

# Office of Inspector General



November 14, 2000  
Audit Report No. 00-048

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**Audit of the QSS Group's Billings to  
the FDIC for Information Technology  
Services**



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**DATE:** November 14, 2000

**TO:** Arleas Upton Kea, Director  
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**FROM:** Sharon M. Smith  
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**SUBJECT:** *Audit of the QSS Group's Billings to the FDIC for Information Technology Services*  
(Audit Report No. 00-048)

This report presents the results of an audit of the QSS Group's (QSS) billings to the Federal Deposit Insurance Corporation (FDIC) for various types of information technology services. The audit addressed whether QSS's billings to the FDIC were allowable under the contract terms and adequately supported. We performed this audit as part of the Office of Inspector General's (OIG) 1999 *Annual Audit Plan*.

## **BACKGROUND**

Information technology contractors participate extensively in the services provided by the FDIC's Division of Information Resources Management (DIRM). During 1997 and 1998, the FDIC awarded nine contracts to QSS to provide information services with estimated fees totaling \$25.3 million. Through November 1999, QSS had billed \$21.5 million on those nine contracts. In March 2000, the FDIC awarded another \$16 million contract to QSS; however, we did not review any of the invoices from that contract because of its recent award date.

For seven of the nine contracts, the FDIC selected QSS from the General Services Administration's (GSA) Multiple Award Schedule (MAS). Under its MAS program, the GSA prescreens and selects contractors and establishes hourly rates for various labor categories based on employees' experience and/or education. The FDIC's *Acquisition Policy Manual* states that the Corporation selects contractors from the GSA schedule because it streamlines the contracting process and reduces lead times and administrative costs. Contracts that the FDIC awards under the GSA schedule are often called delivery orders or task orders. The FDIC awarded the two remaining QSS contracts under normal FDIC contracting procedures.

Table 1 shows the contract number, services, period of performance, not-to-exceed amount, amounts billed, and type for each of the nine contracts. As of October 1999, QSS had billed the FDIC about 89 percent of the total not-to-exceed amount on these contracts.

**Table 1: FDIC Contracts Awarded to QSS During 1997 and 1998**

<b>Contract Number</b>	<b>Contract Services</b>	<b>Contract Type</b>	<b>Contract Period</b>	<b>Contract Not-to-Exceed Amount</b>	<b>Contract Amount Billed As of October 1999</b>
9700077CAF	Computer operations and tape library support	FDIC	03/01/97 to 02/28/00	\$ 1,934,784	\$ 1,467,820
9700078CAF	Production control support	FDIC	03/01/97 to 02/28/00	2,601,754	1,574,762
9700929NS2	Network migration services	GSA	07/24/97 to 07/23/98	1,898,771	1,898,753
9700800PJT	Local area network administration support	GSA	07/29/97 to 01/28/00	11,991,523	10,967,527
9800058NLH	Enterprise applications development support	GSA	01/29/98 to 12/31/98	1,566,370	1,566,343
9800309HCP	Library timesharing support services	GSA	03/04/98 to 06/30/99	99,573	92,849
9800292CJT	NT domain maintenance and support	GSA	03/19/98 to 05/31/99	1,458,500	1,458,446
9800325CJ8	Microsoft back-office maintenance and support services	GSA	03/19/98 to 05/31/99	1,345,725	1,345,704
9801148NRM	Client desktop support	GSA	01/01/99 to 12/31/99	1,805,000	1,534,770
<b>Totals</b>				<b>\$24,702,000</b>	<b>\$21,906,974</b>

Source: OIG analysis of contract files and billing data for the FDIC's contracts with QSS.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The objective of our audit was to determine whether QSS's billings were in accordance with contract terms and adequately supported. Our audit scope covered the \$21.9 million that QSS billed the FDIC as of October 1999 for information technology services under nine contracts.

To accomplish the objective, we reviewed the contract and oversight files maintained by the FDIC and QSS. We assessed billing error risks by analyzing various contracts to determine whether the billings varied significantly from the estimated level of effort. We concentrated our work on the contracts with the largest variations in actual level of effort compared to estimates. Accordingly, we limited our review of time sheets and other supporting documentation for two contracts—9700077CAF and 9700078CAF—because the fees billed did not deviate significantly from the estimated level of effort. In addition, the oversight manager's files for those two

contracts indicated that the oversight manager performed extensive monitoring of the billings. We also limited our review of support for QSS's billings on 9800309HCP because the total fees billed were less than \$100,000.

