

**AUDIT OF THE USAGE OF
FACILITY MANAGEMENT SCHEDULES
PUBLIC BUILDINGS SERVICE
REPORT NUMBER A050135/P/9/R06006
MARCH 31, 2006**

Field Audit Office, Pacific Rim Region (JA-9)
450 Golden Gate Avenue, Room 7-5262
San Francisco, CA 94102-3434

Date: March 31, 2006

Reply to
Attn of: Audit Manager, San Francisco Field Audit Office (JA-9)

Subject: Audit of Usage of Facilities Management Schedules
Public Buildings Service
Report Number A050135/P/9/R06006

To: David L. Winstead
Commissioner, Public Buildings Service (P)

The San Francisco Field Audit Office conducted a review of the Public Building Service's (PBS) use of the facilities maintenance and management multiple award schedule contracts. The audit was included in the Office of Inspector General's fiscal year 2005 Annual Audit Plan.

BACKGROUND

In June of 2000, the Federal Supply Service (FSS) and PBS formed an acquisition partnership with the goal of developing national contracting schedules to provide facility management services. The partnership leveraged the facilities knowledge of PBS to write the technical scope of the contracts with the acquisition expertise of FSS in awarding the contracts. PBS supported the effort because it felt 1) the use of the schedules would save time and effort in the procurement process as FSS pre-qualifies the vendors and completes all up front procurement, 2) the use of the schedules would save money because FSS negotiates "most favored" pricing and cumulative discounts and 3) use of the MAS program takes advantage of the FSS services to promote a "One GSA" approach.

The Center for Facilities Maintenance and Hardware established the 03FAC Facilities Maintenance and Management Schedule in January 2003. Services offered include complete facilities maintenance, elevator and escalator preventive maintenance, landscaping, pest control, and fire alarm maintenance and testing. Schedule information resides in GSA Advantage, FSS' on-line shopping site and the E-Library, the online source for schedule contracts.

To promote use of the schedules, PBS' Office of Organizational Resources, Vendor Acquisition Division, issued a Procurement Information Bulletin (PIB) regarding the 03FAC Schedule on August 19, 2004. The PIB requires that as part of the market survey phase PBS acquisition associates review MAS offerings before selecting an acquisition method. If MAS is not used, PBS staff should document their rationale in the contract file and send a copy to Vendor Acquisitions Division

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to answer the following question: Did PBS effectively utilize the FSS schedules?

To accomplish the objective, we determined the amount of PBS usage in calendar year 2004 from the Federal Procurement Data System. We held discussions with PBS officials at the National Office (Washington D.C.), Pacific Rim Region (San Francisco, CA) Southeast Sunbelt Region (Atlanta, GA), Northeast Caribbean Region (New York, NY) Heartland Region (Kansas City, MO) and the Rocky Mountain Region (Denver, CO). We also held discussions with FSS staff in the Center for Facilities Maintenance and Hardware in Kansas City, MO. In addition, we reviewed 43 facility service contracts, both MAS and non-MAS, which were in effect in the Regions during 2004 and 2005. We performed a limited price analysis between MAS and non-MAS contracts, and we compared the timing differences for awarding MAS and non-MAS contracts.

The audit was conducted in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

Our review determined that PBS is not making extensive use of the facilities maintenance schedules. These schedules were envisioned to be an effective tool to make more effective use of PBS' time and money and to take advantage of FSS product offerings. Some PBS regional associates questioned the benefits of the schedules, while others have encountered various obstacles when trying to use the schedules. We also found that PBS associates were not adhering to the PIB instructions issued by PBS. As a result, since PBS has not fully utilized the schedules, PBS has not realized the potential for time and cost savings originally envisioned.

We reviewed PBS purchases in five Regions, and found that use of the schedules by PBS in 2004 was significantly low, in comparison to the total amount of facilities maintenance contracting by PBS. Further, the level of usage varied among the Regions.

Through our interviews with PBS associates and our review of recent facility service contracts, we identified a number of obstacles that PBS needs to address before it can effectively implement use of FSS facility maintenance schedules. In particular, we noted obstacles in the areas of cultural resistance to schedules usage and difficulties in using the schedules.

