Army at risk of liability for any claims alleging negligent professional judgment and diagnosis for specific medical treatments by the contractor. Moreover, DoD officials paid approximately \$211,000 in questionable labor costs for a medical health service manager (MHSM) who was not a medical doctor and not qualified to direct the medical staff in performing clinical tasks.

Improper Supervision of Physician Assistants Under a Non-Personal Services Contract

DoD officials did not administer the medical services functional area of the QBOSS contract in accordance with FAR subpart 37.4. FAR subpart 37.4, “Nonpersonal Health Care Services,” states the Government may evaluate the quality of medical services

The contracting officer and the ACO allowed contractor physician assistants to provide medical services at the Camp As Sayliyah TMC without verifying that the contractor provided a supervisory physician.

provided but retains no control over the health care services rendered to include, professional judgments or diagnosis for specific medical treatment. Therefore, under a non-personal services health care contract, the contractor must provide supervision for its employees. However, the contracting officer and the ACO did not verify that contracted physician assistants were medically

supervised. Specifically, the contracting officer and the ACO allowed contractor physician assistants to provide medical services at the Camp As Sayliyah TMC without verifying that the contractor provided a supervisory physician to collaborate with and provide medical supervision for the contractor physician assistants, as required.

During the audit, the contractor and a Landstuhl official stated that the ASG-QA command surgeon would provide medical supervision for physician assistants. In addition, in August 2012 Landstuhl officials erroneously appointed the ASG-QA

command surgeon as a supervisory physician for a contractor physician assistant. The QBOSS contract is a non-personal health care service contract, and the ASG-QA command surgeon is not authorized to provide supervision, in accordance with FAR subpart 37.4. Furthermore, Landstuhl officials did not appoint an alternate supervising physician to be available during temporary absences of the ASG-QA command surgeon, as required by AR 40-68, because the ASG-QA command surgeon was designated as the only physician to collaborate with and provide medical supervision for the contractor physician assistants.

Moreover, the states in which the physician assistants are licensed are California, Florida, and Virginia. However, the ASG-QA command surgeon is licensed in Georgia and Pennsylvania, and the medical facility did not petition state boards to allow the ASG-QA command surgeon to supervise the physician assistants. Therefore, the ASG-QA command surgeon did not have the authority to supervise the physician assistants.

Supervision Requirements Need Clarification in the Contract

The contracting officer at ACC-RI did not clarify in the PWS the requirement for the contractor to provide a medical doctor to supervise the medical and professional aspects (for example, diagnosis for specific medical treatment) of health care services in accordance with FAR subpart 37.4 and the contract proposal. During the audit, we determined the contractor's proposal was incorporated¹ into the contract but not all terms of the proposal were translated into the contract PWS by the contracting officer. Specifically, the contract PWS did not include the terms stated in the proposal concerning the qualifications and responsibilities of the MHSM. In the proposal, the contractor stated that the MHSM would be a medical doctor whose responsibilities include "directing and administering the medical staff in accomplishment of clinical tasks." However, the PWS only required the MHSM to have a "Bachelor's Degree or above in Health Care Administration" and stated that the MHSM will be responsible to provide direction and leadership to all TMC contractor staff to ensure quality health care services and wellness programs.

After reviewing the current MHSM's qualifications, we determined he was not a licensed medical doctor and, therefore, was ineligible to direct the medical staff while accomplishing clinical tasks as stated in the proposal. Although the contract states the proposal terms were incorporated into the contract, the requirements in the contract PWS did not match the terms established by the contractor in the proposal. If the contractor would have provided an MHSM who was a medical doctor, as proposed, the MHSM may have been eligible to supervise the medical and professional aspects of the physician assistants' clinical tasks. Therefore, the contracting officer should require the contractor

¹ When a proposal is incorporated into a contract, all terms and requirements of the proposal become the terms and requirements of the awarded contract, in addition to any other requirements added when the contract is awarded.

to provide an MHSM who is a medical doctor, to supervise the medical and professional aspects of the physician assistants' clinical tasks, in accordance with the contractor's proposal.

Army Regulation Contradicts Federal Acquisition Regulation Requirement

AR 40-68, "Clinical Quality Management," May 22, 2009, does not prohibit Government employees from supervising physician assistants providing services under a non-personal health care contract; in direct contradiction of FAR subpart 37.4. Specifically, AR 40-68 allows for a physician appointed by a military treatment facility to provide necessary supervision of physician assistants. AR 40-68 states that under a non-personal services contract, supervision of a physician assistant can be accomplished by either of two options, listed in order of preference:

- The contractor is responsible for providing the additional supervision. In this case, the military treatment facility will cooperate by providing copies of medical records for external review. The number of medical records will be locally determined.
- The medical facility must petition the state board of licensure of physician assistants to honor physician license portability. Physician portability allows a military treatment facility-appointed physician to provide the necessary supervision to physician assistants. The military treatment facility-appointed supervising physician is obligated to meet any additional supervision requirements of the physician assistant's state of licensure.

FAR subpart 37.4 authorizes agencies to enter into non-personal services health care contracts with physicians. However, under non-personal services health care contracts, the contractor is independent and, therefore, not subject to supervision or control usually prevailing in personal services health care contracts where DoD-appointed physicians are authorized to supervise the contractor employees. Specifically, FAR 37.401 (b) states that "the Government may evaluate the quality of professional and administrative services provided, but retains no control over the medical, professional aspects of services rendered (e.g., professional judgments, diagnosis for specific medical treatment)." In addition, FAR Subpart 37.1, "Service Contracts—General," states that under a non-personal services contract, contractors are not subject, either by contract terms or by contract administration to supervision by government personnel. Since the services provided under the QBOSS contract are non-personal, the ASG command surgeon cannot supervise the contracted physician assistant. Therefore, the Department of the Army and the Office of the Surgeon General should revise AR 40-68 to reflect the requirements in FAR subpart 37.4.

Medical Malpractice Liability Transferred to the Government

By allowing the ASG-QA command surgeon to supervise the contractor physician assistants, contracting officials may have transferred the risk of liability for medical

malpractice claims from the contractor to the DoD. Specifically, allowing the ASG–QA command surgeon to collaborate with physician assistants creates an improper employer-employee relationship and puts the Army at risk of liability for any personal injury claims alleging negligence on the professional judgment and diagnosis for specific medical treatments by the contractor.

Collecting Payments for Questioned Labor Costs

DoD officials paid the contractor approximately \$211,000 of questioned labor costs for an MHSM who did not meet the qualifications proposed by the contractor to provide a medical doctor that is qualified to direct the medical staff in performance of clinical tasks. According to the contractor the proposed MHSM possessed a medical doctorate, a master’s degree in public health, and a master of health administration degree. During the audit, we determined that the contractor’s proposal was incorporated into the contract but that the contractor did not provide an MHSM who was a medical doctor. Instead, the contractor provided an MHSM with master of professional studies degree in health and human services administration and a bachelor of arts degree in business administration. The contracting officer should initiate a review of contractor invoices to determine the exact amount of questioned labor costs and obtain a refund from the contractor for an MSHM who was not a medical doctor.

Conclusion

DoD Contracting officials did not comply with FAR guidance to provide a supervising physician for physician assistants providing medical services. As a result, contracting officials may have transferred the risk of liability for medical malpractice claims from the contractor to the DoD. In addition, by not enforcing the requirements of FAR subpart 37.4, contracting officials incorrectly administered the medical services portion of the QBOSS contract as a personal services health care contract.

Memorandum to the Commander, DCMA–Kuwait and the Director ACC-RI

Because of the potential liability associated with this issue, on November 8, 2012, we issued a memorandum to the Director, ACC-RI and the Commander, DCMA–Kuwait stating our concerns regarding the supervision of physician assistants. We suggested the Director, ACC-RI, require the contractor to provide a supervising physician to collaborate with physician assistants as required in the performance work statement and FAR subpart 37.4. We also suggested the Commander, DCMA–Kuwait adjust the current physician assistant-supervision structure to comply with FAR requirements to ensure there is no employer-employee relationship under a non-personal services health care contract.

Management Actions in Response to the Memorandum and Our Response

In response to the memorandum, the Director, ACC-RI stated that the contractor was sent a contracting officer letter, dated November 14, 2012, requiring the contractor to provide

a supervising physician to collaborate with physician assistants, as required in the PWS and FAR subpart 37.4. The contractor acknowledged receipt of the letter and is working on submitting a cost proposal for a supervising physician. For the full text of the Director, ACC-RI management's responses, see Appendix E.

In response to the memorandum, the Commander, DCMA–Kuwait stated that to meet the FAR, the ACO provided appropriate direction to the contractor in its letter dated November 14, 2012. In addition, the Commander stated that DCMA–Kuwait would monitor and report compliance with contractual terms and conditions within their prescribed delegation as well as the specific guidance from the contracting officer. For the full text of the DCMA–Kuwait Commander's response, see Appendix F.

We commend the actions taken by the Director, ACC-RI, to require the contractor to provide a supervising physician to collaborate with physician assistants, as required in the PWS and FAR subpart 37.4. After the memorandum was issued, we determined that the contractor had proposed that the MHSM to be provided would be a medical doctor qualified to direct the medical staff in performance of clinical tasks. Therefore, the contracting officer should require the contractor to provide an MHSM who is a medical doctor to supervise the medical and professional aspects of the physician assistants' clinical tasks, in accordance with the contractor's proposal.

We also commend the Commander, DCMA–Kuwait for actions planned to monitor and report compliance with contractual terms and conditions within their prescribed delegation as well as the specific guidance from the contracting officer.

Recommendations, Management Comments, and Our Response

A.1. We recommend the Commander, U.S. Army Medical Command, revise Army Regulation 40-68, "Clinical Quality Management," to align the regulation with supervision requirements set forth in Federal Acquisition Regulation 37.4.

U.S. Army Medical Command Comments

The Chief of Staff, Deputy Principal Assistant Responsible for Contracting, Health Care Acquisition Activity, responding on behalf of the Commander, U.S. Army Medical Command (MEDCOM), agreed and stated that AR 40-68 will be revised to indicate that non-personal service contract PAs will have a supervisor supplied by the contractor in accordance with FAR guidance.