To determine whether contractor personnel met the minimum experience and education qualifications required by the GSA's MAS contract and the FDIC's delivery orders awarded under that contract, we reviewed a judgmental sample of personnel from most of the labor categories. The initial sample indicated that many of the sampled personnel did not meet minimum qualification requirements in the LAN analyst III and consultant categories. Accordingly, we expanded our review to cover personnel billed in those two labor categories. In total, we reviewed qualifications for 94 QSS employee and subcontractor personnel in various labor categories, of which 83 were in the LAN analyst III and consultant categories. We reviewed QSS's personnel files for resumes and applications submitted by employees. We also reviewed QSS's interview assessment and salary review forms that were included in employees' personnel files to determine whether QSS officials rated employees as qualified for the labor categories billed to the FDIC. In addition, we reviewed resumes that QSS provided for its subcontractor personnel. Finally, we reviewed one employee's performance appraisal because his duties appeared to be administrative and not billable to the FDIC contracts.

We compared the actual number of hours billed to the budgeted hours for each labor category. We then quantified excess labor costs billed in higher labor categories by comparing the actual hours and labor rates that QSS billed with the budgeted hours and labor rates.

We reviewed the movement of QSS personnel between different FDIC contracts to determine whether labor charges were billed to the appropriate contract. We also compared the names of the FDIC officials who were authorized to approve overtime on each of the contracts to the FDIC official that signed overtime approval forms to determine which contract the personnel were actually working on. The OIG also reviewed time sheet edit reports that QSS provided to ensure that QSS personnel were not charging the FDIC for work performed on non-FDIC contracts.

We reviewed QSS's technical proposals and the FDIC contracts to determine whether subcontractors were allowed, and what information was required to be disclosed to the FDIC regarding subcontractors. We also reviewed documentation related to the FDIC's approval of subcontractors and their rates. In addition, we determined the amount of subcontractor markups and determined whether the markups were allowable under the applicable contracts.

For two of the contracts—9700929NS2 and 9700800PJT—where QSS billed for cellular phones and pagers, we compared the number of phones and pagers billed to the number of personnel charging time to those contracts.

On the two non-GSA schedule contracts that the FDIC awarded, QSS warranted that its contract rates did not exceed the rates it currently charged to any other customer for similar services in like or smaller quantities. QSS also certified to the GSA that the prices proposed on its MAS contract were current, accurate, complete, and equal to or better than the rates given to any class of customer. To determine whether QSS complied with its price warranty clause, we reviewed the documentation that QSS provided to the GSA to obtain its MAS contract because it contained

details on hourly labor rates on all of QSS's contracts. Initially, we compared the rates and labor categories on the price list that QSS provided to the GSA to determine whether the data was current, accurate, and complete with regard to FDIC contracts shown on the price list. We reviewed the GSA's contract files, including the price negotiation memorandum, to determine what data the GSA relied on to negotiate the labor rates in QSS's MAS contract. We then compared that data to the labor rates on the contracts that the FDIC awarded directly to QSS.

We did not evaluate QSS's system of internal controls because the OIG concluded that it could meet the audit objective more efficiently by conducting substantive tests rather than placing reliance on the internal control system. The OIG conducted the audit from May 1999 through June 2000 in accordance with generally accepted government auditing standards.

## RESULTS OF AUDIT

We questioned \$2,305,507 of \$21,906,974 in QSS's invoices that we reviewed because the billings were either not in accordance with the terms of the contract or not adequately supported. Table 2 summarizes QSS's billings under the nine contracts and the amounts that the OIG questioned.

**Table 2: QSS Billings and OIG Questioned Costs**

Description	Billed	Questioned
Labor charges	\$21,595,200	\$2,230,433
Other direct costs	311,774	75,074
<b>Totals</b>	<b>\$21,906,974</b>	<b>\$2,305,507</b>

Source: OIG analysis of the FDIC's contracts with QSS and QSS's invoices and supporting documentation.

We questioned \$2,230,433 in labor charges because QSS billed

- personnel at higher labor rates than justified by their qualifications,
- labor to contracts with available funds that was allocable to other contracts that had reached their funding caps,
- subcontractor markups without obtaining the FDIC's approval of the subcontractors or their rates, and
- unallowable administrative labor charges.

We also questioned \$75,074 that QSS billed for cellular telephones and pagers because the FDIC did not authorize the charges and the charges were unreasonable in amount. Appendix I shows the total questioned costs by category for each contract. We also identified other matters concerning QSS's use of different labor mixes from those that were proposed, QSS's best

customer rate certification made to the GSA, the physical presence of QSS personnel, and the validity of QSS's off-site labor rates.

Based on our audit, the OIG recommends that the Director, Division of Administration, disallow \$2,305,507 of fees previously paid to QSS under the nine contracts covered by this audit and take specific actions to improve contract administration and monitoring.

## UNALLOWABLE LABOR CHARGES

We questioned \$2,230,433 of the \$21,595,200 in labor charges that QSS billed the FDIC. Table 3 summarizes the questioned labor costs by issue.