We identified three areas of cultural resistance to change from open market to the schedules. First, PBS staff was not convinced that the use of the schedules would save time and money since no business case exists. Also, during our discussions with Regional staff, we noted some were unfamiliar with the schedules or with the PIB. Lastly, differences in support of the schedules by Regional PBS management were also a factor to schedules usage.

We were unable to determine conclusively through our audit work if use of the schedules saves money. An un-audited PBS study of elevator maintenance prices concluded PBS was achieving better pricing without utilizing the schedules. However, we did find evidence that use of the schedules saved time for PBS associates, especially in smaller acquisitions.

PBS staff who did use the schedules identified some obstacles that hindered increased usage. They expressed concern that the schedules did not have enough contractors to provide for adequate competition or provide opportunities to meet socio-economic contracting goals. Also, PBS staff generally exercised options on existing non-MAS contracts, rather than re-issue new contracts. This reduced the immediate opportunity to maximize MAS usage. Further, PBS often combines a number of facility services into one contract. While this reduces administrative burden, it minimizes the potential for individual schedule awards. Finally, schedule vendors are not required to respond to Requests for Quotation.

We presented the results of our review to PBS management in Central Office on December 20, 2005. A copy of the complete discussion of the results of audit and recommendations can be found in Appendix A.

RECOMMENDATIONS

We recommend that the Commissioner, Public Buildings Service, continue to evaluate the most efficient and effective approach to facility management contracting. This should include:

1. Fostering awareness and compliance with the PIB guidelines that direct consideration of the MAS during the market survey phase and require documentation of non-usage of the schedules.

2. Assessing how the MAS schedule can best serve PBS's need for facility maintenance contracting based on information in this report, the documentation in response to the PIB and other sources. Work in partnership with FSS to address the limitations, which include:
 - a. Ability of the schedules to meet PBS socioeconomic contracting goals;
 - b. Lack of competition due to limited contractors on schedule;
 - c. Existing non-MAS facility service contracts;
 - d. Use of larger contracts that combine services;
 - e. Lack of contractor responses to MAS Requests for Quotations; and
 - f. Lack of staff familiarity with the schedules.

MANAGEMENT'S COMMENTS

The PBS Commissioner recognized the need to further study the facilities management schedules program and to coordinate PBS' efforts with FSS. While the schedules are an available contracting tool, the Commissioner noted that no policy exists mandating their use. In addition, he indicated that the Office of Inspector General's draft report did not provide sufficient information to reach a definitive conclusion on the viability of the program.

The Commissioner's response is included in its entirety in Appendix B to this report.

OFFICE OF INSPECTOR GENERAL'S RESPONSE


As noted in Appendix A, page A-22, PBS had not effectively made a business case that using the MAS results in savings in money and time. Therefore, we recommended that PBS assess how the schedules can best serve PBS's need for facility maintenance contracting in conjunction with FSS.

INTERNAL CONTROLS

The examination of internal controls was limited to those necessary to achieve the specific objectives and scope of the audit.

We wish to thank you and your staff for the courtesies extended to the auditors during this review. Should you or your staff have any questions concerning this review, please contact me or Gary Vincent, Auditor-in-Charge at (415) 522-2744.

PERLA CORPUS
Audit Manager (JA-9)
San Francisco Field Audit Office



**Audit of the Usage of
Facilities Management Schedules
Public Buildings Service
Report Number A050135/P/9/R06006**

Appendix A

**Regional Inspector General for Auditing:
Joseph Brewster**

Audit Manager: Perla Corpus

Auditor in Charge: Gary Vincent

Auditor: Jeffrey Funk

Background – Acquisition Partnership

- In June 2000, the Public Buildings Service (PBS) and the Federal Supply Service (FSS) agreed to form an Acquisition Partnership.
- The Partnership objectives were to seek out best value contractors and offer facilities maintenance services through the MAS schedule.

Background – Acquisition Partnership

- The Partnership leveraged the facilities knowledge of PBS and the acquisition expertise of FSS to achieve a fully integrated, “one GSA” approach to service delivery, saving PBS associates time and money.
- Former PBS Commissioner F. Joseph Moravec stated “This program is a model for the kind of value-added service PBS associates deserve. The business case is compelling; it is pre-packaged to minimize time and effort; saves the taxpayers money; improves our ability to manage the consistency and quality of an important service; and takes full advantage of our sister service’s product offerings. Home run!”