Our Response

Comments from the Chief of Staff were responsive, and no additional comments are required.

A.2. We recommend the Director, Army Contracting Command–Rock Island:

a. require the contractor to provide a medical health services manager who is a medical doctor, to supervise the medical and professional aspects of the physician assistants' clinical tasks, in accordance with the contractor's proposal.

ACC-RI Comments

The Executive Director, Army Contracting Command–Rock Island agreed and stated that although AR 40-68 was mentioned in the PWS, there was no discussion or direction given of its specificity as applied to the medical services section C5.6 of the PWS. A supervising physician's position is being added to the PWS. He further stated that ACC-RI requested confirmation from MEDCOM on April 10, 2013, that the specific qualifications of the supervising physician will meet the requirements of AR 40-68. It is anticipated that the contractor will have the supervising physician position filled by approximately August 15, 2013.

Our Response

Comments from the Executive Director, Army Contracting Command–Rock Island were responsive, and no additional comments are required.

b. require the contracting officer to initiate a review of contractor invoices to determine the exact amount of questioned labor costs and obtain a refund from the contractor for an medical health services manager who was not a medical doctor to the extent provided by acquisition regulations.

ACC-RI Comments

The Executive Director, Army Contracting Command–Rock Island agreed and stated ACC-RI coordinated with Defense Contract Audit Agency on April 11, 2013, to conduct a review of the invoices to determine if a refund to the Government is necessary.

Our Response

Comments from the Executive Director, Army Contracting Command–Rock Island were responsive, and no additional comments are required.

Finding B. Contractor Did Not Possess Authorizing Documentation for Medical Personnel

Landstuhl officials, the contracting officer, and the ACO did not verify the contractor possessed required authorizing documentation prior to performing medical services at Camp As Sayliyah. Specifically:

- Landstuhl officials did not verify one physician assistant's license was active before granting clinical privileges,
- Landstuhl officials, the contracting officer, and the ACO did not verify the contractor obtained host-country waivers² authorizing medical personnel to perform health care services at U.S. Government facilities within the State of Qatar, and
- The contracting officer at ACC-RI did not verify the contractor indemnified the U.S. Government.

This occurred because Landstuhl officials did not have a written standard operating procedure for verifying authorizing documentation, such as state licenses and host-country waivers. Furthermore, contracting officials were not familiar and did not implement AR 40-68 clinical quality requirements obtaining host-country waivers or FAR subpart 37.4 requirements for indemnification.

As a result, Landstuhl officials may have put DoD personnel at risk for receiving less than optimal health care, endangered patient safety, and increased contractor-initiated compensable events. In addition, Landstuhl Officials, the contracting officer, and the ACO may have put the Army at risk of violating host county laws.

Army Regulation Establishes Policy for Contracted Medical Services

AR 40-68, "Clinical Quality Management," May 22, 2009, establishes policy and procedures for the administration of medical services personnel. Specifically, AR 40-68 requires medical personnel who perform medical services (including physician assistants) to be granted clinical privileges. Clinical privileges define the scope and limits of practice for individual providers and are based on the provider's licensure, relevant training, experience, current competence, health status, and judgment. Before a privilege-granting authority can grant clinical privileges, it must verify the applicant's

² Host-country waivers authorize the contractor to be hired under a non-personal services contract and stipulate that the individual will provide services only on U.S. facilities in the host country and that the individual is licensed in a U.S. jurisdiction, not the host country.

licensure. In addition to maintaining a current, active, valid and unrestricted license, non-personal service contractors must indemnify the Government, and contract employees must obtain a host-country waiver.

Federal Acquisition Regulation Establishes Policy for Contract Oversight

FAR Subpart 1.6, “Career Development, Contracting Authority, and Responsibilities,” states that contracting officers must ensure performance of all necessary actions for effective contract administration, compliance with the terms of the contract, and safeguarding the U.S. Government’s interests in its contractual relationships.

Physician Assistant Granted Clinical Privileges Without an Active State License

Landstuhl officials did not verify a physician assistant’s license was active before granting clinical privileges. Specifically, officials granted a physician assistant clinical privileges even though his state physician assistant’s license was expired. AR 40-68 requires non-personal services–contracted physician assistants to possess and maintain a current, active, valid and unrestricted license before practicing health care services. In addition, before a privilege-granting authority can grant privileges, it must verify the applicant’s licensure and certification status. However, after review of licensure and clinical privileging documentation, we determined Landstuhl officials granted the physician assistant clinical privileges on May 21, 2012, even though the physician assistant’s license expired on September 30, 2011.

Contracted Medical Personnel Did Not Obtain Host-Country Waivers

Landstuhl officials, the contracting officer, and the ACO did not verify the contractor obtained host-country waivers from the State of Qatar to allow medical personnel to perform health care services at Camp As Sayliyah in Qatar. Specifically, three physician assistants and one clinical psychologist were allowed to perform medical services without host-country waivers. AR 40-68 states in locations outside the United States, the host country must grant a waiver to permit an American citizen to be hired under a non-personal services contract. The waiver must stipulate that the individual will provide services only on the U.S. Federal enclave and that he or she is licensed in a U.S. jurisdiction, not the host nation. However, the contractor stated it did not obtain host-country waivers for medical personnel and that it was not aware of the requirement.

Three physician assistants and one clinical psychologist were allowed to perform medical services without host country waivers.

Contractor Needs to Indemnify the U.S. Government

The contracting officer at ACC-RI did not verify the contractor indemnified the U.S. Government as required by FAR subpart 37.4. Specifically, for non-personal health care contracts, the contractor is required to indemnify the Government for any liability

producing act or omission by the contractor, its employees and agents occurring during contract performance. However, the contracting officer did not require that the contractor provide the indemnification documents prior to contract award.

Landstuhl Officials Need Standard Operating Procedures

Landstuhl officials did not have written standard operating procedures for verifying authorizing documentation required by AR 40-68, such as state licenses and host-country waivers. We requested that Landstuhl officials provide their standard operating procedures for verifying documentation required for medical providers to perform health care services. Landstuhl officials stated they did not have a standard operating procedure; rather, they just referred to AR 40-68. Although AR 40-68 establishes policies, procedures, and responsibilities for granting clinical privileges, Landstuhl Regional Medical Center should establish procedures in line with AR 40-68 for verifying authorizing documentation for personnel requesting to perform health care services at U.S. Army facilities.

Contracting Officials Were Not Aware of Army Regulation Clinical Quality Requirements

Contracting officials were not familiar with requirements of AR 40-68, such as obtaining host-country waivers. In addition, the contracting officer did not ensure the contractor indemnified the Government, as required by FAR 37.4. Although the PWS referenced AR 40-68 and FAR 37.4, the contracting officer and the ACO each stated that they were unfamiliar with AR 40-68 requirements for non-personal services contracted medical providers. Therefore, ACC-RI and DCMA officials should review and amend procedures so that contracting officers and ACOs are familiar with regulatory requirements that are incorporated into contracts.

During the audit, we discussed this issue with MEDCOM acquisition and policy personnel. While not required, MEDCOM personnel stated that when awarding contracts that contain specialty services, such as medical services, the contracting officer should consider coordinating with the cognizant MEDCOM organization to ensure familiarity with applicable regulations. For example, if the procuring contracting officer had coordinated with MEDCOM before issuing the QBOSS contract, the contracting officer might have become familiar with AR 40-68 requirements. We later provided contracting officials at ACC-RI with a point of contact at MEDCOM for future coordination when issuing contracts with medical services. A contracting officer at ACC-RI stated that the procuring contracting officer did not coordinate with MEDCOM personnel when issuing the QBOSS contract but did so when issuing an updated PWS. We commend the actions taken by ACC-RI to address concerns within the PWS.

Landstuhl Officials May Have Put Personnel at Risk of Receiving Less-Than-Optimal Health Care

By granting clinical privileges to a physician assistant with an expired license, Landstuhl officials may have put DoD personnel at risk for receiving less than optimal health care, endangered patient safety, and increased contractor-initiated compensable events. After we informed contracting officials and the contractor of this issue, the contractor suspended the physician assistant and took steps to expedite the renewal of the physician assistant's license. Subsequently, contracting officials provided us with documentation of the physician assistant's renewed license. In addition, during discussions with Landstuhl officials, the contracting officer and the ACO each stated that host-country waivers from the State of Qatar were not obtained for medical providers, putting the Army at risk of violating host-country laws.

Conclusion

Landstuhl officials did not verify a physician assistant's license was active before granting clinical privileges. In addition, Landstuhl officials, the contracting officer, and the ACO did not verify the contractor obtained host-country waivers authorizing medical personnel to perform health care services at U.S. Government facilities within the State of Qatar. Landstuhl officials did not have a written standard operating procedure for verifying authorizing documentation, such as state licenses and host-country waivers. Furthermore, the contracting officer, the ACO, and the contractor were not familiar with requirements for obtaining host-country waivers or indemnifying the Government prior to performing health care services.

Management Actions in Response to the Memorandum and Our Response

Because of the potential liability associated with this issue, on November 8, 2012, we issued a memorandum to the Director, ACC-RI, the Commander, DCMA-Kuwait and the Commander, Landstuhl Regional Medical Center stating our concerns regarding the physician assistant being granted clinical privileges with an inactive license and the contractor not obtaining host-country waivers before providing medical services in Qatar. As the contractor had resolved the issue regarding the physician assistant's license, we suggested the Director, ACC-RI should require the contractor to indemnify the Government. On November 26, 2012, the Director, ACC-RI, responded that a contracting officer letter dated November 14, 2012, was sent to the contractor requiring indemnification of the Government. We believe the initial action described by the Director, ACC-RI, is responsive to our suggestion for indemnification of the Government.

Further, we suggested the Commander, DCMA-Kuwait require the contractor to obtain host-country waivers for personnel providing medical services at the Camp As Sayliyah TMC. On December 4, 2012, the Commander, DCMA-International responded that DCMA-Kuwait has coordinated with the contracting officer, who is issuing the

contractor guidance to obtain the required host-country waivers. We believe DCMA-Kuwait's initial action is responsive to our suggestion for non-personal services medical providers to obtain host-country waivers in accordance with AR 40-68.

