

**Memorandum**

OCT 20 1993

Date
From Bryan B. Mitchell *Bryan Mitchell*
Principal Deputy Inspector General

Subject Review of Project Officers' Management of Five Contracts (A-12-93-00011)

To Mary Jo Bane, Ph.D.
Assistant Secretary for
Children and Families

Attached is our final audit report on the Administration for Children and Families (ACF) project officer management of five contracts. We randomly selected the contracts from a list of 181 contracts for Fiscal Year 1992. Our work involved examining the official contract files, interviewing cognizant project officers, and reviewing contract oversight documents such as progress reports and deliverables. We found that:

- o Three of the five project officers had completed the required basic project officer course. During our review, one additional project officer enrolled in the May 1993 class.
- o The documentation of project planning was adequate for two of the five contracts. The weakest area of planning was the requirement for assessing related projects and avoiding duplication of effort.
- o Management of contracted projects by the project officers was inadequate on two contracts. On one project, the project officer did not have and was unaware of the deliverables which should have been provided to the Government. We found another contract was over 3 years late in fulfilling a congressional reporting requirement. The final report is not expected from the contractor until December 1993.

We are recommending that ACF: (1) implement controls to ensure that project officers complete the required training, (2) enforce the requirements to document all phases of the planning process, and (3) require project officers to monitor contract deliverables by employing a schedule of deliverable due dates and deliverable files. Further, overdue congressional reports should be reviewed and a reassessment made as to whether they are still needed.

In commenting on a draft of this report, the ACF concurred with the findings. Specifically, in its written comments, the ACF stated it planned to install an

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automated procurement tracking system this month that would implement our recommendation to track deliverable dates. Also, the ACF indicated action has been initiated to ensure project officers receive the required training. Steps are being implemented to ensure that all acquisition planning documents meet the Health and Human Services Acquisition Regulation 307.105. Finally, the ACF concurred in the need to reassess the requirement for any congressional report that is 1 year or more late.

Please advise us regarding any further actions taken on our findings and recommendations within the next 60 days. If you have any questions, please call me or have your staff contact John A. Ferris, Assistant Inspector General for Administrations of Children, Family, and Aging Audits, at (202) 619-1175.

Attachment

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF PROJECT OFFICERS'
MANAGEMENT OF FIVE CONTRACTS**



A-12-93-00011



Memorandum

OCT 20 1993

Date

Bryan B. Mitchell *Bryan Mitchell*

From

Principal Deputy Inspector General

Subject

Review of Project Officers' Management of Five Contracts (A-12-93-00011)

To

Mary Jo Bane, Ph.D.
Assistant Secretary for
Children and Families

This report summarizes the results of our review of the Administration for Children and Families (ACF) project officer management of five contracts. We randomly selected the five contracts from a list of 181 ACF contracts which were active during Fiscal Year (FY) 1992. Our work involved examining the official contract files, interviewing cognizant project officers, and reviewing contract oversight documents such as progress reports and deliverables. We found that:

- o At the time of our review, three of the five project officers had completed the required basic project officer course. Additionally, during our review, one project officer enrolled in the May 1993 course.
- o The documentation of planning for contracted projects was adequate for two of the five contracts. For the remaining three contracts, the weakest area of planning was the requirement for assessing related projects and avoiding duplication of effort.
- o Contract management by the project officer was inadequate on two contracts. The project officer for one contract did not have and was unaware of the deliverables which should have been provided to the Government. We found another contract was over 3 years late in fulfilling a congressional report requirement and the required, final product is not expected from the contractor until December 1993.

In commenting on a draft of this report, the ACF concurred with our recommendations and stated that corrective actions are being implemented.

INTRODUCTION

Background

The ACF manages programs designed to promote family stability, economic security, and responsibility through the provision of guidance and the award of grants to States and local and private organizations. The Office of Management, Division of Acquisition Management (DAM) in ACF has contracting officers responsible for the contract awards and administration. The DAM staff assure that all contracts awarded conform with applicable statutes, regulations and policies. It solicits, negotiates, modifies, terminates and closes all acquisitions issued for ACF.