Background – Acquisition Partnership

- The FSS Center for Facilities Maintenance and Hardware (CFMH) awarded the Facilities Maintenance and Management Schedule 03FAC in January 2003.
- The schedule is included in GSA Advantage, FSS' on-line shopping site and the E-Library, the online source for schedule contracts.

Background – Socio-economic Goals

- GSA has contracting goals to promote opportunities in its acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns. These are generally known as the socio-economic goals.
- GSA has set aside contracts for these targeted vendors.
- The E-Library indicates if the contractor on schedule falls under one of the above socio-economic categories.

Background – Facilities Schedule

- The Facilities Maintenance and Management Schedule (03FAC) offers :
 - Complete facilities maintenance
 - Complete facilities management
 - Elevator maintenance and inspection
 - Fire alarm maintenance and testing
 - Grounds maintenance
 - Pest control
 - Electrical and utility services maintenance
 - Refrigeration, heating, ventilation and air conditioning maintenance

Background – PBS Policy

- PBS' Office of Organizational Resources, Vendor Acquisition Division, issued a Procurement Information Bulletin (PIB) regarding the 03FAC Schedule on August 19, 2004*.
- The PIB requires that as part of the market survey phase PBS acquisition associates review MAS offerings before selecting an acquisition method. If MAS is not used, PBS staff should document their rationale in the contract file and send a copy to Vendor Acquisitions Division, PBS Central Office.

* Procurement Information Bulletin No. PBS-MAS-03FAC 072004-02 Subject: Use of Federal Supply Schedule 03FAC, Facilities Maintenance and Management

Audit Objective, Scope and Methodology

Audit Objective:

- Did PBS effectively utilize the Facilities Maintenance Schedules?

Audit Objective, Scope and Methodology

Scope:

- We examined facility service contracts in the Pacific Rim Region, Southeast Sunbelt Region, Northeast Caribbean Region, Heartland Region and Rocky Mountain Region.
- We determined the amount of PBS purchases made through the 03FAC schedule in Calendar Year (CY) 2004 from the Federal Procurement Data System (FPDS). We did not verify the completeness or accuracy of the FPDS data during our fieldwork.

Audit Objective, Scope and Methodology

Scope:

- Our audit work was performed during the period from March to September 2005 in accordance with generally accepted auditing standards.

Audit Objective, Scope and Methodology

Methodology: In performing our field work, we:

- Held discussions with PBS officials in Central Office, Pacific Rim Region, Southeast Sunbelt Region, Northeast Caribbean Region, Heartland Region and Rocky Mountain Region;
- Held discussions with FSS staff in the Center for Facilities Maintenance and Hardware in Kansas City, Missouri;
- Reviewed 43 facility service contracts, both MAS and non-MAS, in place in the Regions in CYs 2004 and 2005;
- Reviewed contracting information available on GSA Advantage;

Audit Objective, Scope and Methodology

Methodology:

- Performed a limited price analysis between MAS and non-MAS contracts;
- Reviewed the contracting procedures that are currently in use by contracting officers; and
- Compared timing differences for awarding MAS and non-MAS contracts.

Internal Controls

- The examination of internal controls was limited to those necessary to achieve the specific objectives and scope of the audit.

Results in Brief

- PBS is not making extensive use of the facilities maintenance schedules. These schedules were envisioned to be a valuable tool to make more effective use of PBS time and money and to take advantage of FSS product offerings.
- Some PBS Regional Associates have questioned the benefits of the schedules, while others have encountered obstacles when trying to use the schedules.

Results in Brief

- We also found that PBS Associates are not adhering to the PIB instructions issued by PBS. As a result, the National Office was not receiving information on why the Regions are not using the schedule.
- Since PBS is not fully utilizing the schedules, PBS is not realizing the potential for time and costs savings originally envisioned.

Results of Review

National and Regional Data

- We reviewed PBS schedule purchases in five Regions. These Regions accounted for 27 of the 74 task orders (or 36 percent) and 90 percent of the amount spent by PBS through the schedule for facility maintenance in CY 2004, according to the Federal Procurement Data System (FPDS).
- We found that use of the schedules by PBS in 2004 was low, in comparison to the total amount of facilities maintenance contracting by PBS.