Recommendations, Management Comments, and Our Response

B.1. We recommend the Director, Army Contracting Command–Rock Island, develop procedures to ensure contracting officers are familiar with regulatory requirements that are incorporated into contracts.

ACC-RI Comments

The Executive Director, Army Contracting Command–Rock Island agreed and stated that they have notified the pertinent Contracting Officers via email, April 19, 2013, that coordination with MEDCOM should be made for contracts that contain any medical sections.

Our Response

Comments from the Executive Director, Army Contracting Command–Rock Island were responsive, and no additional comments are required.

B.2. We recommend the Commander, Landstuhl Regional Medical Center establish procedures in line with Army Regulation 40-68 for verifying authorizing documentation for personnel requesting to perform health care services at U.S. Army facilities.

Army Medical Command Comments

The Commander, U.S. Army Medical Command agreed by providing a policy letter from the European Regional Medical Center, Management Coordinator. The policy letter establishes credentialing contractor employment conditions for personal and non-personal services, in accordance with Army Regulation 40-68. The European Regional Medical Center, Management Coordinator signed the policy letter June 21, 2013.

Our Response

Comments from the Commander, U.S. Army Medical Command were responsive, and no additional comments are required.

B.3. We recommend the Commander, Defense Contract Management Agency-Kuwait develop procedures to ensure administrative contracting officers are familiar with regulatory requirements that are incorporated into contracts.

DCMA–International Comments

The Acting Commander, DCMA–International endorsed comments from Headquarters, DCMA which agreed with the intent of the recommendation and stated that the missed requirements should have been identified during the contract receipt and review process. He further stated that a new process is not required, however proper adherence to the

current process will ensure that the contract management team is aware of complex or special contract terms and conditions of the contract. In addition, during Phase II training, the QAR and COR shall review the Army specific Regulations and Technical Manuals that are applicable to the specific sections of the PWS the COR will audit. This will ensure that the COR understands they need to utilize a combination of contract documents (for example, PWS, SOPs, and Army regulations) to ensure the contractor is meeting government requirements.

Our Response

Comments from the Acting Commander, DCMA–International were responsive, and no additional comments are required.

Finding C. Improvements Needed in the Award-Fee-Evaluation Process

Contracting officials did not properly administer the award-fee–evaluation process in accordance with FAR guidance. Although the ASG-QA commander appointed an Award-Fee Review Board (AFRB) and conducted award-fee-performance evaluation meetings, the Army did not adequately document and justify approximately \$1.5 million³ in award fees paid to the QBOSS contractor. For example, the contractor was paid \$735,290 instead of \$603,404 that was allowed by the FAR, and the contractor received award fees when critical positions went unfilled. This occurred because for the first four award-fee rating periods, the contracting officials used an inflated rating scale that was inconsistent with the FAR. Furthermore, the AFP lacked specific evaluation criteria and eight of the 12 performance monitors (PMs)⁴ that we interviewed were not trained to properly perform award-fee–evaluation. For example, during an interview, one PM stated he was instructed to “just give the contractor a 97-percent rating, because nobody asks questions about the ratings.”

As a result, during the first four award-fee periods, the Army was contractually obligated to pay the contractor about \$131,886 in unnecessary award fees. An effective award-fee process provides an incentive for a contractor to improve performance. Therefore, until a comprehensive award-fee process is in place, contracting officials are at risk of paying the contractor up to \$2.59 million in future award fees without sufficient support, justification, or assurance that the award fees are commensurate with its performance.

Award-Fee–Evaluation Process

The Army Contracting Agency (ACA) Handbook states that the award-fee process is a continuous process, supported by an AFP, and defines the criteria used to evaluate the contractor’s performance. The contracting officer typically designates onsite representatives or PMs to evaluate and report on contractor performance. AFRB members use these reports, along with contractor self-assessments, to evaluate the contractor’s overall performance and make an award-fee recommendation to the Award-Fee Determining Official (AFDO). The AFDO makes the final determination regarding the award fee earned for each evaluation period and signs the award-fee determination letter for the evaluation period, specifying the award fee earned and the basis for that determination. After the AFDO signs the determination letter, the contracting officer prepares and executes the modification authorizing payment to the contractor of the earned award fee.

³ The \$1.5 million earned by the contractor represents 88 percent of the total available award-fee pool (\$1.7 million) for the six award-fee-evaluation periods included in our review.

⁴ PMs provide continuous evaluation of the contractor’s performance and may include the administrative contracting officer, CORs, and the quality assurance evaluators.

Contracting Officials Did Not Properly Administer the Award-Fee-Evaluation Process

Contracting officials did not properly administer the award-fee evaluation process in accordance with FAR guidance. FAR Subpart 16.4, “Incentive Contracts,” states that the fee must be “commensurate with the contractor’s overall cost, schedule, and technical performance, as measured against contract requirements [and] in accordance with the criteria in the [AFP].” In addition, an award fee is not earned “if the contractor’s overall cost, schedule, and technical performance are not at a satisfactory level.” The basis for all award-fee determinations is to be documented in the contract file. We obtained and analyzed the AFRB Contractor Performance Evaluation Reports for the six award-fee periods completed. The reports represent an overall summary, by functional area, of the PMs’ evaluation of the contractor’s performance during the award-fee evaluation periods. Our review showed that adequate documentation was not always available to justify the overall adjectival⁵ rating and percentage of the award-fee pool paid to the contractor. The ASG-QA commander appointed an AFRB and conducted award-fee performance evaluation meetings; however, the Army did not follow FAR guidance to adequately document and justify approximately \$1.5 million in award fees paid for the six award-fee evaluation periods we reviewed.

The ASG-QA Commander Appointed AFRB Members

The QBOSS AFP states that the AFRB will consist of voting and non-voting members. The voting members should be key stakeholders and technical advisors, to include the:

- ASG-QA commander,
- ASG-QA deputy commander,
- ASG-QA command sergeant major,
- Regional Contracting Command–Qatar director of contracting,
- ASG-QA director of logistics,
- ASG-QA director of public works,
- ASG-QA director of health services, and
- ASG-QA director of morale, welfare and recreation.

During the audit, we determined that the ASG-QA commander established an AFRB that consisted of both voting and non-voting members. AFRB members met at the end of each award-fee period to rate the contractor’s performance and to recommend an award fee to the AFDO. The Army Contracting Command Southwest Asia–Principal Assistant Responsible for Contracting serves as the AFDO. In addition, AFRB members held monthly evaluation meetings to discuss the contractor’s performance between award periods. The members included the contract performance evaluator, CORs, ACO, command judge advocate, contract specialists, and the director of resource management.

⁵ An adjectival rating is one in which adjectives such as excellent, very good, good, fair, and poor are used to indicate the degree to which the contractor’s performance has met the standard for each factor evaluated. Adjectival ratings can be employed independently or in connection with other rating systems.

Award-Fee Evaluations Lacked Adequate Documentation and Were Based on Personal Presumptions

Contractor award-fee ratings were not properly documented and justified. Specifically, the documentation used to justify award-fee ratings did not always provide narrative support to justify recommended award-fee ratings. According to the ACA Handbook, the PMs are required to maintain records of the contractor's performance that detail examples where improvement is needed, where improvement has occurred, and where performance is below, meets, or exceeds the PWS requirements. The examples below illustrate the lack of documentation and narrative support to justify the basis for determination.

- One PM used the same narrative to justify an "Excellent" adjectival rating for the second through the fourth award-fee rating periods. Additionally, the narrative only describes the basic work requirements stated in the PWS and did not explain how the contractor's performance exceeded the basic contractual requirements. The PM performance evaluation report merely stated that "the contractor has sufficient manpower to meet requirements with minimal overtime." This narrative did not justify how the contractor's performance earned an "Excellent" adjectival rating.
- Another PM gave the contractor an "Excellent" adjectival rating in the fourth award-fee period, and referenced the prior performance evaluation as justification for awarding the rating. Specifically, the PM explained that "the contractor has been an outstanding example of leadership and work ethics by receiving one hundred on all performance evaluations for one year straight." Not only was such justification inappropriate for justifying award-fee ratings, it clearly shows that the PM did not perform an evaluation of the contractor's performance. The contractor earned an overall adjectival rating of "Very Good" for the period.

The AFRB Used an Inflated Rating Scale to Justify Award-Fees Paid to the Contractor

The AFRB used an inflated rating scale to justify award-fees paid to the contractor. FAR Subpart 16.4 assigns the rating scale and percentage range of the available award-fee pool for each adjectival rating. For example, if the contractor earned a "Good" rating, the AFRB can award the contractor 51 to 75 percent of the available award-fee pool. If the contractor earned a "Satisfactory" rating, the AFRB can award up to 50 percent of the available award-fee pool.

However, for the first four rating periods we reviewed, the AFRB awarded the contractor more than the percentage allowed by the FAR. Table 1 on page 19 illustrates the award-fee period, the adjectival rating provided, and the FAR mandated award-fee amount versus the award-fee earned by the contractor.

