

**Administration of the PRIME
Contract Can Be Improved**

September 2000

Reference Number: 2000-10-138

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

September 6, 2000

MEMORANDUM FOR COMMISSIONER ROSSOTTI

A handwritten signature in cursive script that reads "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Administration of the PRIME Contract Can Be Improved

This report presents the results of our review on whether the Internal Revenue Service (IRS) received goods and services as stipulated in the PRIME contract and at the proper price. In summary, we determined that the lack of a stable program management organizational structure is hindering the administration of the PRIME contract.

We believe that Procurement management should work with the program office and the contractor to definitize the current task orders as quickly as possible and seek to issue definitized task orders as the contract progresses. Once a program management office has been established, Procurement management should assist the program office in ensuring acceptance criteria are descriptive enough to effectively evaluate the work products received and relinquish the duties of managing the budget for the PRIME program.

In commenting on a draft of this report, IRS management concurred with our findings and agreed to take corrective actions on most of our recommendations. IRS management believes that the Contracting Officer (CO) has not been managing the budget but rather monitoring the available funding and recommending the reallocation of funds to cover shortfalls. Management stated that the Business Systems Modernization Office (BSMO) budget staff is responsible for managing the budget and relies on the support of the CO. We agree that the BSMO is the appropriate function to manage the budget; however, at the inception of our review, the BSMO had not been established and the CO stated that he was managing the budget. We believe that, with

the establishment of the BSMO, the appropriate personnel will now be overseeing the budget process. Management's comments have been incorporated into the report where appropriate, and the full text of their comments is included as an appendix.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions, or your staff may call Maurice S. Moody, Associate Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at 202-622-8500.

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Executive Summary

The PRIME contract will be used to design and develop an information system that allows the Internal Revenue Service (IRS) to effectively and efficiently process tax information, provide customer service, and maintain accurate financial records. The PRIME contract is an Indefinite Delivery Indefinite Quantity contract under which cost reimbursable, fixed price, time and materials, and performance-based task orders may be issued. As requirements are determined, a task order is issued to the contractor to perform the work. Once the work is completed, the user function inspects and either accepts or rejects the goods or services. The overall objective of this review was to determine if the IRS received goods and services as stipulated in the PRIME contract and at the proper price.

Results

We determined from the task orders reviewed that the IRS is properly accepting goods and services from the PRIME contractor and that the Contracting Officer's Technical Representatives (COTR) were questioning costs invoiced by the PRIME contractor. Although the IRS is receiving and accepting goods and services at the appropriate price, we identified that undefinitized¹ task orders are being issued and program oversight is lacking.

Undefinitized Task Orders Are Being Issued

We determined that 25 of the 29 task orders reviewed, totaling \$62 million in obligations, had been issued undefinitized. Task orders had not been definitized because requirements were vague, incomplete, or constantly changing, and the rates for consultants, sub-contractors, and profit percentages had not been agreed upon.

Undefinitized task orders provide the Contracting Officer (CO) the flexibility to issue task orders quickly so that work may begin. An undefinitized task order allows the contractor to be reimbursed for allowable costs² up to a limitation amount stated in the task order. However, the government's negotiating position is diminished as work is completed under an undefinitized task order since the contractor must be reimbursed for allowable costs incurred. Therefore, the contractor has little incentive to quickly negotiate the terms and conditions.

¹Undefinitized – A contractual action in which the terms and conditions have not been agreed upon by all parties.

²Allowable costs are those costs the contractor is permitted to be reimbursed by the government for performance of the contract.

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The PRIME contract is expected to span several years and is in the preliminary phases. Procurement management has asserted that the practice of issuing undefinitized orders will cease as the contract progresses. Since the PRIME contract is expected to span several years and is in the preliminary phases, we plan to assess the reasonableness of using undefinitized orders and associated risks in a subsequent audit.

Lack of a Stable Program Management Organizational Structure Is Hindering the Administration of the PRIME Contract

A stable program management organizational structure has not been established to oversee the systems modernization effort, and this has impacted the administration of the PRIME contract. The Treasury Inspector General for Tax Administration issued a report³ to the IRS addressing the need to implement a program management organizational structure to oversee system modernization. We believe the establishment of this organizational structure will provide better oversight to the modernization efforts, as well as assist in the administration of the PRIME contract. However, additional steps are needed after the structure has been established to facilitate administration of the PRIME contract.