Results of Review

National and Regional Data

Region	MAS task orders 2004 *	Total Spending on Facility Maintenance Services 2004**
Region 2	\$9,483,103	\$66,013,246
Region 4	\$60,808	\$40,547,965
Region 6	\$118,129	\$31,496,410
Region 8	\$2,145,148	\$24,982,595
Region 9	-0-	\$52,062,712

*These figures were taken from a FPDS report generated by GSA's Office of Government wide Policy for CY 2004 listing of task orders issued by PBS against the 03FAC schedule contracts numbers. Data for CY 2004 showed a total of \$28,920,763 in task orders issued for all regions. On the two task orders in Region 2, the amounts entered into FPDS by the region were multi year values. For comparability to the other regions, this chart reflects the first year values for those two task orders.

** To estimate the amount of facility maintenance service dollars spent by PBS we referred to the Federal Building Fund Income Statement for Direct Operations for FY 2004. The dollars in this column represent the total of the accounts for cleaning, fire protection, mechanical maintenance, and building support.

Results of Review

Regional Variations

- While overall usage of the schedules is low, the level of usage can vary by Region. Some Regions are further along in adopting the schedules than others.
- Regional differences include:
 - ✓ Dollar value and types of facility services (ranging from multi-million dollar complete facilities maintenance contracts to pest and landscaping services under \$4,000)
 - ✓ Organizational Level-Issuance of task orders (Regional service center level versus ordering by field offices)

Results of Review

Regional Variations

- The Northeast Caribbean Region has awarded two task orders for operations and maintenance for large federal buildings.
- The Rocky Mountain Region used the schedule for snow removal and landscaping services for the Denver Federal Center; no other regional locations used the schedule.
- The Heartland Region used the schedule for proprietary fire alarm inspection task orders at the field office level, but no task orders have been awarded at the service center level.
- The Southeast Sunbelt Region issued a variety of task orders for small amounts, each under \$20,000.
- The Pacific Rim Region have not issued any task orders.

Results of Review

- The overall low level of schedules usage and the regional variations indicate that there are obstacles PBS needs to address before they can effectively implement the use of the facility maintenance schedules by the PBS contracting staff.
- During our fieldwork we identified several obstacles experienced by PBS Associates.

Results of Review

- Obstacles to increased usage of the schedules can be grouped into two general categories:
 1. Cultural resistance by PBS Associates
 2. Limitations of the Facility Maintenance Schedules

Results of Review

- We identified 3 areas of cultural resistance to increased schedules usage:
 - ❑ Staff's perception that the schedule is not adding value;
 - ❑ Lack of familiarity by staff with the PIB requirements and the schedules themselves, especially at the field office level; and
 - ❑ Inconsistent support for schedule usage by Regional management.

Results of Review

Not Adding Value

- In our discussions with PBS staff, we were often told that the PBS had not effectively made a business case that using the MAS results in savings in money and time in comparison to the current contracting methods.

Results of Review

Not Adding Value

Pricing: PBS staff were doubtful they can achieve more favorable pricing by using the FSS schedule. They note that the number of contractors is limited. As a result, contracting staff felt they can attract more offers and competition, and therefore more favorable pricing, by working with local vendors rather than using the FSS schedule.

Time: Further, some PBS staff were not convinced that use of the MAS schedule saves them time. They noted that while use of the FSS schedule avoided some marketing efforts, once offers were received the process to complete the award was similar to non-MAS procurements. In both scenarios, a Statement of Work must be written, a building walkthrough held, offers evaluated, negotiations held, and the award made.

Results of Review

Pricing Analysis

- We attempted to determine if PBS could have achieved lower pricing by using the schedules.
- During our visits to the Regions, we reviewed contract files for facility service procurements that did not use the schedule. We hoped to use the contract prices in these files to compare to FSS schedule prices.
- We referred to GSA Advantage to review the FSS schedule pricelist for those facility services.

Results of Review

Pricing Analysis

- We found that most schedule pricelists on GSA Advantage are based on hourly rates per labor category.
- Pricing could not be determined until the Statement of Work is sent to the contractor to determine the level of effort and labor mix necessary.
- Also, some contractors did not have pricelists on GSA Advantage. They asked to be contacted for pricing.