Table 1. Contractor Award-Fee Rating and Award Fees Earned

Award-Fee Evaluation Period	Adjectival Rating	FAR Mandated Award-Fee Percentage Based on Adjectival Rating	Award Fee Earned		Maximum Award Fee Allowed
			Unjustified Percentage Awarded	Amount Earned	
1	Good	51 - 75	88	\$183,077	\$156,031
2	Satisfactory	≤ 50	75	\$156,031	\$104,021
3	Good	51 - 75	86	\$196,855	\$171,676
4	Good	51 - 75	87	\$199,327	\$171,676
Total				\$735,290	\$603,404

The Contractor Received Award Fees Even Though Required Critical Positions Were Unfilled

The contractor received award fees even though critical positions were not filled. For the six award-fee periods we reviewed the AFRB recommended and the AFDO agreed that the contractor be paid approximately \$1.5 million, even though critical contractor

The AFRB recommended and the AFDO agreed that the contractor be paid approximately \$1.5 million, even though critical contractor positions required by the PWS were not filled, for the entire or a portion of the award-fee periods. Unfilled critical positions included physician assistants, a lead emergency medical technician/paramedic, and a nurse. For example, during the sixth award-fee period, the TMC had three unfilled positions: two physician assistants and a nurse. Despite the unfilled positions, the PM submitted a “Very Good” rating for the TMC functional area. In addition, the AFRB awarded the contractor an overall “Excellent” adjectival rating and 91.68 percent of the award-fee pool or \$397,521, even though the critical positions were unfilled during the award-fee period.

positions required by the PWS were not filled, for the entire or a portion of the award-fee periods. Unfilled critical positions included physician assistants, a lead emergency medical technician/paramedic, and a nurse. For example, during the sixth award-fee period, the TMC had three unfilled positions: two physician assistants

and a nurse. Despite the unfilled positions, the PM submitted a “Very Good” rating for the TMC functional area. In addition, the AFRB awarded the contractor an overall “Excellent” adjectival rating and 91.68 percent of the award-fee pool or \$397,521, even though the critical positions were unfilled during the award-fee period.

The Original Award-Fee Rating Scale Was Inconsistent With FAR

The award-fee rating scale in the original AFP was not in accordance with FAR guidance. The contracting officer included an inflated award-fee rating scale in the original AFP. The grading scale allowed the PMs to award the contractor as much as 30 percent higher than the FAR allowance for the adjectival rating. For example, in the first award-fee rating period, the original AFP allowed the AFRB to award the contractor 88 percent of the award-fee pool with only a “Good” rating. However, the FAR rating scale only allows the contractor to earn up to 75 percent of the award-fee pool for a “Good” rating. In March 2011, a contracting officer revised the original AFP to align with the FAR. The revised AFP adjusted the rating scale for the fifth award-fee period, beginning in April 2011. Table 2 on page 20 lists the award-fee ratings percentages contained in the original AFP and the FAR-mandated award-fee ratings. The ACO needs to provide clear instructions on how the contractor’s performance will be measured against the award-fee evaluation criteria in accordance with FAR Subpart 16.4.

Table 2. The Original AFP Rating Scale and the FAR-Allowed Ratings

Award-Fee Evaluation Periods	Adjectival Rating Earned	Award-Fee percent Earned	Percentage of Award-Fee Pool Available in Accordance with the Original AFP	Percentage of Award-Fee Pool Available in accordance with FAR
1	Good	88	80 - 89.99	51 - 75
2	Satisfactory	75	70 - 79.99	≤ 50
3	Good	86	80 - 89.99	51 - 75
4	Good	87	80 - 89.99	51 - 75

Award-Fee Plans Lacked Specific Evaluation Criteria

The AFPs used to evaluate the contractor’s performance lacked specific evaluation criteria. FAR Subpart 16.4 states that all award-fee contracts must be supported by an AFP that establishes procedures for conducting award-fee evaluations. In addition, Army Federal Acquisition Regulation Supplement subpart 5116.405-2, “Cost-plus-award-fee contract,” states that an AFP must contain clear and specific evaluation criteria that are tailored to the contract requirements. However, the QBOSS AFPs lacked specific evaluation criteria, and the contracting officer used an incorrect adjectival rating scale.

The contracting officer developed and used two AFPs during the six award-fee evaluation periods we reviewed. The original AFP appeared to be a generic draft that was not tailored to the QBOSS contract. This AFP was missing three of the seven evaluation elements required by FAR Subpart 16.4, including the AFDO’s approval signature. The PMs and the AFRB members used this AFP to evaluate the contractor’s performance and assign the award-fee ratings for the first four award-fee evaluation periods, from April 2010 through March 2011. In April 2011, the ACO implemented the revised AFP. However, the revised plan still lacked sufficient criteria for determining whether the contractor exceeded the performance standards. Specifically, the plan did not identify the award-fee evaluation criteria or how the contractor’s performance will be measured against the award-fee evaluation criteria. Table 3 on page 21 lists the required and missing criteria.

Table 3. AFP's Missing Criteria

FAR Subpart 16.4	Required AFP Criterion	Original AFP	Revised AFP
i	Be approved by the AFDO	No	Yes
ii	Identify the award-fee evaluation criteria and how they are linked to acquisition objectives which shall be defined in terms of contract cost, schedule, and technical performance, and the criteria should motivate the contractor to enhance performance in the areas rated	No	No
iii	Describe how the contractor's performance will be measured against the award-fee evaluation criteria	No	No
iv	Utilize the adjectival rating and associated description as well as the award-fee pool earned percentages	Yes	Yes
v	Prohibit earning any award-fee when a contractor's overall cost, schedule, and technical performance in the aggregate is below satisfactory	Yes	Yes
vi	Provide for evaluation periods to be conducted at stated intervals during the contract period of performance so that the contractor will periodically be informed of the quality of its performance and the areas in which improvement is expected	Yes	Yes
vii	Define the total award-fee pool amount and how this amount is allocated across each evaluation period	Yes	Yes

Lack of Training Prevented the Performance Monitors From Performing Proper Award-Fee-Evaluations

Eight of the 12 PMs responsible for rating the QBOSS contractor's performance were not trained on the award-fee evaluation process. We interviewed 12 PMs, one from each major functional area listed in the PWS. The remaining 4 of the 12 PMs that we interviewed stated they attended a 1-day training class on the award-fee process provided by the contracting officer. We obtained and reviewed a copy of the 1-day training slides. The training contained a general overview of the award-fee plan and process but did not provide an in-depth review on how to administer the award fees for the QBOSS contract. The ACA Handbook states that training of personnel involved in the award-fee process is essential for successful monitoring and evaluation of contractor performance. Specifically, the award-fee-process training should cover the award-fee plan, roles and responsibilities, documentation requirements, and evaluation techniques. In addition, the training should include:

- what is being evaluated;
- how information should be gathered and techniques to be used;
- when or how often information should be obtained;
- how PMs should secure information from functional specialists to cover areas in which the monitors may not be personally involved; and
- evaluation scoring processes that identify the need for consistency between scoring and evaluation summaries.

Furthermore, the eight PMs stated they were not familiar with procedures to properly evaluate the contractor's performance and support the award-fee ratings. During an interview, one of the major functional area PMs explained that he was not trained on administering the award-fee process. In addition, he said he was instructed by his predecessor to "just give the contractor 97 percent, because nobody asks questions about the ratings." Therefore, the ACO, in coordination with the contracting officer, needs to develop award-fee specific training for all PMs to ensure successful monitoring and evaluation of contractor performance in accordance with ACA Handbook.

The Army May Not be Able to Justify Award-Fees

During the first four award-fee periods, the Army was contractually obligated to pay the contractor about \$131,886 in unnecessary award fees. Until a comprehensive award process is in place, the Army may be at risk of paying the contractor award fees up to \$2.59 million for future option years without sufficient support, justification, or assurance that contractors are paid award fees commensurate with their level of performance. Furthermore, the ACA Handbook states that documentation regarding the contractor's performance is required for the award-fee recommendations and should be available for the AFDO's review before a decision of the award-fee amount is made. However, without sufficient documentation to support the award-fee recommendations and decisions, the Army may not be able to support continued use of cost-plus-award-fee contracts.

Award-Fee Plans Should Motivate the Contractor to Enhance Performance

An effective award-fee process contains an AFP that provides incentives for a contractor to improve performance in the rated areas. Therefore, the AFP should be unique to contract requirements, so that the contractor is motivated to perform well in areas most important to the Government. The AFP should also identify the organizational structure required to administer the award-fee provisions of the contract. However, the AFPs did not contain evaluation criteria that established specific and measurable performance objectives to reward the contractor for performing beyond the basic PWS requirements. In addition, the contractor received "Excellent" ratings and was awarded approximately 88 percent of the award-fee pool for meeting only the basic PWS requirements. As a result, there is no assurance that the contractor has an incentive to improve performance in the rated areas because the contractor receives the same incentive for fulfilling the basic PWS requirements. Therefore, the contracting officer needs to develop an AFP that is unique to the QBOSS PWS requirements, so that the contractor can be motivated to enhance its performance in the rated areas, as required by the Federal Acquisition Regulation Subpart 16.4.

Conclusion

QBOSS contracting officials did not administer the award-fee process properly. QBOSS contracting officials did not develop AFPs that are consistent with FAR guidance or maintain documentation to justify award-fee ratings. Incentive-based contracts are used to motivate the contractor and enhance its performance. However, QBOSS contracting

officials must first implement an effective award-fee process, beginning with the development of an AFP that contains clear and specific evaluation criteria. Without an effective AFP, contractors can receive up to \$2.59 million in future award fees without documented support or assurance that the award-fee amount is commensurate with their level of performance.

Recommendations, Management Comments, and Our Response

C.1. We recommend the Commander, Defense Contract Management Agency-Kuwait instruct the administrative contracting officer to:

a. provide clear instructions on how the contractor's performance will be measured against the award-fee evaluation criteria in accordance with Federal Acquisition Regulation Subpart 16.4.

DCMA–International Comments

The Acting Commander DCMA–International agreed with the intent of the recommendation and stated, that the ACO has informed the PCO that the current AFDP is still not consistent with FAR 16.401 as it lacks specific grading criteria. However, the ACO has taken the appropriate steps within her authority. She has worked with ASG-QA to identify meaningful performance measures in regards to cost, schedule and technical performance to assist the PCO in establishing award fee criteria. Based on these efforts, a revised AFDP has been developed. The revised AFDP identifies award-fee evaluation criteria consistent with FAR 16.401 Table 16-1 and describes how the contractor's performance will be measured against the criteria as it relates to cost, schedule, and technical performance.

b. coordinate with the contracting officer to develop award-fee-specific training for all performance monitors to ensure successful monitoring and evaluation of contractor performance in accordance with Army Contract Agency Handbook.

DCMA–International Comments

The Acting Commander, DCMA–International agreed and stated that award-fee training has been developed by the PCO, and the ACO is assisting in providing award-fee specific training to all CORs as well as all voting and non-voting members of the award-fee board at least twice a year. In addition, during the DCMA monthly COR meetings the contract management team shall provide refresher award fee and audit training.