We determined the acceptance criteria developed in the task orders we reviewed were not specific enough to effectively evaluate the goods received. Without specific acceptance criteria, the government's ability to accept work products that meet program needs is limited. We also determined that the Procurement function is providing input to the program management plan and the CO is helping maintain the budget for the PRIME program. We believe that the CO has other contracting responsibilities and should not be resolving budget issues. These duties are better suited for personnel in the program management office.

Summary of Recommendations

Procurement management should work with the program office and the contractor to definitize the current task orders as quickly as possible and seek to issue definitized task orders as the contract progresses. Once a program management office has been established, Procurement management should assist the program office in ensuring acceptance criteria are descriptive enough to effectively evaluate the work products received and relinquish the duties of managing the budget for the PRIME program.

Management's Response: The IRS has made significant progress in the area of program management for Business Systems Modernization. The IRS has developed

³*Significant Risks Need to Be Addressed to Ensure Adequate Oversight of the Systems Modernization Effort* (Reference Number 2000-20-099, dated June 2000).

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performance-based templates to improve the specificity of requirements, negotiated rates with the contractor, and elevated the priority of task order definitization. The performance-based templates should ensure that acceptance criteria are descriptive. IRS management agrees that it is not a CO's responsibility to manage the budget. However, they believe that the CO has not been managing the budget but rather monitoring the available funding and recommending the reallocation of funds to cover shortfalls. Management stated that the Business Systems Modernization Office (BSMO) budget staff is responsible for managing the budget and relies on the support of the CO.

Office of Audit Comment: At the inception of our review, the BSMO had not been established and the CO stated that he was managing the budget. We believe that, with the establishment of the BSMO, the appropriate personnel will now be overseeing the budget process.

Objective and Scope

The overall objective of this review was to determine if the IRS received goods and services as stipulated in the PRIME contract and at the proper price.

The overall objective of this review was to determine if the Internal Revenue Service (IRS) received goods and services as stipulated in the PRIME contract and at the proper price. Our review evaluated the process used to accept goods and services. This review did not evaluate the quality of the goods or services received. The audit work was performed from December 1999 to March 2000 at IRS Procurement offices in the Washington, D.C. area. We reviewed contract files for all 29 task orders that had been awarded at the time of our review. The audit was performed in accordance with *Government Auditing Standards*.

Details of our audit objective, scope, and methodology are presented in Appendix I. Major contributors to this report are listed in Appendix II.

Background

The PRIME contract will be used to design and develop an information system that allows the IRS to effectively and efficiently process tax information, provide customer service, and maintain accurate financial records.

The PRIME contract will be used to design and develop an information system that allows the IRS to effectively and efficiently process tax information, provide customer service, and maintain accurate financial records. It is estimated that this contract could span 15 years at a cost of up to \$5 billion. The contract was awarded to Computer Sciences Corporation in December 1998.

The PRIME contract is an Indefinite Delivery Indefinite Quantity (IDIQ) contract, which permits flexibility in both quantities and delivery scheduling and limits the government's obligation to a minimum quantity. Under this IDIQ contract, cost reimbursable, fixed price, time and materials, and performance-based task orders may be issued.

Task orders and IDIQ contracts are used when the government has a general idea of the services it will need but does not know the specific requirements needed. The requirements and cost/pricing

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arrangements are negotiated on a task order by task order basis. As these requirements are determined, a task order is issued to the contractor to perform the work. Once the work is completed, the user function inspects and either accepts or rejects the goods or services.

Results

We determined from the task orders reviewed that the IRS is properly accepting goods and services from the PRIME contractor. Work products were generally received on schedule, and the Contracting Officer's Technical Representatives (COTR) were properly reviewing and accepting products. When applicable, the COTRs were also questioning and rejecting costs invoiced by the PRIME contractor.

We identified a high number of undefinitized task orders and a lack of overall program oversight.

While the IRS appears to be receiving and accepting goods and services at the appropriate price, we identified a high number of undefinitized task orders and a lack of overall program oversight.

Undefinitized Task Orders Are Being Issued

We determined that 25 of the 29 task orders reviewed, totaling \$62 million in obligations, had been issued undefinitized.¹ Procurement officials asserted that vague, incomplete, or constantly changing requirements have resulted in the use of undefinitized task orders. The Contracting Officer (CO) also explained that the task orders had not been definitized because the rates for consultants, sub-contractors, and profit percentages had not been agreed upon. The CO explained that the contractor had not provided adequate documentation to evaluate the proposed rates.