Results of Review

Pricing Analysis

- Due to these obstacles, we were able to perform a price comparison between schedule and non schedule contracts only in the areas of 1) pest control, 2) elevator inspection, and 3) operations and maintenance.
- In these cases, certain FSS contractors had pricelists based on the square footage of the building or on a per inspection basis, rather than the hourly rate per labor category.

Results of Review

Pricing Analysis

- For these three contract areas reviewed, the results of the price analysis were mixed.

Region	Favorable Contract Type	Service
Region 9	FSS	Pest Control in buildings in Oakland, CA area
Region 2	FSS	Elevator inspections for buildings in or near New York City, NY
Region 9	Open Market	Operations and Maintenance of the Burton Federal Building, San Francisco, CA
Region 4	Open Market	Pest control in buildings in Atlanta, GA
Region 4	Open Market	Elevator inspections for buildings in GA (Atlanta, Savannah) & KY (Louisville)

- No trend can be seen to favor one method over the other.

Results of Review

Pricing Analysis - Elevators

- We received another perspective on pricing from a PBS effort to analyze elevator maintenance pricing.
- PBS awarded Multi-Region Elevator Maintenance & Repair contracts in 1996. The contracts encompass four regions, 23 states and 270 sites. Three vendors (Thyssen-Krupp, KONE, and Schindler), participated in both the multi-region contract and the FSS schedule.
- The multi-region contracts are managed by a PBS team that conducted a study to determine whether these contracts are a better value than the MAS elevator maintenance contracts.

Results of Review

Pricing Analysis - Elevators

- The PBS team decided on a two-fold methodology to do the pricing comparison.
- First, PBS staff in the Rocky Mountain Region used the vendor's FSS schedule pricelists to price the 142 elevator units in the Region and then compared the results against the existing multi-region price.
- Second, the PBS team requested the three multi-Region elevator vendors also on schedule to compare their FSS price with the multi-region contract price. The team was able to secure an agreement from the vendor's National Account Representatives to analyze actual FSS pricing for two buildings per Region (8 total) as a sample.

Results of Review

Pricing Analysis - Elevator

- The results of the pricing comparisons were:
 - The PBS in-house price comparison for the elevators in the Heartland Region showed that for two of the three vendors, the multi-region price was lower than the FSS schedule price.
 - The vendors own analysis of the elevators selected showed that for all three vendors, the multi-region price was lower than the FSS schedule price.
- The PBS team concluded that the multi-region elevator maintenance and repair contracts are a better value to GSA. The team decided to exercise the last five-year option of the contracts.

Results of Review

Pricing Analysis

- Further, the PBS team indicated that various terms and conditions in the multi-region contract were more favorable than those in the FSS schedule contract.
- The multi-region contract included:
 - Measurable performance criteria;
 - Unilateral right to remove work for any reason;
 - Discounts on repair and construction work;
 - Technology upgrades; and
 - Contractor requirement to take any location “as is”.

Results of Review

Potential Time Saving

- During our site visits to the five Regions, we reviewed 43 facility service contracts, both MAS and non-MAS, in place in the Regions in CYs 2004 and 2005. We noted the time taken to award each contract, measured from the date of the solicitation issuance to the date of award. Our goal was to compare the the time to award through the schedules versus using open market procedures.
- The contracts reviewed, both MAS and non-MAS, are diverse both in the service provided and the dollars involved. Contracts range from complete building maintenance at \$6 million per year to pest control at \$3,000 per year.
- In order for a comparison to be fair and useful, we decided to group the contracts into two categories 1) greater than \$100,000 and 2) less than or equal to \$100,000.

Results of Review

Potential Time Saving

Over \$100,000

MAS	129 days
Open Market	133 days

\$100,000 and Below

MAS	26 days
Open Market	54 days

- In our discussions, the PBS acquisition associates noted that the major time savings gained by using the MAS schedules is in the marketing of the acquisition. The MAS provides a pre-qualified list of vendors, whereas open market procurement generally requires soliciting vendors through Fed Biz Ops. Our results indicate this time saving may be more significant on smaller acquisitions than larger.
- While the MAS vendors are pre-qualified, we noted that on larger, more complex acquisitions, such as complete facilities maintenance, PBS staff still are more likely to perform a technical evaluation, (check references, evaluate proposals, etc.) This reduces the time savings from MAS and may explain why time savings were not experienced on larger awards.