For 1992, there were 181 active contracts valued at approximately \$75 million. The ACF awards contracts for various functions that can not be performed by the Government due to resource constraints. Some of the contracts awarded by ACF enable the agency to: (1) evaluate programs for efficiency and provide program management support services, (2) assist ACF in providing advice, training and technical assistance to grantees, (3) maintain data bases and operate clearinghouses, and (4) gather information for congressionally mandated reports.

Each of the contracts we reviewed was required to have an Acquisition Planning Document (APD) in the files. The APD is prepared prior to the submission of the formal request for contract. The purpose of the APD, according to Health and Human Services Acquisition Regulation (HHSAR) 307.104-3 "...is to serve as an advance agreement between program and contracting personnel by outlining the methods of how and when the acquisition is to be accomplished". Although the APD has no regulatory required format, HHSAR 307.105 lists five subject areas that must be addressed in the document: (1) identifying information for an acquisition, (2) programmatic considerations, (3) acquisition approach, (4) planning for the acquisition, and (5) program approvals applicable to the acquisition.

Objectives, Scope and Methodology

This review was performed in accordance with generally accepted government auditing standards. The objective was to assess the planning, post-award monitoring and performance of government project officers in providing oversight of ACF contracts. Sub-objectives were to: (1) examine the effectiveness of internal controls, (2) evaluate adequacy of planning and contract monitoring which included receiving the contract deliverables on time, and (3) assess adequacy of the project officer handling of contractor problems.

The contract universe of 181 valued at about \$75 million was compiled by consolidating a Departmental Contract Information System and a DAM listing for all active contracts in FY 1992. We defined active as any contract action that was awarded, ongoing, amended by modification, or expired during the FY 1992.

From the universe of 181 contracts, we randomly selected five contracts (see Appendix I). To conduct the review, we: (1) discussed with the project officers their qualifications and their management of the contracts, (2) examined the APD, each contract's statement of work, progress reports and deliverables to determine if the work completed agreed with the requirements in the statement of work, (3) reviewed contract modifications to determine if there were changes in the scope of work, (4) examined disbursement reports on each contract obtained from the Division of Accounting Operations (DAO), and (5) inquired of the project officer if the deliverables satisfied the purpose of the contract.

Work was performed between February and June 1993 at the ACF Program Offices, DAM Office, and the Department's DAO office in Washington, D.C.

RESULTS

Project Officer Training

Program personnel selected to serve as project officers are required, by HHSAR 307.170, to have successfully completed the Department's basic project officer course. The Department requires both newly appointed and experienced project officers to take the basic project officer course. This course provides the project officer with training in planning projects, writing APDs, administering contracts, and monitoring the contractor's technical progress. The contracting officer is responsible for ensuring that the project officer takes the course.

We found that the project officer for the Head Start Resource Access Project (RAP) Region IX contract had not completed the training. This could be a problem since he is the project officer for 14 contracts-10 Head Start RAPs, 1 Head Start National Resource Center, and 3 Small Business Innovative Research contracts. The project officer for another contract, the Migrant Program Head Start Resource Center Regional Training and Technical Assistance took the course after we discussed the requirement with him. The controls to ensure that the project officer training requirement is met, such as, advising the project officers on the requirement for the training and making sure that the project officers attend the training, had not been enforced by the contracting officers.

Planning of Projects

The primary technique used by the Department to document planning for individual contracts expected to cost more than \$100,000 is the APD. The HHSAR 307.105 describes the requirements for the APD subject areas. We found each project had an APD in the files. However, none of the current project officers for the five contracts we examined wrote the APD for their contract. In assessing the ACF planning process, we selected for examination the following specific requirements which we consider important planning elements:

1. Description of the Project - Discussion of all anticipated requirements and any past, present, and future interrelated projects.
2. Project funding - Summary of funds to be obligated for the life of the contract.
3. Background - Summary of the technical and contractual history of the services being acquired.
4. Related Projects/Duplication of Work - Discussion of effort to determine if existing projects will satisfy the requirement. This should include any related in-house projects, searches, and clearinghouse reviews made to avoid duplication.
5. Need for the Project - Rationale for deciding on the need for the project.
6. Reporting/Delivery Requirements - Description of the basis for establishing the reporting/delivery requirements, including the anticipated deliverables and times of delivery.
7. Use of Results - Discuss use of the results including a description of the user audience and its intended use.