**Table 3: Summary of Questioned Labor Charges**

Description	Amount Questioned
Employee qualifications did not justify rates billed	\$1,898,778
Inappropriate reclassification of labor costs between contracts	213,832
Unallowable administrative labor charges	87,693
Subcontractor markups not approved	30,130
<b>Total</b>	<b>\$2,230,433</b>

Source: OIG analysis of the FDIC's contracts with QSS and QSS's invoices and supporting documentation.

### Employee Qualifications Did Not Justify Rates Billed

Both the FDIC's delivery orders and GSA's MAS contract under which the FDIC awarded them included minimum education and experience requirements for each labor category. Because the FDIC's and GSA's education and/or experience requirements differed for some of the labor categories, we compared employee qualifications to both the FDIC's and GSA's requirements. We identified 42 QSS employees and subcontractor personnel that did not meet the FDIC's minimum qualification requirements for their labor categories, which resulted in \$1,898,778 in excess labor billings. We also identified 40 QSS employees and subcontractor personnel that did not meet the GSA's minimum qualifications, which resulted in \$2,005,232 in excess labor charges. Many of the same employees were in both groups. However, QSS employees sometimes met the FDIC but not the GSA requirements and vice versa. Because the FDIC changed the GSA's education and experience requirements, we are only questioning the \$1,898,778 in excess labor billings based on the FDIC's requirements.

The GSA's contract established specific minimum education and experience requirements and hourly labor rates for various labor categories. For the FDIC's seven delivery orders awarded under the GSA's contract, the FDIC included minimum education and experience requirements that differed from the GSA's requirements. The FDIC's requirements sometimes lowered the



GSA's minimum requirements or allowed QSS to substitute additional work experience or an unspecified "certification" instead of minimum education requirements. For example, the FDIC revised the qualifications to allow a "certification" instead of an undergraduate degree in engineering or a related field. However, we identified 37 QSS employees and subcontractor personnel that did not meet either the FDIC's or GSA's requirements.

It is questionable whether the FDIC had the authority to alter the GSA's requirements for delivery orders that it placed under the GSA's MAS contract. Nonetheless, we limited our questioned costs to labor charges for individuals that did not meet the FDIC's requirements. Examples of individuals that did not meet the FDIC's minimum requirements follow:

- QSS billed a subcontractor employee as a senior IT (information technology) consultant although the individual had only 3 years and 5 months of systems-specialist and network-administration experience and did not have an undergraduate degree. The employee's remaining experience was in graphic design. The FDIC's requirements for a senior IT consultant was an undergraduate degree, or equivalent experience, and a minimum of 8 years of experience in IT architecture and management. The subcontractor employee was qualified to be a LAN analyst II and QSS should have billed the employee at an hourly rate ranging from \$33 to \$36 per hour. Instead, QSS billed that individual at rates ranging from \$89 to \$102 per hour. During the 18-month period from August 1997 through January 1999, QSS billed the FDIC \$266,896 for that individual's services. The proper amount based on the individual's qualifications should have been \$100,846 for that period. Accordingly, we questioned the difference of \$166,050.
- QSS billed one employee as a LAN analyst III who had completed 2 years of college and 1 year of network-related experience and was a Microsoft-certified product specialist in Windows NT administration.<sup>1</sup> The remainder of that employee's work experience was driving a delivery truck for 15 years. The FDIC's requirements for a LAN analyst III were 6 to 8 years experience and an engineering or related degree or a certification or equivalent experience. Using the \$29.60 to \$31.10 rate, which matched that individual's qualifications, QSS should have billed \$125,686 instead of the \$215,444 that it billed at the LAN analyst III rate. Accordingly, we questioned the difference of \$89,758.

We also identified instances where the QSS project manager promoted and billed individuals at the next higher labor category when they obtained a new certification. However, the project manager did not always consider experience requirements—in addition to the education and/or certification requirements—that would have prevented the individuals from qualifying for the higher labor category billed.

The FDIC has noted instances in other contracts where contractor personnel did not meet minimum qualification requirements. In an e-mail to FDIC contract oversight officials, the Unit Chief, Acquisition Services, stressed the importance of ensuring that contractor personnel meet

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<sup>1</sup>The Microsoft-certified product specialist in Windows NT administration is one of the six certifications that are required to become a Microsoft-certified systems engineer.

minimum qualification requirements as follows:

Going forward, on this and other contracts I want to issue a word of caution. BE CAREFUL!!! When reviewing resumes, the OM/TM [oversight manager/technical monitor] cannot arbitrarily substitute experience for other mandatory requirements. The candidate for the labor category for which they are being considered must fully meet ALL the requirements of that category.