Our Response

Comments from the Acting Commander, DCMA–International were responsive, and the actions met the intent of the recommendations. No further comments are required.

C.2 We recommend the Director, Army Contracting Command–Rock Island instruct the contracting officer to develop an award-fee plan that is unique to the Qatar Base Operating Support Service Contract Performance Work Statement requirements, so that the contractor can be motivated to enhance its performance in the rated areas, as required by the Federal Acquisition Regulation Subpart 16.4.

ACC-RI Comments

The Executive Director, ACC-RI agreed and stated that the overall contract fee approach is being re-evaluated and if award fee provisions are retained, a revised AFP will be incorporated. The Director further stated that a revised AFP has been developed and is currently under review. The revised plan includes criteria addressing contract cost, schedule, and technical performance tailored to the requirements of the QBOSS contract. Estimated completion date is September 30, 2013.

Our Response

Comments from the Executive Director, ACC-RI were responsive, and no additional comments are required.

Appendix A. Scope and Methodology

We conducted this performance audit from June 2012 through March 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 conducted the audit at the ASG-QA located at Camp As Sayliyah, Qatar. To gain an understanding of the QBOSS contract requirements, we obtained and reviewed the QBOSS contract, contract modifications, performance work statements, the contract proposal and other relevant contract documentation in order to get an understanding of the overall contract terms and conditions. We also conducted interviews with the contracting officer, the ACO, and the CORs.

We focused our review on administration of the contract award-fee process and the medical-support-services functional areas of the QBOSS contract. Specifically, during the planning phase of the audit, we noted contracting officials did not have proper award-fee evaluation procedures or maintain documentation to justify award-fees and payments to the contractor. Furthermore, the contractor did not provide a supervising physician to collaborate with physician assistants or indemnify the DoD of legal liability resulting from malpractice by physician assistants as required by FAR subpart 37.4, “Nonpersonal Health Care Services.”

For the award-fee-administration process, we obtained and reviewed documentation to determine whether contracting officials maintained documentation to justify award-fees paid to the contractor. We obtained and reviewed relevant sections of the FAR, Army Federal Acquisition Regulation Supplement, and the ACA Handbook to determine the requirements for proper administration of the award-fee evaluation process. Specifically, we identified the requirements for a proper AFP, evaluation criteria, training for performance monitors, and the award-fee narrative support. To determine roles and responsibilities in the award-fee process, we interviewed 12 functional area CORs, the contract quality assurance evaluator, the contracting officer, the ACO, and the ASG-QA Commander. We obtained AFPs, DCMA and ASG-QA list of CORs, U.S. Army Contracting Command Award-Fee Determination Plan and Process Training slides, six award-fee contractor performance evaluation reports, and the monthly performance evaluation ratings. We also attended a monthly performance evaluation meeting to observe the Award-Fee Review Board and the contractors’ performance briefing process.

To review the medical support services, we obtained and reviewed documentation to determine whether contracting officials were administering medical support services as required by guidance and maintained documentation for medically licensed contractor personnel working in the TMC. In addition, we reviewed the medical services portion of the QBOSS contract to ensure compliance with requirements of FAR subpart 37.4. We also reviewed medical services personnel credentialing such as education, professional licensing and certification documentation to ensure contractor compliance with

requirements of the contract, AR 40-68, “Clinical Quality Management,” May 22, 2009; and DoD 6025.13-R, “Military Health Systems Clinical Quality Assurance Program,” June 11, 2004. We conducted interviews with the QBOSS contractor and personnel from ACC-RI, ASG-QA, DCMA–Kuwait, MEDCOM, and Landstuhl to get an understanding of their roles, responsibilities, and procedures regarding medical support services, and compared them with the applicable guidance.

Use of Computer-Processed Data

We used the Electronic Document Access (EDA) database to obtain contract documentation such as the QBOSS contract and modifications, before our site visit to Camp As Sayliyah, Qatar. To assess the accuracy of the data, we compared the contract and modifications from EDA against official contract and modification records received from the contracting officer at ACC-RI. Because the contract and modifications matched, we determined that the data obtained through the EDA were sufficiently reliable to accomplish our audit objectives when compared with the contract records.

Use of Technical Assistance

During the planning phase of the audit, we requested and received technical assistance from the DoD OIG Quantitative Methods Division. We coordinated with the Quantitative Methods Division to determine a sampling plan for the Q-BOSS contractor acquired material and services transactions. However, we did not use the sampling plan during this audit. We plan to review contractor acquired materials and services in a future audit; therefore, we will coordinate an updated sampling plan with the Quantitative Methods Division.

Appendix B. Prior Coverage

During the last 5 years, the DoD IG, the Special Inspector General for Iraq Reconstruction (SIGIR), the Government Accountability Office (GAO), and the Department of the Army issued 12 reports related to award-fee contracts. Unrestricted DoD OIG and SIGIR reports can be accessed at <http://www.dodig.mil/>. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov/>. Unrestricted Army reports can be accessed over the Internet at <http://www.aaa.army.mil/>.

GAO

GAO Report No. GAO 09-921, “Contract Management: Extent of Federal Spending Under Cost-Reimbursement Contracts Unclear and Key Controls Not Always Used,” September 2009

GAO Report No. GAO 09-630, “Guidance on Award Fees Has Led to Better Practices but Is Not Consistently Applied,” May 2009

GAO Report No. GAO 08-1087, “Military Operations: DoD Needs to Address Contract Oversight and Quality Assurance Issues for Contracts Used to Support Contingency Operations,” September 2008

DoD IG

DoD IG Report No. D-2011-078, “Contracts Supporting Base Operations in Kuwait Need Stronger Management and Administration,” June 30, 2011

DoD IG Report No. D-2011-047, “Improvements Needed in Contract Administration of the Subsistence Prime Vendor for Afghanistan,” March 2, 2011

DoD IG Report No. D-2011-032, “Logistics Civil Augmentation Program Support Contract Needs to Comply with Acquisition Rules,” January 7, 2011

DoD IG Report No. D-2011-014, “Weaknesses in Award Fees for the Broad Area Maritime Surveillance Contract,” November 2, 2010

DoD IG Report No. D-2010-059, “Contingency Contracting: A Framework of Reform,” May 14, 2010

DoD IG Report No. D-2010-049, “U.S. Army Corps of Engineers’ Use of Award Fees on Contracts in Iraq and Afghanistan,” April 1, 2010

Army

Army Audit Agency Report No. A-2011-0212-ALC, “Contract Requirements Definition: Base Operations Support-U.S. Army Installation Management Command,” September 22, 2011

Army Audit Agency Report No. A-2009-0132-ALL, “Contracting Operations: U.S. Army Contracting Command Southwest Asia-Kuwait,” September 29, 2009

SIGIR

SIGIR Report No. SIGIR 08-009, “Appropriate Award Fee Conversion Scales Can Enhance Incentive For Contractor Performance,” January 24, 2008

Appendix C. Mitigating Potential Organizational Conflict of Interest

The ACO raised the concern regarding a potential conflict of interest between the QBOSS contractor and one of its subcontractors. Specifically, the ACO questioned the relationship between the contractor and a subcontractor, who served as the host-country sponsor for the QBOSS contractor. During the solicitation process, the contractor provided a proposal disclosing their relationship with the subcontractor. According to the proposal, the subcontractor was to provide sponsorship⁶ for all personnel assigned to the contract and provide the primary labor source for the foreign-national employees hired under the contract.

Although the contracting officer was aware of the relationship between the contractor and subcontractor, the contracting officer did not require the contractor to provide additional information (such as mitigation plans) to make a determination of potential organizational conflict of interest (OCI) and the need to mitigate the risk of potential OCI before the award of the contract. The contracting officer stated that the Army determined a mitigating plan was not necessary because the QBOSS contractor disclosed its relationship with its subcontractor in the proposal. According to FAR Subpart 9.5, “Organizational and Consultant Conflicts of Interest,” the contracting officer is responsible to identify and evaluate potential OCI early in the acquisition process. The contracting officer is also responsible to avoid, neutralize, or mitigate potential OCI prior to contract award. However, the contracting officer for the QBOSS contract did not perform such evaluations before the contract was awarded on March 11, 2010.

Based on the ACO’s concerns, on September 16, 2011, the ACO requested OCI mitigation plans and non-disclosure agreements from the QBOSS contractor and subcontractor. However, it was not until July 24, 2012, that a memorandum was issued stating that ACC-RI reviewed the information and documents submitted by the contractor and determined that there is no OCI under the QBOSS contract. ACC-RI evaluated the relationship between the QBOSS contractor and subcontractor; however, it took over 2 years for ACC-RI to make a determination on the potential OCI.

⁶ As required by the contract, the contractor must obtain local (host-country) sponsorship for the purpose of providing in-country legal representation, work visas, and resolution of other personal business or domestic matters, in compliance with host nation (Qatar) labor laws.

Appendix D. Quick Reaction Memorandum on Medical Services



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

November 08, 2012

MEMORANDUM FOR COMMANDER, AREA SUPPORT GROUP-QATAR
DIRECTOR, ARMY CONTRACTING COMMAND-ROCK ISLAND
COMMANDER, LANDSTUHL REGIONAL MEDICAL CENTER
COMMANDER, DEFENSE CONTRACT MANAGEMENT
AGENCY-KUWAIT
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Concerns Regarding Contract Administration of Medical Services at
Camp As Sayliyah, Qatar

We are providing this memorandum for your attention and suggested action before completing Project No. D2012-D000JB-0181.000, "Audit of Contract Administration for Installation Support Operations at Camp As Sayliyah, Qatar." Our overall audit objective was to determine whether DoD officials were properly administering the Camp As Sayliyah Installation Operating contract. Specifically, to determine whether DoD officials were properly justifying award fees paid to the contractor and were effectively monitoring the contractor's performance. Within the Qatar Base Operations Support Services (QBOSS) contract performance of work statement is the requirement for the contractor to provide medical services at the Camp As Sayliyah Troop Medical Clinic (TMC). We are concerned with issues related to contract administration of the medical services portion of the QBOSS contract. Specifically,

- Landstuhl Regional Medical Center officials did not verify a physician assistant's license was active before granting clinical privileges.
- Administrative contracting officers did not verify contracted physician assistants were supervised in accordance with Federal Acquisition Regulation (FAR) guidance.
- Procuring contracting officers did not verify the contractor followed procedures to indemnify the DoD of legal liability resulting from malpractice by physician assistants, or obtained host country waivers authorizing medical personnel to perform health care services at United State Government facilities within the State of Qatar.