While two contracts were supported with good APDs, the remaining three APDs could have been improved. The following matrix shows the results of our evaluation of the planning for the sampled contracts. A "Yes" in the matrix for an area we examined in the APD meant that it conformed to the requirements discussed above. A "No" meant that the area did not conform to the above requirements. An "N/A", not applicable, was entered because the RAP and the Head Start (H/S) Resource Center are H/S contracts provided for by law.

Contract Planning

Contract Title	Guardian ad Litem Contract	Comprehensive Child Development Program	Clearinghouse	Head Start Resource Access Project	Head Start Resource Center
Description	Yes	Yes	Yes	Yes	Yes
Project Funding	Yes	Yes	Yes	No ¹	Yes
Background	Yes	Yes	Yes	No ²	Yes
Related Projects	Yes	No ³	No ³	N/A	N/A
Need for Project	Yes	Yes	Yes	N/A ⁴	Yes
Reporting/Delivery Requirements	Yes	Yes	Yes	Yes	Yes
Use of Results	Yes	Yes	Yes	Yes	Yes

Non-conforming areas are discussed in the following footnotes.

¹Project Funding. The Head Start RAP did not have a summary of funds to be obligated for the entire life of the contract. Instead a hypothetical cost was estimated for serving grantees in five States within Region IX.

²Background. The RAP contract should have discussed the history or need for services.

³Related Project Reviews. We found that two contracts did not satisfactorily discuss related projects or the steps taken to avoid duplication of the project. Specifically, for contract 105-90-1900, Evaluation of Comprehensive Child Development Program, we would have expected to see a discussion of the research that led to the kinds of interventions planned for the demonstration project. Justification for the clearinghouse project, identified a consortium of clearinghouses and required the contractor's participation in the consortium. However, no discussion was made of alternate ways to perform clearinghouse functions. For instance, the National Technical Information Service, a repository of 2 million reports and studies on scientific and social subjects, is operated by the Department of Commerce and already offers the public bibliographic searches, synopses, and complete reports upon request, should have been considered as an alternative.

⁴Need for Project. The rationale for contracting to provide technical assistance and training for serving disabled children in the H/S program was not addressed; however, we did not consider this a deficiency because H/S contracts are specified in the legislation.

Project Monitoring

We identified opportunities to improve the monitoring for two of the five contracts. In assessing monitoring, we focused on whether deliverables were received, whether they were timely and whether costs escalated significantly during the contract. One project officer was not receiving the interim deliverables. Another project officer was not getting the products timely.

Head Start RAP Contract Deliverables

When we initially met with the project officer for the Head Start RAP contract, the project officer was not aware of any deliverables that were due. The purpose of the Head Start RAP contract is to provide technical assistance to grantees in developing programs to integrate children with disabilities into the Head Start program. We identified three deliverables with milestones that had already passed: (1) file of resource providers due November 18, 1991; (2) copy of needs assessments results due May 15 annually; and (3) the minutes of advisory committee meetings due 30 days after each meeting. The project officer stated that he did not have these deliverables. He called the contractor and obtained copies. The project officer explained that the files were not in good shape when he took over the project in April 1992. He obtained the deliverables from the contractor and we reviewed them and found the deliverables fulfilled the requirements in the statement of work.

The Department's project officers' contracting handbook states that the project officer is expected to maintain a file documenting significant actions and containing copies of trip reports, correspondence, reports and deliverables received under the contract. The project officer had such a file; however, it did not contain the three deliverables that were due.

Guardian Ad Litem Reports to Congress are Late and Costs Growing

The ACF management of the Guardian Ad Litem (GAL) contract was not adequate. We found the project deliverable, a required report to Congress discussing an evaluation of GAL and Court-Appointed Special Advocates (CASA), is at least 3 years late. Congress established the GAL program in 1974. The program required States to appoint a GAL (who may also be a CASA) to represent maltreated children as one condition of receiving Federal grant funds authorized by the act. With passage of the Child Abuse Prevention and Treatment Act of 1988, Congress tasked ACF with assessing the representation children receive in cases of child abuse and neglect. The report, which according to the act was due April 1990, was to include both survey information of State GAL programs and an evaluation of effectiveness. The revised schedule of deliverables, prepared when the GAL contract was

awarded, allowed about 18 months for submission of the final report to Congress in March 1991. The contract schedule terms permitted the contractor to deliver the report about a year later than required by the act.