¹Undefinitized – A contractual action in which the terms and conditions have not been agreed upon by all parties.

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The use of undefinitized task orders provides the CO the flexibility to issue task orders quickly but exposes the IRS to unnecessary effort and possible liability for additional costs if the pricing elements are not quickly finalized. Federal Regulations² preclude agencies from entering into undefinitized contract actions without proper justification and provide that definitization should occur within 180 days after the contractual action or before completion of 40 percent of the work to be performed, whichever occurs first. None of the task orders reviewed had exceeded these criteria.

An undefinitized task order allows the contractor to be reimbursed for allowable costs³ up to a limitation amount stated in the task order. However, the government's negotiating position is diminished as work is completed under an undefinitized task order since the contractor must be paid allowable costs incurred. Therefore, the contractor has little incentive to quickly negotiate terms and conditions.

For example, a task order with an initial limit of \$1 million was issued for key technology elements of the Modernization Blueprint and Blueprint 2000 without the contractor's fixed fee (profit) being specified. The fee was to be based on a graduated structure linked to various delivery dates and paid after acceptance of the documents. However, the deliverables were accepted even though the fee had not been agreed to, which diminished the government's negotiating position relating to the graduated fee structure.

Procurement management has asserted that the practice of issuing undefinitized task orders will cease as the contract progresses. Since the PRIME contract is expected to span several years and is in the preliminary phases, we plan to re-evaluate management's use of undefinitized task orders in a subsequent audit.

²GENERAL SERVS. ADMIN. ET AL., FEDERAL ACQUISITION REG. ("FAR"), 48 C.F.R. parts 1-52 (1999).

³Allowable costs are those costs the contractor is permitted to be reimbursed by the government for performance of a contract.

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However, emphasis should be placed on timely definitizing existing contractual actions.

Recommendation

1. Procurement management should work with the program office and the contractor to definitize the current task orders and seek to issue definitized task orders as the contract progresses.

Management's Response: The IRS has developed performance-based templates to improve the specificity of requirements and capture desired outcomes. In addition, the Procurement organization has negotiated rates with the contractor, and these rates have been used to definitize current task orders and issue definitized new task orders. Further, IRS and contractor executives have prioritized task order definitization and are meeting to monitor definitization status.

Lack of a Stable Program Management Organizational Structure Is Hindering the Administration of the PRIME Contract

Without a stable program management organizational structure, aspects of contract administration are being hindered.

The IRS has not established a stable program management organizational structure for systems modernization. Without a fully functional program management office, aspects of administering the PRIME contract are being hindered, including the development of specific acceptance criteria and management of the budget.

We determined the acceptance criteria developed in the task orders we reviewed were not specific enough to effectively evaluate the goods received. The program area is an integral part of the procurement process and is responsible for providing the technical expertise during contract administration. This includes developing acceptance criteria to be used by the COTR to effectively evaluate a product received from the contractor to ensure it meets program needs. Without an organizational structure to assist in developing specific

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acceptance criteria, the IRS may not be receiving products that meet the modernization goals.

The government is entitled to reject work that does not strictly comply with contract requirements if the requirements are specifically called out in the contract and can be measured. If the requirements are not specifically present in the contract and cannot be measured, the government can reject the work only if it will not be suitable for its intended purpose.

The acceptance criteria in the PRIME task orders provide that the government will review deliverables to ensure completeness, accuracy, and compliance with the requirements specified in the statement of work. However, the requirements in the statement of work were not specific and could not be measured. For instance, one task order requires the contractor to create or update Software Requirements Specification documents. The scope of work does not provide any other information on what this deliverable should contain. Therefore, the IRS cannot determine if the deliverable is accurate and complete since it is not specific as to whether the deliverable should be a new or updated deliverable. Nor can it determine if the deliverable complies with the statement of work, as there are no specifics in the statement of work to measure against. Therefore, the government will have to accept the work unless it can show the work is not suitable for its intended purpose.