Background

The Army Contracting Command-Rock Island (ACC-RI) awarded the QBOSS contract on March 11, 2010. According to the performance work statement, the QBOSS contractor is required to provide nonpersonal health care services at the Camp As Sayliyah TMC. Contractor personnel provided documentation showing there were three physician assistants providing health care services, as of May 9, 2012. Army Regulation (AR) 40-68, "Clinical Quality Management," May 22, 2009, establishes policies, procedures, and responsibilities for the administration of Army Medical Facilities. According to AR 40-68, physician assistants deliver primary or specialty medical care with physician supervision. However, before providing health

administration of Army Medical Facilities. According to AR 40-68, physician assistants deliver primary or specialty medical care with physician supervision. However, before providing health care services physician assistants must be granted clinical privileges. Clinical privileges define the scope and limit of practice for physician assistants and are based on the capability of the health care facility, the physician assistant licensure, relevant training and experience, current competence, health status, and judgment. The Landstuhl Regional Medical Center, in Germany, serves as the privileging authority and is responsible for recommending an applicant be granted clinical privileges after verifying the applicant meets DoD and State licensure requirements. Contracting officials and the contractor must ensure certifications required for clinical privileges are renewed and maintained for applicable personnel. Accordingly, the administrative contracting officer ensures the contractor meets contract performance of work statement requirements. A Contracting Officer's Representative conducts reviews of physician assistant certifications and monitors the contractor's performance. The contractor performs ongoing monitoring and evaluations to verify physician assistant credential requirements are current and then submit the updated documentation to contracting personnel prior to expiration.

Physician Assistant Granted Clinical Privileges Without an Active State License

Landstuhl Regional Medical Center officials granted one physician assistant clinical privileges even though his State physician assistant license was expired. AR 40-68 requires nonpersonal services contracted physician assistants to possess and maintain a current, active, valid and unrestricted license before practicing healthcare services. In addition, prior to being granted clinical privileges, the privilege granting authority must verify the applicant's licensure and certification status. However, after review of licensure and clinical privileging documentation, we determined Landstuhl Regional Medical Center officials granted a physician assistant clinical privileges, even though the physician assistant's license was expired. Therefore, there was an increased risk of liability for any personal injury claims alleging negligence by the contractor. After informing contracting officials and the contractor of this issue, the contractor took action to suspend the physician assistant while taking the necessary steps to expedite the renewal of the physician assistant's license. Subsequently, contracting officials provided us with documentation of the physician assistant's renewed license.

Improper Supervision of Physician Assistants Under a NonPersonal Services Contract

Administrative contracting officers did not verify contracted physician assistants were supervised in accordance with FAR subpart 37.4, "Nonpersonal Health Care Services." FAR subpart 37.4 states the Government may evaluate the quality of medical services provided but retains no control over the healthcare services rendered to include, professional judgments or diagnosis for specific medical treatment. In addition, AR 40-68 states that the supervising physician must demonstrate the ability to provide the guidance and support in all patient treatment settings. The supervising physician must be available for consultation in person, telephonically, by radio, or by any other means that allows person-to-person exchange of information. An alternate supervising physician must be available during temporary absences of the primary supervising physician.

However, administrative contracting officers did not verify the supervision requirement was met prior to physician assistants providing medical services at the Area Support Group (ASG) TMC. During the audit, the contractor and a Landstuhl Regional Medical Center official stated the ASG-Command Surgeon would provide medical supervision. The QBOSS contract is a nonpersonal health care service contract and the ASG-Command Surgeon is not authorized to provide supervision in accordance with FAR Subpart 37.4. Further, Army officials did not appoint an alternate supervising physician to be available during temporary absences of the ASG-Command Surgeon, as required by AR 40-68, since the ASG-Command Surgeon was designated as the only physician to collaborate with and provide medical supervision for the contractor physician assistants. Further, the States in which the three physician assistants are licensed are California, Florida, and Virginia. However, the ASG-Command Surgeon is licensed in Georgia and Pennsylvania and the medical facility did not petition state boards to allow the ASG-Command Surgeon to supervise the physician assistants. Therefore, the ASG-Command Surgeon did not have the authority to supervise the physician assistants.

Physician assistants exercise significant professional autonomy in medical decision making and provide a broad range of diagnostic and therapeutic services to DoD beneficiaries. By allowing the ASG-Command Surgeon to supervise the contractor physician assistants, contracting officials may have transferred the risk of liability for medical malpractice claims from the contractor to the DoD. Specifically, allowing the ASG-Command Surgeon to collaborate with physician assistants creates an improper employer-employee relationship and puts the Army at risk of liability for any personal injury claims alleging negligence on the professional judgment and diagnosis for specific medical treatments by the contractor. Therefore, the Defense Contract Management Agency (DCMA) administrative contracting officer should require the contractor to adjust the current physician assistant supervision structure to comply with FAR requirements to ensure there is no employer-employee relationship under a nonpersonal services health care contract. Additionally, the Director, Army Contracting Command-Rock Island should require the contractor to provide a supervising physician to collaborate with physician assistants as required in the performance work statement and FAR subpart 37.4.

QBOSS Contractor Needs to Indemnify the U.S. Government

Procuring contracting officers at ACC-RI did not verify the contractor indemnified the U.S. Government as required by FAR part 37. Specifically, for nonpersonal health care contracts, the contractor is required to indemnify the Government for any liability producing act or omission by the contractor, its employees and agents occurring during contract performance. However, the procuring contracting officer did not require the contractor provided the indemnification documents prior to contract award. Therefore, the contracting officer allowed risk of liability for medical malpractice claims to be transferred from the contractor to the DoD. Therefore, the Director, Army Contracting Command-Rock Island should require the contractor to indemnify the Government.

Host Country Waivers Needed for Performing Health Care Services

Procuring contracting officers at ACC-RI did not verify the contractor obtained host country waivers from the State of Qatar to allow medical personnel to perform healthcare services at

United States Government facilities in Qatar. DoD 6025.13-R, "Military Health System (MHS) Clinical Quality Assurance (CQA) Program," June 11, 2004, states that staff appointments and clinical privileges shall be granted to health care providers only after all the pre-selection criteria requirements have been verified. Pre-selection criteria includes authorizing documents such as host country waivers. AR 40-68 states in outside continental United States locations, the host country must grant a waiver to permit an American citizen to be hired under a nonpersonal health care services contract. The waiver must stipulate that the individual will provide services only on the U.S. Federal enclave and is licensed in a U.S. jurisdiction, not the host nation. However, the contractor stated they did not obtain host country waivers and that they were not aware of the requirement. As a result, the Army may risk violating host country laws and regulations. Therefore, the DCMA administrative contracting officer should require the contractor to obtain host country waivers for personnel providing medical services at the Camp As Sayliyah Troop TMC.

Summary

Contracting officials did not comply with FAR and DoD guidance to grant clinical privileges to physician assistants with a valid license, require the QBOSS contractor to provide a supervising physician, indemnify the government for legal liability resulting from malpractice, and require the contractors to obtain host country waivers before providing medical services in Qatar. As a result, the Army may have put military and DoD personnel at risk for receiving less than optimal healthcare, endangered patient safety, and increased compensable events. In addition, by not enforcing the requirements of FAR 37.4, contracting officials incorrectly administered the medical services portion of the QBOSS contract as a personal services healthcare contract.

Suggested Actions

We suggest the:

Commander, Defense Contract Management Agency-Kuwait, require the contractor to:

- Adjust the current physician assistant supervision structure to comply with Federal Acquisition Regulation requirements to ensure there is no employer-employee relationship under a nonpersonal services health care contract.
- Obtain host country waivers for personnel providing medical services at the Camp As Sayliyah Troop TMC.

Director, Army Contracting Command-Rock Island, require the contractor to:

- Indemnify the Government for any liability producing act or omission by the contractor, its employees and agents occurring during contract performance as required by Federal Acquisition Regulation subpart 37.4
- Provide a supervising physician to collaborate with physician assistants as required in the performance work statement and Federal Acquisition Regulation subpart 37.4.

We are performing this audit in accordance with generally accepted government auditing standards and are providing you these interim results so that you may start taking appropriate corrective actions. We will provide additional details in a forthcoming audit report, which will

include any corrective actions taken. Therefore, we request that you apprise us of all corrective actions you take or have taken to address the suggested actions by November 26, 2012. Please contact [REDACTED]



Amy J. Frontz
Principal Assistant Inspector General
for Auditing

Appendix E. Army Contracting Command- Rock Island Responses to the Quick Reaction Memorandum



REPLY TO
ATTENTION OF:

CCRC

UNCLASSIFIED

DEPARTMENT OF THE ARMY
ARMY CONTRACTING COMMAND - ROCK ISLAND
1 ROCK ISLAND ARSENAL
ROCK ISLAND, IL 61299-8000

NOV 26 2012

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

SUBJECT: Concerns Regarding Contract Administration of Medical
Services at Camp As Sayliyah, Qatar

1. The ACC-RI has reviewed your memo. Our comments are attached.

2. The POC is [REDACTED]

ENCL

MICHAEL R. HUTCHISON
Executive Director

Army Contracting Command - Rock Island

UNCLASSIFIED

DoDIG Project No. D2012-D000JB-0181.000
Status on Implementation of DoDIG Memorandum Concerns,
Qatar Base Operations Support Services
Army Contracting Command - Rock Island (ACC-RI)

The DoDIG began an audit of the Qatar Base Operation Support Services (Q-BOSS) contract, W52P1J-10-C-0010, in June 2012. The objective of the audit was to determine whether DoD officials are properly administering the Q-BOSS contract, specifically in regards to justifying award fees paid to contractors and the effective monitoring of contractor performance. Below are the current findings that were provided by the DoDIG on 8 November 2012 and ACC-RI's response to each:

Recommendation #1 for ACC-RI:

Indemnify the Government for any liability producing act or omission by the contractor, its employees and agents occurring during contract performance as required by Acquisition Regulation subpart 37.4.