Two additional time slippages have occurred in performing the GAL study. It took 19 months to get the project reviewed and approved by the Office of Management and Budget (OMB); however, the contract's revised schedule of deliverables provided 2 weeks for this task. Initial delays arose after submission of the package in December 1990 when OMB withheld its approval of the survey information to be collected by the contractor. The OMB disagreed with the evaluative approach proposed by ACF and ACF had to resubmit the package on March 3, 1992.

Another slippage occurred when the data collection phase did not start until May 1993, 10 months after OMB approved the package. The initial deliverable schedule allowed about 14 weeks from the time of submission to OMB of the clearance package until the start of the data collection. The project officer stated that the delay occurred because some county and local organizations did not want to participate in the study. The contractor had to adjust their sampling plan to increase data collection sites in the other counties and local jurisdictions of the State.

At the time of our field work, it appeared unlikely that the contractor would complete the report by the delivery date which was at the time scheduled for September 30, 1993. On May 10, 1993, the contractor began the data collection stage which was originally planned to take 32 weeks. The project officer requested the contractor to complete data collection in 2 months. Even though the contractor changed the study plan and reduced the number of data collection sites from 42 to 26, the scope of work (the number of interviews) was not changed. In addition, we noted originally 15 weeks was budgeted for data analysis in the statement of work. The modification scheduled data analysis between July and the middle of August. The original statement of work called for 3 weeks to draft the report and 12 weeks to deliver the final report. The project officer stated that the draft would be written in August and a final report delivered by September 30. During our review, we expressed concern that the September 30 completion date seemed overly optimistic. Subsequently, ACF received the draft report in September; however, it required extensive changes and was returned to the contractor. The contract was again extended and the final report is scheduled for delivery around December 1993.

We believe the continued need for the GAL report may be questionable. While the contractor will be developing current information, there was no evidence that ACF had maintained contact with the congressional committee to ensure the report was still needed. The ACF Executive Secretary's Office does ensure mandated requirements are fulfilled and is aware that this report is late.

CONCLUSIONS AND RECOMMENDATIONS

The ACF's project management for the contracts we reviewed needs improvement. We found several inadequately trained project officers were designated by the program office. The ACF was not requiring adequate documentation of planning. Two of the five contracts did not address related projects. Inadequate contract monitoring was found on two of five contracts reviewed.

We recommend that ACF:

- Enforce existing controls to ensure staff to be appointed as project officers complete required training before functioning as project officers. Training should underscore topics of weaknesses identified in this report such as contract monitoring and writing APDs. The ACF should review project officer qualifications of currently assigned project officers and provide training as necessary.
- Enforce the requirements to document all phases of the planning process as called for in the HHSAR 307.105. The ACF should require that every APD address the mandatory areas.
- Review the necessity for any congressional report which is 1 year or more late. A reassessment should be made as to whether they are still needed. The appropriate congressional committee should be apprised of the current status and be a part of the reassessment decision.
- Require project officers to keep a schedule of their deliverables' due dates and maintain a file of these deliverables. If a contractor does not meet the deliverable due date, the project officer should inform the contracting officer, hold the contractor accountable, establish a new date and document this.

ACF COMMENTS AND OIG RESPONSE

The ACF agreed (Attachment) with the findings and recommendations of the report and has initiated actions to improve project officer management of contracts.