Another function of the program management office is managing the budget for the program and obtaining adequate funding when needed. To obtain funding for the PRIME program, management plans are prepared and submitted through the IRS, the Department of the Treasury, the Office of Management and Budget, the General Accounting Office, and the Congress for approval to obtain the next phase of funding needed to move forward with the program. The Congress releases funding for short periods of time, and the PRIME program must show what it has accomplished through the management plans before the new request is approved.

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The Procurement function is providing input to the program management plan and helping maintain the budget of the PRIME program.

Because the organizational structure for the program management office has not been established, the Procurement function is providing input to the program management plan and the CO is helping maintain the budget for the PRIME program. We believe that the CO has other contracting responsibilities and should not be resolving budget issues. We believe personnel in the program office have a better insight into user needs and should assume these responsibilities.

We also believe the delays in receiving funding are impacting the IRS' ability to monitor contract performance.

The Treasury Inspector General for Tax Administration (TIGTA) issued a report⁴ to the IRS that concludes, without a stable program management organizational structure, the IRS has not been able to request the release of Information Technology Investment Account (ITIA)⁵ funds timely. We also believe the delays in receiving funding are impacting the IRS' ability to monitor contract performance.

One aspect of contract administration is to monitor the contractor's "burn rate"⁶ to determine when the contractor will run out of funds. According to the CO, the "burn rate" was a weekly estimate, which did not always accurately reflect the actual costs incurred.

We believe the establishment of a stable program management organizational structure will provide better oversight to the modernization efforts, as well as assist in the administration of the PRIME contract. As noted earlier, the TIGTA issued a report addressing the need to establish a program management organizational structure. The following recommendations are steps to improve the administration of the PRIME contract once the program management structure has been established.

⁴*Significant Risks Need to Be Addressed to Ensure Adequate Oversight of the Systems Modernization Effort* (Reference Number 2000-20-099, dated June 2000).

⁵The ITIA was established by Public Law 105-61 and provides that none of these funds shall be obligated until the IRS and the Department of the Treasury submit to the Congress for approval a plan for expenditure.

⁶Burn rates are the rates at which the contractor's funds are expended during the period of the contract.

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Recommendations

2. Procurement management should assist the program office in ensuring acceptance criteria in the task orders are descriptive enough to effectively evaluate the work products received.

Management's Response: The IRS has developed performance-based templates to ensure acceptance criteria are descriptive. The templates include criteria for measuring whether desired outcomes are achieved.

3. Procurement management should relinquish their duties of managing the budget and only assist the program office with budget concerns with the program.

Management's Response: IRS management agrees that it is not a CO's responsibility to manage the budget. However, they believe that the CO has not been managing the budget but rather monitoring the available funding and recommending the reallocation of funds to cover shortfalls. The Business Systems Modernization Office (BSMO) budget staff is responsible for managing the budget and relies on the support of the CO.

Office of Audit Comment: At the inception of our review, the BSMO had not been established and the CO stated that he was managing the budget. We believe that, with the establishment of the BSMO, the appropriate personnel will now be overseeing the budget process.

Conclusion

The practice of not definitizing a contract places the IRS at risk for incurring additional costs due to a diminished negotiating position and unnecessary effort. Although the practice of issuing undefinitized tasks early in the contract may be justified, Procurement and program management should seek to minimize the issuance of undefinitized tasks. Also, the lack of an organizational structure for the program management office is hindering the administration of the PRIME contract. We

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believe the establishment of a stable program management office will result in development of descriptive acceptance criteria in the task orders and better management of the budget for the program.

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine if the Internal Revenue Service (IRS) received goods and services as stipulated in the PRIME contract and at the proper price. To accomplish this objective, we:

- I. Determined if IRS management had an effective process for controlling the receipt and acceptance of goods and services under the PRIME contract.
 - A. Determined if the receipt and acceptance process provides adequate assurance that the IRS is paying only for goods and services that have been received in accordance with contract terms.
 1. Identified that 29 task orders had been issued at the time we began our review.
 2. Reviewed the acceptance criteria in the task order to determine if specific acceptance procedures are established for each task order.
 3. Reviewed the contract milestones and determined whether the IRS received the deliverables as scheduled and evaluated the process used by the program office to accept the deliverables.
 4. Determined how the IRS deals with products that do not pass acceptable standards.
 5. Interviewed Contracting Officer's Technical Representatives (COTR) to determine whether the IRS is requesting additional deliverables not specified in the task order.
 6. Determined whether points of contact have been established in field locations to expedite the receipt and acceptance process.
 - B. Determined whether the IRS was properly invoiced for goods and services received under the PRIME contract.
 1. Determined how the COTR is verifying and accepting labor categories and hours billed by the contractor.
 2. Determined whether COTRs are tracking costs incurred by the contractor to the planned work schedule to ensure project and funding are progressing on schedule ("burn-rate").