ACC-RI Response: Concur.

Exelis was sent a Procuring Contracting Officer (PCO) letter, dated 14 November 2012, requiring the contractor to indemnify the United States Government, as required by FAR Part 37 and specifically for nonpersonal health care contracts. Exelis acknowledged receipt of the letter and is currently working to provide the documents.

Recommendation #2 for ACC-RI:

Provide a supervising physician to collaborate with physician assistants as required in the Performance Work Statement (PWS) and Federal Acquisition Regulation subpart 37.4.

ACC-RI Response: Concur.

Exelis was sent a PCO letter, dated 14 November 2012, requiring the contractor to provide a supervising physician to collaborate with physician assistants, as required in the PWS and Federal Acquisition Regulation subpart 37.4. Exelis acknowledged receipt of the letter and is currently working on submitting a cost proposal for a Supervising Physician.

Appendix F. Defense Contract Management Agency Responses to the Quick Reaction Memorandum



DEFENSE CONTRACT MANAGEMENT AGENCY
3901 A AVENUE, BUILDING 10500
FORT LEE, VA 23801-1809

DEC 04 2012

MEMORANDUM FOR PRINCIPAL ASSISTANT INSPECTOR GENERAL FOR
AUDITING, OFFICE OF INSPECTOR GENERAL, DEPARTMENT
OF DEFENSE

SUBJECT: Suggested Actions Response, Interim Results Project No. D2012-D000JB-0181.000
"Contract Administration for Installation Support Operations at Camp As Sayliyah"

REFERENCE: Memorandum Concerns Regarding Contract Administration of Medical Services
at Camp As Sayliyah, Qatar dated November 08, 2012.

Attached are the Headquarters, Defense Contract Management Agency's comments to
the suggested actions, as requested in the subject Memorandum.

Point of contact for this audit is [REDACTED]

A handwritten signature in cursive script, reading "Frederick G. Kuhm", is positioned above the typed name.

Frederick G. Kuhm
Acting Commander, DCMA International

Attachments: As stated

Suggested Actions Response, Interim Results Project No. D2012-D000JB-0181.000
“Contract Administration for Installation Support Operations at Camp As Sayliyah”

SUGGESTED ACTION: We recommend that the Commander, Defense Contract Management Agency (DCMA) – Kuwait, require the contractor to:

- A. Adjust the current physician assistant supervision structure to comply with Federal Acquisition Regulation requirements to ensure there is no employer-employee relationship under a nonpersonal services health care contract.

DCMA RESPONSE:

Specific to this adjustment required to meet the Federal Acquisition Regulation, the Procuring Contracting Officer (PCO) provided appropriate direction to the contractor in their letter dated 14 November 2012. DCMA-KU will monitor and report compliance with contractual terms and conditions within their prescribed delegation as well as the specific guidance from the PCO.

- B. Obtain host country waivers for personnel providing medical services at the Camp As Sayliyah Troop TMC.

DCMA RESPONSE:

DCMA-KU will provide the appropriate assistance, as requested by the PCO, in regard to the contractor obtaining host country waivers. DCMA has coordinated, and will continue to work with the PCO who is issuing the contractor guidance to obtain the required host country waivers.

Army Materiel Command Comments



REPLY TO
ATTENTION OF:

AMCIR

JUN 3 2013

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

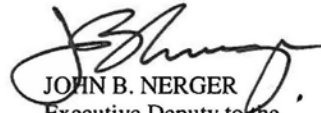
MEMORANDUM FOR Department of Defense Inspector General (DoDIG), ATTN:
Quality Assurance and Followup Division [REDACTED]
[REDACTED]

SUBJECT: Command Comments on DoDIG Draft Report, Improvements Needed in the
Oversight of the Medical-Support Services and Award-Fee Processes Under the Camp As
Sayliyah, Qatar, Base Operations Support Services Contract, Project D2012JB-0181

1. The US Army Materiel Command (AMC) has reviewed the subject draft report and the
response from the US Army Contracting Command (ACC). AMC endorses the enclosed ACC
response.

2. The AMC point of contact is [REDACTED]
[REDACTED]

Encl


JOHN B. NERGER
Executive Deputy to the
Commanding General



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY CONTRACTING COMMAND
3334A WELLS ROAD
REDSTONE ARSENAL, AL 35898-5000

AMSCC-IR

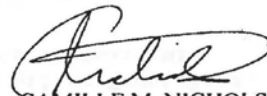
22 MAY 2013

MEMORANDUM FOR [REDACTED], Internal Review and Audit Compliance
Office, Headquarters, U.S. Army Materiel Command, [REDACTED]
[REDACTED]

SUBJECT: Draft OIG Report (Project No. D2012-D000JB-0181.000), "Improvements Needed
in the Oversight of the Medical Support Services and Award Fee Processes Under the Camp As
Sayliah, Qatar, Base Operations Support," (Project No. D2012-D000JB-0181.000) (D1342)
(795)

1. Reference memorandum and draft audit report, Inspector General - Department of Defense,
9 April 2013, subject as above.
2. The Army Contracting Command (ACC) concurs with the enclosed ACC-Rock Island
comments.
3. The ACC point of contact is [REDACTED]
[REDACTED]

Encl


CAMILLE M. NICHOLS
Major General, USA
Commanding



REPLY TO
ATTENTION OF:

UNCLASSIFIED

DEPARTMENT OF THE ARMY
ARMY CONTRACTING COMMAND ROCK ISLAND
1 ROCK ISLAND ARSENAL
ROCK ISLAND, IL 61299-8000

CCRC

MEMORANDUM FOR HQ ACC-IR, ATTN [REDACTED], U.S. Army
Contracting Command, [REDACTED]

SUBJECT: Improvements Needed in the Oversight of the Medical-
Support Services and Award-Fee Processes Under the Camp As
Sayliyah, Qatar, Base Operations Support Services Contract

1. We've reviewed the subject report. Our comments are enclosed.
2. The POCs are [REDACTED]
[REDACTED]
[REDACTED]

Encl

John P. Hannon
JOHN P. HANNON
Colonel, United States Army
Acting Executive Director
Army Contracting Command-Rock Island

UNCLASSIFIED

ENCL

**Improvements Needed in the Oversight of the Medical-
Support Services and Award-Fee Processes Under the Camp
As Sayliyah, Qatar, Base Operations Support Services
Contract**

Project No. D2012-D000JB-0181.000

Finding A. Physician Assistants Require Proper Supervision

A.2. We recommend the Director, Army Contracting Command-Rock Island:

a. Require the contractor to provide a medical health services manager who is a medical doctor, to supervise the medical and professional aspects of the physician assistants' clinical tasks, in accordance with the contractor's proposal.

ACC-RI Comments: Concur. Although AR 40-68 was mentioned in the PWS, there was no discussion or direction given of its specificity as applied to the medical services section C5.6 of the PWS. ASG-QA, the customer, gave specific details of the qualifications and description of each position required, however, was silent of the requirement for a supervising physician as part of the PWS requirement. Those specifications that were listed were met by the Contractor. ACC-RI will work with MEDCOM, specific to AR 40-68, to ensure compliance is met in the future.

A Supervising Physician's position is currently being added to the Performance Work Statement (PWS) V5.2 revision and coordination is ongoing with ASG-QA and MEDCOM. Included in this revision is the requirement that the Application for Hospital Privileges/Appointment through Landstuhl Regional Medical Center must be completed, and this application must be approved by their credentialing board prior to the start of work.

ACC-RI has also requested confirmation from MEDCOM on 10 April 2013 that the specific qualifications of the Supervising Physician will meet the requirements of AR 40-68. This Army Regulation is unclear as to what type of physician is required. Upon receipt of this confirmation, ACC-RI will require the contractor to provide this position in accordance with the requirements of AR 40-68. It is anticipated that the contractor will be able to have this position filled and active 60 days after definitization, approximately 15 August 2013.

b. Require the contracting officer to initiate a review of contractor invoices to determine the exact amount of questioned labor costs and obtain a refund from the contractor for an medical health services manager who was not a medical doctor to the extent provided by acquisition regulations.

ACC-RI Comments: Concur. ACC-RI coordinated with DCAA, 11 April 2013, to conduct a review of the invoices to determine if a refund to the Government is necessary. DCAA is responsible for this assessment as they are responsible for overall invoice review, as well as a yearly incurred cost audit. The incurred cost audit encompasses an analysis of all costs incurred by the contractor for the entire fiscal year.

Finding B. Contractor Did Not Possess Authorizing Documentation for Medical Personnel

B.1. We recommend the Director, Army Contracting Command-Rock Island, develop procedures to ensure contracting officers are familiar with regulatory requirements that are incorporated into contracts.

ACC-RI Comments: Concur. ACC-RI has notified the pertinent Contracting Officers via email, 19 April 2013, that if they have contracts that are for or contain any medical sections, that coordination with MEDCOM should be made.

Finding C. Improvements Needed in the Award-Fee-Evaluation Process

C.2 We recommend the Director, Army Contracting Command-Rock Island instruct the contracting officer to develop an award-fee plan that is unique to the QBOSS PWS requirements, so that the contractor can be motivated to enhance its performance in the rated areas, as required by the Federal Acquisition Regulation Subpart 16.4.

ACC-RI Comments: Concur. The overall contract fee approach is being re-evaluated and if award fee provisions are retained, a revised award fee plan will be incorporated. A revised Award Fee Plan has been developed by ACC-RI IAW FAR Subpart 16.4 and is currently under review. The revised plan does include criteria addressing contract cost, schedule and technical performance tailored to the requirements of the Q-BOSS contract. Target date for completion is 31 September 2013.