Appendix I

Contract number	Title	Dollar amount
105-89-1727	Validation and Effectiveness Study of Legal Representation through Guardian Ad Litem (GAL)	\$431,025
Modification 1		\$28,987
Modification 2		\$266,813
Modification 3		No cost
Modification 4		No cost
105-90-1900	Evaluation of Comprehensive Child Development Programs	\$1,213,035
Modification 1		\$1,003,675
Modification 2		\$3,896,808
Modification 3		\$0
Modification 4		\$2,413,202
105-91-1805	Establish and Operate a Clearinghouse on Child Abuse and Neglect	\$843,814
Modification 1		\$0
Modification 2		\$0
Modification 3		\$823,449

Contract number	Title	Dollar amount
105-91-1522	Head Start Resource Access Project (RAP)	\$375,446
Modification 1		\$394,708
Modification 2		\$19,651
105-91-1512	Head Start Resource Center Regional Training and Technical Assistance	\$369,784
Modification 1		\$523,730
Modification 2		\$0
Modification 3		\$126,186
Modification 4		\$672,542
Modification 5		\$0



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ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

October 1, 1993

TO: Bryan B. Mitchell
Principal Deputy Inspector General

FROM: Laurence J. Love
Acting Assistant Secretary
for Children and Families

IG	_____
PDIG	_____
DIG-AS	_____ / ✓
DIG-EI	_____
DIG-OI	_____
AIG-MP	_____
CGC/IG	_____
EX SEC	_____ / ✓
DATE SENT	10-04

SUBJECT: Review of Project Officers' Management of Five
Contracts (A-12-93-00011)

Thank you for the opportunity to review and comment on the draft report on the Administration for Children and Families (ACF) project officer management of the five contracts selected at random by your office. We acknowledge that there are several areas within the ACF's procurement management process which need to be addressed in the Agency's ongoing efforts to improve ACF's management role. I want to assure you that many steps have been and are being taken to safeguard the integrity of the procurement process. The following comments on the four recommendations are provided for your office to consider in the preparation of the final report:

Recommendation 1: Enforce existing controls to ensure staff to be appointed as project officers complete required training before functioning as project officers. Training should underscore topics of weaknesses identified in this report such as contract monitoring and writing APDs. The ACF should review project officer qualifications of currently assigned project officers and provide training as necessary.

Response: We concur with this recommendation. We are currently tracking the project officer training requirements to ensure that all new ACF project officers receive required procurement training. Information from the Department's Office of Grants and Acquisition Management is forthcoming which will permit

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us to identify those project officers who have completed the required project officers' basic procurement course. Any ACF project officer whose name does not appear on the list will be notified of the Department's requirement and appropriate action taken to schedule the project officer for training as quickly as possible. In addition, the requirement for completion of appropriate project officers procurement courses will be a part of the review and clearance process for planned new ACF procurement activities. This process will enable ACF to monitor the training requirement on an ongoing basis.

Recommendation 2: Enforce the requirement to document all phases of the planning process as called for in the HHSAR 307.105. The ACF should require that every Acquisition Planning Document (APD) address the mandatory areas.

Response: We concur in this recommendation and have implemented the requirement of HHSAR 301.105 for the inclusion of a complete detailed APD in all contemplated ACF new procurement activities. An interim APD has been developed (copy attached), pending the issuance of detailed written directives to ACF program/staff offices.

Recommendation 3: Review the necessity for any congressional report which is 1 year or more late. A reassessment should be made as to whether they are still needed. The appropriate congressional committee should be apprised of the current status and be a part of the reassessment decision.

Response: We concur in this recommendation. Appropriate action steps will be taken by the contracts staff within the Office of Management to advise both the ACF Executive Secretariat and the applicable ACF program/staff office of the need to reassess the requirement for a contractor-developed congressional report if the schedule of deliverables and/or progress-to-date status report received from the ACF project officer reveals that there will be a substantial delay of 1 year or more in the submittal of the report. The ACF program/staff office will work with the ACF Executive Secretariat and the Assistant Secretary for Legislation to complete this reassessment.

Recommendation 4: Require project officers to keep a schedule of their deliverables' due dates and maintain a file of these deliverables. If a contractor does not meet the deliverable due date, the project officer should inform the contracting officer, hold the contractor accountable, establish a new date and document it.