Results of Review

Lack of familiarity with PIB and Schedules

- During our discussions with PBS acquisition associates in the Regions, we found many were unaware of the PIB that documented the PBS policy regarding use of the schedule.
- Our review of non-MAS contract files indicated that few of the files had the required justification for non-use. Of the eight non-MAS contract files we reviewed that were awarded after the issuance of the PIB, only two (or 25 percent) had the justification.
- Therefore, the PBS Central Office was not receiving vital information as to why the Regions were not using the schedules.

Results of Review

Lack of familiarity with PIB and Schedules

- Further, when we discussed the schedule with acquisition staff in the Regions, we found some staff were unaware of the existence of the facility maintenance schedules themselves.
- Despite significant FSS training efforts, PBS staff, especially at the field office level, were unaware of the services available under the 03FAC Federal Supply Schedule.
- Field offices generally have authority to award smaller landscaping and pest control contracts,
- Consequently, increased knowledge of the schedules may promote usage.

Results of Review

Management Support

- During our fieldwork in the five Regions, we found that the level of active support by PBS management affects the usage of schedules.
- For example, the Region with the largest use of the schedules, by dollar value, had Regional PBS management actively promoting schedule use by the contracting staff.
- In contrast, another Region's management professed support for the schedules, but that support did not flow down to the contracting staff, who generally opposed using the schedules.

Results of Review

Limitations of Using the Schedules

- PBS acquisition associates, whom we interviewed during field work, identified a number of obstacles that hinder usage of the schedule:
 - Socio-economic goals;
 - Lack of competition due to limited numbers of contractors on schedule;
 - Existing non-schedule contracts;
 - Combination of different facility services into one contract; and
 - Insufficient contractor response to MAS Requests for Proposal.

Results of Review

Socio-economic goals

- ❑ In our discussions with contracting staff, they mentioned they utilize the facility service contracts to meet the agency's socio-economic goals.
- ❑ As we reviewed facility service contract files in the Regions, almost all non-MAS awards were small business set asides or to other socio-economic providers.
- ❑ The FSS schedule does provide access to small business. However, the nature of some of the service markets, such as grounds maintenance, is that the businesses tend to operate only in their local geographic areas. The schedule would have to provide vast numbers of small businesses for nationwide coverage.

Results of Review

Limited numbers of contractors available

- The number of contractors available varies by Special Item Number on the schedule, from Elevator Inspection (10 contractors) to Complete Facilities Maintenance (41 contractors).*
- Fewer contractors generally means less price competition and less price comparability.
- Some contracting staff expressed preference with working with locally based contractors. They stated that they experience better working relationships with local companies versus national contractors.

* As of July 2005

Results of Review

Limited numbers of contractors available

- ❑ FSS is working to increase the number of contractors available on schedule. The number has been increasing since the inception of the program:

	Contractors placed <u>on schedule</u>	Total <u>Contractors</u>
2001	4	4
2002	8	12
2003	13	25
2004	37	62
2005	39*	101

- ❑ So, only in the past two years have significant numbers of contractors been available.

*as of 8/22/2005

Results of Review

Pre-existing contracts

- ❑ Most non-MAS contract awards for facility services are for one base year with yearly options, usually four 1-year options.
- ❑ PBS staff indicated it would increase the administrative burden to not exercise options. Therefore, it is only after the existing facility service contract terms expire that the contracting opportunities for MAS use will be maximized in PBS.
- ❑ The multi-region elevator contract is an example of an existing contractual relationship that pre-dates the schedule. PBS Regions that are involved have decided that it is beneficial to exercise the final 5-year contract option.

Results of Review

Combined Contracts

- ❑ PBS tends to award building services using larger, combined contracts. This lessens the opportunity to have individual MAS awards.
- ❑ For example, the janitorial contract often includes the grounds maintenance and pest control. Janitorial service is not offered as a separate Special Item Number on the schedule, while pest and grounds are.
- ❑ The complete facility maintenance offered on schedule does allow vendors to combine individual facility services. However, fewer vendors offer this service than offer the facility services separately.
- ❑ Also, breaking up the combined contracts into individual awards to increase use of the MAS would add to PBS administrative burden.