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3. To verify whether the contractor was appropriately paid, we judgmentally traced 7 of 37 invoices with disallowed costs to the Automated Financial System to determine whether only allowed costs were paid.
- II. Determined whether contract/task order modifications were appropriate and definitized task orders.
 - A. Analyzed dates and reasons for modifications.
 - B. Determined whether costs associated with the modifications were appropriate and properly justified.

Major Contributors to This Report

Maurice S. Moody, Associate Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs)

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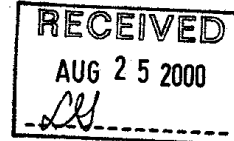
Appendix IV

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

August 22, 2000



MEMORANDUM FOR DAVID C. WILLIAMS
TREASURY INSPECTOR GENERAL FOR
TAX ADMINISTRATION

FROM:

for Charles O. Rossotti *Bob Mersel*
Commissioner of Internal Revenue

SUBJECT:

Draft Audit Report – Lack of a Stable Program
Management Structure Is Hindering the Administration of
the PRIME Contract

Thank you for the opportunity to respond to your draft audit report. Since this report originated, we have made significant progress in the area of program management for Business Systems Modernization. The Business Systems Modernization Office (BSMO) is now operating and key executive positions have been filled with qualified individuals, including Mr. Bert Concklin as the Director. The BSMO has developed budget management processes, documented operating procedures and delivered the Enterprise Life Cycle.

You identified two major categories comprised of three recommendations in the draft audit report. We agree with the recommendations regarding issuing definitized task orders and developing descriptive acceptance criteria; however, we believe the auditors misunderstood Procurement's role in the budget process. Our specific comments regarding the report and corrective actions for Recommendations 1 and 2 are attached. No corrective action is proposed for Recommendation 3 for the reasons provided in the attachment.

Your staff may contact Jim Williams, the Director, Procurement, at (202) 283-1200, or his Executive Assistant, Susan Grodin, at (202) 283-1619, for additional information.

Attachment

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ATTACHMENT

Draft Audit Report - Lack of a Stable Program Management Structure Is Hindering the Administration of the PRIME Contract

GENERAL COMMENTS:

1. Executive Summary, page ii, "Lack of a Stable Program Management Organizational Structure Is Hindering the Administration of the PRIME Contract" - We suggest deleting the last two sentences of the second paragraph and revising the third sentence to more accurately reflect Procurement's role (as discussed on page 6, below):

"We also determined that the CO is monitoring the funding and recommending the reallocation of funds, as necessary."

2. Page 2, "Unfinalized Task Orders Are Being Issued" - We suggest changing the order of the last sentence within the paragraph to be consistent with the Executive Summary and to reflect that the major reason for issuing unfinalized Task Orders is changing requirements:

"Procurement officials asserted that vague, incomplete, or constantly changing requirements have also resulted in the use of unfinalized task orders. The Contracting Officer (CO) explained that the task orders had not been finalized because the rates for consultants, subcontractors, and profit percentages had not been agreed upon. The CO explained that the contractor had not provided adequate documentation to evaluate the proposed rates."

3. Page 3, Footnote 2 - The citation in the footnote applies to the Department of Defense. We recommend citing the regulation that applies to civilian agencies.

4. Page 6, third paragraph - As currently written, the second sentence relates the contractor's "burn rate" to whether a task order is fully funded, which is not the case. We recommend revising the second sentence as follows:

"According to the CO, the "burn rate" was a weekly estimate, which did not always accurately reflect the actual costs incurred."

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CORRECTIVE ACTIONS IN RESPONSE TO RECOMMENDATIONS:

Recommendation 1

Procurement management should work with the program office and the contractor to definitize the current task orders and seek to issue definitized task orders as the contract progresses.

Assessment of Cause:

The report finds that task orders had not been definitized under the contract because requirements were vague, incomplete or constantly changing, and the rates for consultants, subcontractors and profit percentages had not been agreed upon. Additionally, the contractor had not provided adequate documentation so that Procurement could evaluate the proposed rates.