Response: We concur in this recommendation and will be installing an ACF automated procurement tracking system in October 1993 which will track significant pre-award and post-award contract activities. The post-award module will provide ACF acquisition staff, as well as ACF program/staff office staff, with the status of each active contract. The system will require each ACF project officer to provide the contracting officer with a quarterly update of the timeliness of the contractor in adhering to the deliverable schedule identified in the contract. This will enable the contracting officer to take appropriate steps to bring the contractor in line with the deliverable schedule and will require development of a revised, realistic deliverable schedule. A contract modification will be issued which reflects the revised deliverable schedule. In addition, the project officer will be required to advise the contracting officer monthly of the contractor's performance in adhering to the revised deliverable schedule.

Any questions concerning the above responses should be directed to Ms. Sonia Rivero, Director, Office of Management, at 401-9260.

Attachment

ADMINISTRATION FOR CHILDREN AND FAMILIES
ACQUISITION PLAN AND PROCUREMENT SCHEDULE DOCUMENT

PART I -- ACQUISITION PLAN

(a) IDENTIFICATION INFORMATION

Request for Contract Number _____
Requisition Number (HHS 393) _____

Project Officer: _____ Phone No.: _____
Program Office: _____

Contract Specialist: _____ Phone No.: _____

Solicitation Source: Competitive _____ Noncompetitive _____ 8(a) _____
Delivery Order _____ Small Business Set-Aside _____
Proposed Source if 8(a):

(b) PROGRAMMATIC CONSIDERATIONS:

- (1) Project Title and Description: Provide a brief description of the proposed project/services. Discuss all anticipated future requirements and any past, present or future interrelated projects.
- (2) Project Funding: Identify funds expected to be obligated by fiscal years and/or phases, previous expenditures and anticipated source for future funding, if applicable.
- (3) Background and Acquisition History: Provide a brief summary of the technical and contractual history of the services being acquired
- (4) Related Projects, Efforts Undertaken to Avoid Duplication of Effort: Discuss the efforts made to determine if existing projects or materials will satisfy the requirement. Include any related in-house efforts, searches, and clearinghouse reviews made to avoid duplication.
- (5) Need for the Project: Provide a brief statement on the rationale for the need of the project or services.
- (6) Special Clearances or Approval: Identify the required clearances cited in the ACF Request for Contract Clearance Document applicable for the requirement.
- (7) Phasing: Describe briefly discrete tasks or stages of accomplishments which could be susceptible to phasing. If there are specific evaluation criteria for the phases, briefly identify them or reference where they are located in the statement of work.
- (8) Government Furnished Material/Facilities: Indicate whether or not the government will be furnishing material/facilities. If so, discuss screening efforts for availability through GSA excess property.

- (9) Discussion of Project Risk: Discuss major areas of project risk including technical, cost, and schedule risk. Describe what efforts are planned to reduce risk. If the acquisition planned is to be awarded using other than full and open competition represents a significant portion of the contractor's business, discuss the impact on technical capability, realism of schedule, changes in contractor workload and related cost impact.
- (10) Reporting/Deliver Requirements: Describe the basis for establishing the delivery/reporting requirements and include the anticipated deliverables and time(s) for delivery. (May reference where the anticipated deliverable and time(s) are located in the statement of work.)
- (11) Replication, Dissemination, or Use of the Results: Discuss briefly anticipated replication, dissemination, or use of the results. Describe user audience and their expected use. Include a description of the delivery system, if any.
- (12) Data, Data Rights, Patents, Copyrights: If data is to be developed, discuss and specify the data to be delivered and data to remain in the contractor's possession. Discuss briefly how the data is to be used, maintained, disclosed and disposed of by the contractor. Identify whether the data is subject to the Privacy Act or Confidentiality of Information clause. Discuss data to be delivered with limited rights, data where title would not vest in the Government, and anticipated copyrights or patents. Discuss whether or not the data will permit any follow-on acquisitions to be competitive.
- (13) Post-award Administration and Monitoring: Identify milestones that require periodic evaluation of the contractor's progress. Discuss any formal management systems to be used to monitor the contractor and plans for post-award conference and site visits. Delineate the timing of the periodic status reports.
- (14) Other Considerations, as applicable: Discuss special contract clauses and proposed HHSAR deviations, if required. If a previous protest on an acquisition affects this project, discuss the circumstances, special public law or regulatory requirements which place restrictions on this acquisition, and use of a special type of synopsis. Address planned preproposal conference(s), preaward survey and preaward site visits.