



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Tuesday, Jan. 13, 2004

Grassley Seeks "Housecleaning" at Government Technology Agency

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today sought a "thorough housecleaning" at the government agency that contracts for information technology equipment, software and related services for the federal government, citing severe contracting problems. Grassley also asked for a full inspector general review of the agency.

The text of Grassley's letter today to the General Services Administration follows. The report Grassley refers to in his letter is available at:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=14661&contentType=GSA_BASIC

or

<http://www.gcn.com/Resource/IGonFTS.pdf>

January 13, 2004

Via mail and telefax (202) 219-5742

Mr. Stephen A. Perry
Administrator
General Services Administration
1800 F Street, NW
Washington, DC 20405

Dear Administrator Perry;

Thank you for forwarding to me a copy of the Office of Inspector General's (OIG) audit report on GSA's Federal Technology Service (FTS) entitled "Audit of Federal Technology Service's Client Support Centers." We received a copy of that report late on Friday.

It appears that the Client Support Centers (CSC) in all three of the regions examined by the OIG during its audit violated existing federal laws and regulations. Specifically, competition for contracts was not always fair, contracts were sometimes improper, documentation was inadequate,

contracts were split into smaller pieces in order to evade threshold requirements for competition, small business contracts were misused, funds for technology purchases were used for other improper purposes, and existing contracts were modified for millions of dollars more without full competition, among other violations cited by the OIG.

I understand that FTS is responsible for contracting for information technology equipment, software and related services for the federal government. Instead, however, the three CSCs examined give every appearance of having run virtually unchecked and amuck, and have committed almost every conceivable contracting irregularity. Incredibly, many of these violations were neither one-time, nor isolated to just a single office. Instead, they seem to reflect an endemic and epidemic pattern of gross mismanagement, failed oversight, a flawed rewards system, and potential malfeasance by some FTS managers and staff.

Furthermore, FTS, which is fully reimbursed by federal agencies for its contracting with the private sector, was itself all too anxious to bend the rules in order to please its clients and to make a quick buck, despite the resulting excess costs to the taxpayers. In fact, at times FTS seems almost to have willingly rolled over on behalf of its federal agency customers.

Simply appearing contrite and saying “mea culpa” will not be sufficient in this case. As I see it, a thorough housecleaning of FTS is in order – from top to bottom. Moreover, I want to know whether similar conditions exist in GSA’s eight other regions.

In addition and by this letter, I am asking the IG to conduct a review of the remaining eight regions and ask that it oversee the effort GSA undertakes to fix the problems uncovered by its OIG, and report on the progress made, including its independent assessment of the actual, tangible accomplishments. Finally, I want to know what steps GSA has taken or is taking to identify those who have engaged in these practices, and whether GSA will take appropriate actions against all those who were involved.

Thank you in advance for your assistance and for your response by February 3, 2004. Please do not hesitate to contact me if you have any concerns. All correspondence should be sent via facsimile to (202) 228-2131 and original by U.S. mail.

Sincerely,

Charles E. Grassley
Chairman

cc: Mr. Daniel Levinson, Inspector General