Corrective Actions:

The IRS has:

- *Developed performance-based templates to improve the specificity of requirements.* The templates include desired outcomes (results/work products) and required services. They also include the criteria to measure desired outcomes, such as: Performance Standards (completeness, cost, reliability, accuracy, timeliness and quality), Acceptable Quality Levels (allowable deviation from the performance standard), and Monitoring Methods.
- *Negotiated rates with the contractor.* The Procurement organization has obtained adequate proposal documentation from the contractor and negotiated rates for consultants, subcontractors and profit percentages. The negotiated rates have been used to definitize current task orders and issue definitized new task orders.
- *Elevated the priority of task order definitization.* IRS and contractor executives have prioritized task order definitization and are meeting twice weekly to monitor definitization status. Over the past seven weeks, the IRS has definitized ten active task orders and two new task orders. Currently, only one active task order is undefinitized and no undefinitized task orders have been issued in the last two months.

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Implementation Dates:

- Develop performance-based templates March 24, 2000
(Completed)
- Negotiate rates with the contractor April 21, 2000
(Completed)
- Elevate the priority of task order definitization June 5, 2000
(Completed)

Responsible Official:

Director, Procurement

Corrective Action Monitoring Plan:

Results Indicator: A reduction in the number of undefinitized task orders issued.

Validation Process: Twice weekly status meetings to monitor the progress being made toward definitization and to resolve critical issues.

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Recommendation 2

Procurement management should assist the program office in ensuring acceptance criteria in the task orders are descriptive enough to effectively evaluate the work products received.

Assessment of Cause:

The report finds that without a fully functional program management office, the IRS cannot effectively administer certain aspects of the PRIME contract, including developing specific acceptance criteria. Since this audit originated, we have made significant progress in the area of program management for Business Systems Modernization. The Business Systems Modernization Office (BSMO) is now operating and key executive positions have been filled. Procurement has worked with both the BSMO and the contractor to develop performance-based templates. The templates include criteria (described below) to facilitate development of acceptance criteria that are descriptive enough to effectively evaluate the work products received.

Corrective Action:

The IRS has:

Developed performance-based templates to ensure acceptance criteria are descriptive. The templates include criteria for measuring whether or not desired outcomes (results/work products) are achieved, such as:

- Performance Standards, which are a target level of performance, stated as a measurable objective against which contractor achievements can be compared (completeness, cost, reliability, accuracy, timeliness and quality).
- Acceptable Quality Level (AQL), which is the allowable deviation from the performance standard.
- Monitoring Method, which is the method of monitoring and measuring the contractor's achievements of Performance Standards.

Implementation Date:

March 24, 2000 (Completed)

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Responsible Official(s):

Director, Procurement

Corrective Action Monitoring Plan:

Results Indicator: Task orders are developed that use the performance-based template.

Validation Process: Quarterly review of task orders to monitor the success of the performance-based template.

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Recommendation 3

Procurement management should relinquish their duties of managing the budget and only assist the program office with budget concerns with the program.

Assessment of Cause:

The report contends that since the organizational structure for the program management office has not been established, the Procurement function is providing input to the program management plan and the CO is helping maintain the budget for the PRIME program. We do not agree with this assessment.

We agree it is not a contracting officer's responsibility to manage the budget; however, the contracting officers and Contracting Officer's Technical Representatives (COTRs) working on the PRIME contract have not been managing the budget. Rather, they have been *monitoring* the available funding and *recommending* the reallocation of funds as necessary to cover shortfalls. Recommendation 3 is unnecessary because monitoring the budget and providing recommendations to the program office about funding needed for continuity--not for prioritizing among projects--are well within the contracting officer's and COTR's responsibilities. The BSMO budget staff is responsible for managing its budget, relying on support from the COs and COTRs. The BSMO budget staff's responsibilities include:

- Signing-off on requisitions
- Monitoring total funds available for Information Technology Investment Account (ITIA) initiatives
- Monitoring changes between estimated and actual costs
- Monitoring the commitment and obligation of funds
- Reallocating funds
- Requesting approval of additional ITIA funds once monitoring reveals that we will exceed the approved ceiling

Corrective Action:

Not Applicable

Implementation Date:

Not Applicable

Responsible Official(s):

Not Applicable

Corrective Action Monitoring Plan:

Not Applicable