Results of Review

Lack of contractor response or participation

- ❑ Contractors on schedule are not required to respond to Requests for Quotations. We noted schedule procurements where either only one offer was received or no offers were received.
- ❑ Contractors that PBS used before the schedule came into existence may not be interested in participating in the schedules program because of the time required to get on schedule. Getting PBS preferred contractors on schedule requires lead time. FSS' goal is to get a new contractor on the schedule within 68 days.

Results of Review: Conclusions

- We attributed PBS' limited usage of the schedules to several factors.
- When introducing this new form of procurement, PBS faced the challenge of creating a culture within its staff who may or may not have been receptive to the potential advantages of utilizing the schedules.
- Further, PBS has experienced little success in overcoming obstacles such as the cultural resistance and the limitations of the schedule that have hindered usage of the schedule.

Results of Review: Conclusions

- PBS' current policy statement on MAS has been ineffective in promoting usage.
- We found that generally time savings were realized by use of the schedules. Also, we heard positive responses on time savings from PBS acquisition associates who used the schedules.

Results of Review: Conclusions

- As FSS continues its efforts to add contractors on schedule and as the facility maintenance contracts currently in place expire, the opportunities for further MAS usage will increase.
- If PBS' long term goal is to support the use of the schedules, PBS must address these issues.

Recommendations

➤ We recommend that the Commissioner, Public Buildings Service, continue to evaluate the most efficient and effective approach to facility management contracting. This should include:

1. Fostering awareness and compliance with the PIB guidelines that direct consideration of the MAS during the market survey phase and require documentation on non-usage of the schedules.
2. Assessing how the MAS schedule can best serve PBS's need for facility maintenance contracting based on information in this report, the documentation in response to the PIB and other sources. Work in partnership with FSS to address the limitations, which include:
 - a. Ability of the schedules to meet PBS socioeconomic contracting goals;
 - b. Lack of competition due to limited contractors on schedule;
 - c. Existing non-MAS facility service contracts;
 - d. Use of larger contracts that combine services;
 - e. Lack of contractor responses to MAS Requests for Quotations; and
 - f. Lack of familiarity with the PBS schedules.



MAR 27 2006

MEMORANDUM FOR JOSEPH J. BREWSTER
REGIONAL INSPECTOR GENERAL FOR AUDITING (JA-9)

FROM: DAVID L. WINSTEAD
COMMISSIONER (P) 

SUBJECT: PBS Comments on the Draft Report
Audit Usage of Facilities Management Schedules
Assignment # A0501135 dated January 20, 2006

PBS appreciates the opportunity to comment on the subject draft report.

In December, our staffs met to review the draft report on the use of Facilities Management Schedules (FMS). During our discussions, we characterized the FMS as an opportunity to work with the Federal Supply Service to determine if PBS could gain efficiency in the process of contracting for facility management services. At this point in the evaluation process, we see the option of using the FMS as simply providing another tool in the contracting professional's toolbox. Consequently, we have not required the exclusive use of FMS, nor are we aware of any PBS policy that mandates the use of FMS. This is an important issue, because, to date, we have not verified whether cost savings are achieved using FMS. Unfortunately, the analysis in the draft audit report does not provide sufficient information to help us reach a definitive conclusion.

We also have the following concern with FMS. PBS has not analyzed the usage of FMS and whether it shortens the acquisition period or actually saves significant staff hours. This may be a difficult conclusion to draw, given the limited use of FMS, but this would be a valuable finding for PBS. Your assistance in helping us identify potential savings or efficiencies would be a great value to us. At a minimum, PBS would know that FMS could be a tool to use in instances when a contract needs to be put in-place quickly.

We believe that an analysis of FMS that evaluates the cost implications of using the FMS in place of other alternatives (e.g., the regional elevator contract) would provide excellent information to determine the proper role of FMS in the overall PBS acquisition strategy for facilities maintenance.

If you have any questions or concerns, please contact Mr. Christopher Giavis, Acting Deputy Assistant Commissioner for Vendor Alliance and Acquisition, at (202) 219-1555.

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