Portions of Report Exempt from Public Release

IAW paragraph 4 of DODIG cover memo, the PCO has determined there are no portions of the report that require special markings or should be considered exempt from public release.

Army Medical Command Comments



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY MEDICAL COMMAND
2748 WORTH ROAD
JBSA FORT SAM HOUSTON, TEXAS 78234-6000

MCIG

3 May 2013

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

SUBJECT: Concerns Regarding Contract of Medical Services at Camp As Sayliyah,
Qatar

1. The MEDCOM Inspector General has reviewed your memo. Our comments are
attached.

2. The POC is [REDACTED]

ENCL

RANKIN.JAMES.AN
DREW.1031391594
JAMES RANKIN

Chief of Staff/Deputy PARC
Health Care Acquisition Activity
U.S. Army Medical Command

Digitally signed by
RANKIN.JAMES.ANDREW.1031391594
DN: c=US, o=U.S. Government, ou=DoD, ou=PKI,
ou=USA, cn=RANKIN.JAMES.ANDREW.1031391594
Date: 2013.05.03 08:52:49-05'00'

DoDIG Project No. D20212-D000JB-0181.000
Status on Implementation of DoDIG Memorandum Concerns,
Qatar Base Operations Support Services
Army Contracting Command 0 Rock Island (ACC-RI)

The DoDIG began an audit of the Qatar Base Operations Support Services (Q-BOSS) contract, W52P1J-10-C-0010, in June 2012. The objective of the audit was to determine whether DoD officials are properly administering the Q-BOSS contract, specifically in regards to justifying award fees paid to contractors and the effective monitoring of contract performance. Below are the current findings that were provided by the MEDCOM IG and the response to each:

Recommendation A.1: We recommend the Commander, U.S. Army Medical Command, revise Army Regulation 40-68, "Clinical Quality Management," to align the regulation with supervision requirements set forth in Federal Acquisition Regulation 37.4.

MEDCOM Response: Finding A1: Concur. The AR 40-68 will be revised to indicate that NPSC PAs will have a supervisor supplied by the contractor IAW FAR guidance.

Recommendation B.2: The response from Landstuhl for B.2 is in the form of a policy letter (please see below).

MCEU

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Policy Letter #, ERMC Credentialing Contractor Employment Conditions for Personal and Non-Personal Services

1. Reference:

- a. AR 40-68, Medical Services Clinical Quality Management, 24 Feb 2004 (RAR 22 May 2009).

2. Applicability. This policy applies to all contract employees that must maintain a current, active, valid, and unrestricted license or authorizing document and that are employed in the ERMC footprint or supported areas.

3. *Policy.* Personal services contractors, and non-personal services contracted providers with duty in non-U.S. locations, may practice under a current, active, valid, and unrestricted license from any State or U.S. jurisdiction.

4. In OCONUS locations, the host country must grant a waiver to permit an American citizen (civilian) to be hired under a non-personal services contract. This waiver must stipulate that the individual will provide services only on the U.S. Federal enclave and will be licensed in any U.S. jurisdiction, not the host nation. The contracted employee may also obtain a license, or other authorizing document, from the host nation via endorsement or reciprocity. Personal service contract personnel must be determined to be acting within the scope of employment to be covered.

5.. For military, GS, and personal services contract PAs, the requirement to possess and maintain a current, active, valid, and unrestricted license is waived. Current NCCPA certification is the recognized authorizing document in lieu of license

6. *Licensure.* Non-personal services contract PAs employed by the Federal Government must be licensed in the particular State in which they are working. All other PAs (AD, GS, and personal services contract) are granted a waiver to the licensure requirement by DOD. All PAs must be graduates of a PA training program that is accredited by the Accreditation

Review Commission on Education for the Physician Assistant (or previously recognized accrediting body) and acceptable to the DA.

7. *Certification.* All PAs (AA/USAR/ARNG and civilian) are required to possess current certification by the NCCPA before regular clinical privileges are granted/renewed.

8. *Certification renewal.* All PAs will continuously maintain NCCPA certification while employed by the Federal Government. Biennial renewal is mandatory.

9. *Privileges.* PAs will be awarded privileges commensurate with their education, experience, competence, and the operational needs of the unit to which they are assigned

10. *Supervision.* Administrative contracting officers will verify contracted physician assistants are supervised in accordance with Federal Acquisition Regulation (FAR) guidance and exercise the utmost care when selecting physicians to be designated as supervisors for military and civilian PAs. These physicians (appointed by name and in writing) must demonstrate the ability to provide the required professional supervision, guidance, and support that is of vital importance in all patient treatment settings. The supervising physician must, when needed, prescribe standards of good medical practice. The supervisor must be available for consultation in person, telephonically, by radio, or by any other means that allows person-to-person exchange of information. An alternate physician supervisor must be available during temporary absences of the primary physician supervisor

11. *Non-personal services contract PA supervision.* A PA in this status may have supervision requirements imposed by his/her State of licensure that exceed U.S. Army requirements. (Given the variation among States regarding supervision of PAs under non-personal services contract to the Government, MTFs are encouraged to hire contracted PAs via personal services contract.) For PAs who require additional supervision, the following two options, listed in order of preference, may apply.

12. The contractor is responsible for providing the additional supervision. In this case, the MTF will cooperate by providing copies of medical records for external review. The number of medical records will be locally determined

13. The MTF must petition the State board of licensure to honor physician license portability (10 USC 1094) in order for the MTF-appointed physician to provide the necessary supervision. In this case, the MTF is obliged to meet the other established supervision requirements of the State of licensure.

14. Point of contact for this policy is [REDACTED]

JEFFREY B. CLARK
COL, MC
Commanding

Defense Contract Management Agency Comments



DEFENSE CONTRACT MANAGEMENT AGENCY
3901 A AVENUE, BUILDING 10500
FORT LEE, VA 23801-1809

APR 25 2013

MEMORANDUM FOR PROGRAM DIRECTOR, JOINT AND SOUTHWEST ASIA
OPERATIONS, OFFICE OF INSPECTOR GENERAL,
DEPARTMENT OF DEFENSE

SUBJECT: Draft Report Project No. D2012-D000JB-0181.000 "Improvements Needed in the
Oversight of the Medical-Support Services and Award-Fee Processes Under the
Camp As Sayliyah, Qatar, Base Operations Support Services Contract," dated April
9, 2013

REFERENCE: Draft Report Project No. D2012-D000JB-0181.000

We have attached the Headquarters, Defense Contract Management Agency's comments
to the recommendations as requested in the subject draft report.

Point of contact for this audit is [REDACTED].

A handwritten signature in cursive script, appearing to read "Frederick G. Kuhm".

Frederick G. Kuhm
Acting Commander, DCMA International

Attachments:
As stated

cc:
USD(AT&L)
ASD(A)

Draft Report Project No. D2012-D000JB-0181.000 “Improvements Needed in the Oversight of the Medical-Support Services and Award-Fee Processes Under the Camp As Sayliyah, Qatar, Base Operations Support Services Contract,” dated April 9, 2013

DCMA provides the following comments to the draft report.

RECOMMENDATION B.3: We recommend the Commander, Defense Contract Management Agency Kuwait develop procedures to ensure administrative contracting officers are familiar with regulatory requirements that are incorporated into contracts.

DCMA RESPONSE: Concur with the intent of the recommendation. In review of the missed requirements DCMA-Kuwait determined these should have been identified during the Contract Receipt and Review process. DCMA does not believe a new process is required, however. Instead, proper adherence to existing processes will ensure that the contract management team is aware of complex or special contract terms and conditions of the contract. In addition, during Phase II training the QAR and COR shall review the Army specific Regulations and Technical Manuals that are applicable to the specific sections of the performance work statement (PWS) the COR will audit. This will ensure that CORs understand the need to utilize a combination of contract documents (e.g. PWS, SOPs, Army Regulations, etc...) to ensure the contractor is meeting government requirements.

RECOMMENDATION C.1: We recommend the Commander, Defense Contract Management Agency-Kuwait instruct the administrative contracting officer to:

a. provide clear instructions on how the contractor’s performance will be measured against the award-fee evaluation criteria in accordance with Federal Acquisition Regulation Subpart 16.4;

DCMA RESPONSE: Concur with the intent of the recommendation. The ACO has taken the appropriate steps within her authority. The Award Fee Determination Plan (AFDP) is the responsibility of the procuring activity and provides instructions on how the Award Fee Board will be conducted and how the contractor’s performance will be measured against the award-fee criteria. The ACO has informed the PCO that the current AFDP is still not consistent with FAR 16.401 as it lacks specific grading criteria. The ACO has also worked with Army Support Group (ASG) Qatar to identify meaningful performance measures in regards to cost, schedule and technical performance to assist the PCO in establishing award fee criteria. Based on these efforts a revised AFDP has been developed. The revised AFDP identifies award-fee evaluation criteria consistent with FAR 16.401 Table 16-1 and describes how the contractor’s performance will be measured against the criteria as it relates to cost, schedule and technical performance. This revised AFDP is being reviewed by Rock Island management and implementation via a bilateral agreement is expected with the contractor during the first award fee period of option year (OY) 3 (1 Apr 13-30 Sept 13). Otherwise, it will be unilaterally implemented with the start of the second award fee period of OY3 (1 Oct 13 – 31 Mar 14).

Draft Report Project No. D2012-D000JB-0181.000 "Improvements Needed in the Oversight of the Medical-Support Services and Award-Fee Processes Under the Camp As Sayliyah, Qatar, Base Operations Support Services Contract," dated April 9, 2013

b. coordinate with the contracting officer to develop award-fee-specific training for all performance monitors to ensure successful monitoring and evaluation of contractor performance in accordance with Army Contract Agency Handbook

DCMA RESPONSE: Concur. Award-fee training has been developed by the PCO. The ACO is assisting the PCO in providing award-fee specific training to all CORs as well as all voting and non-voting members of the Award Fee Board at least twice a year. In addition, during the DCMA monthly COR meetings the contract management team shall provide refresher award fee and audit training.



Inspector General Department of Defense