Salary review forms in QSS’s personnel files contained summaries of employees’ education and experience as well as the education and experience required for those employees’ labor categories. Forms contained in the personnel files of 20 of the 42 employees that QSS billed in the wrong labor category indicated that those employees were not qualified for the labor category for which QSS billed them. For example, a salary review form for a QSS employee billed as a network analyst III indicated that the employee had a bachelor of science degree plus 2 years of experience and was pursuing a Microsoft-certified systems engineer certification. However, the contract required a bachelor of science degree or a certification plus 6 to 8 years of experience. QSS billed that employee as a LAN analyst III despite the salary review form showing that the employee did not qualify for that labor category. QSS billed another employee as a LAN analyst III although an interview assessment form showed that the employee had only 2 plus years of experience.

**Inappropriate Reclassification of Labor Costs Among Contracts**

QSS often reclassified labor costs among its FDIC contracts. Several of those reclassifications were made when QSS shifted the labor charges for employees working on contracts that were running low on available funds to other contracts with available funds. We questioned \$213,832 of contract reclassifications because the charges were not allocable to the contracts billed. Table 4 shows the amount of reclassifications questioned by contract.

**Table 4: Questioned Labor Cost Reclassifications by Contract**

<b>Contract</b>	<b>Questioned Costs</b>
9700929NS2	\$ 96,115
9700800PJT	126,265
9800058NLH	(69,352)
9800292CJT	43,979
9800325CJ8	16,825
<b>Total</b>	<b>\$213,832</b>

Source: OIG analysis of the FDIC’s contracts with QSS and QSS’s invoices and supporting documentation.

We identified the reclassifications from employee and subcontractor time sheets on which QSS altered the contract number billed. The altered time sheets contained lines drawn through the original charge codes and new charge codes entered on the time sheets. Contrary to QSS's policies, its employees did not initial the changes or provide an explanation for the alterations. QSS's policies stated that its employees must complete time sheets in blue or black ink and make any corrections to the time sheet in ink. QSS's policies also required the employee making the corrections and the employee's immediate supervisor to initial the corrections. The instructions further required employees to draw a line through the incorrect information and provide a brief explanation on the time sheet for all corrections. QSS's policies also stated that the signed approval of a time sheet certified the completeness, validity, and accuracy of the record and authorized the accounting department to issue employee wage disbursements and customer invoices.

In addition to its time sheet procedures, QSS also had procedures regarding task assignments. All employees were to have written authorization from QSS managers to perform work on a contract. QSS was to keep the task authorizations with the employees' time sheets and have them readily available for verification. Employees were responsible for notifying their project managers when their task assignments changed. However, QSS did not consistently change task assignment forms when it shifted labor charges among contracts.

QSS made several significant labor charge reclassifications from contracts that were nearly out of funding to contracts with ample funds remaining. For example, in August 1997, QSS reclassified labor charges totaling \$185,380 from its subcontract with Pulsar to two of its contracts with the FDIC—contracts 9700800PJT and 9700929NS2. The \$171,713 that QSS charged to the two FDIC contracts was less than the \$185,380 that QSS would have charged using the Pulsar subcontract rates. However, QSS had exhausted all but \$553 of the funding on the Pulsar subcontract. In addition, in August 1997, QSS reclassified charges of \$20,924 from its ANSTEC subcontract to its contract 9700929NS2 with the FDIC and billed \$23,307 under the latter contract for the reclassified personnel. Not only were the charges higher on the FDIC contract, but the charges also included \$4,800 for a QSS project manager who was working on a National Aeronautics and Space Administration contract for the first 2 weeks of August 1997. Some of the reclassified charges were also for the first 2 weeks of August 1997. QSS files indicated that QSS did not assign personnel to contract 9700800PJT until August 16, 1997.

Another example of shifting personnel from a contract that was running out of funding to contracts with available funds occurred in March 1998. QSS had billed 79 percent of its initial year funding on the 9700800PJT contract by the end of February 1998—7 months or 58 percent of the 12-month contract period that the funds were budgeted to cover. In March 1998, QSS reclassified 32 employee and subcontractor labor charges totaling \$106,013 from contract 9700800PJT to three other FDIC contracts—contracts 9800058NLH, 9800292CJT, and 9800325CJ8. However, QSS charged those contracts \$109,788 for the reclassified labor. In August 1998, when contract 9700800PJT received its optional second year funding, QSS moved back 26 of the personnel that it previously shifted to other contracts.

In addition, FDIC personnel who were not authorized to approve overtime on those three contracts signed 25 overtime approval forms for the personnel charged to the three contracts

during the May 1998 through July 1998 time frame. The FDIC authorized the personnel who signed those overtime approval forms to approve overtime on contract 9700800PJT only. In addition, several personnel that the FDIC did not authorized to approve overtime on any of the invoiced contracts signed overtime approval forms. Personnel that the FDIC authorized to approve overtime on the two contracts that picked up the reclassified personnel did not sign any of the overtime approval forms for the reclassified personnel for the May 1998 through July 1998 time frame.

### **Unallowable Administrative Labor Charges**

QSS billed the FDIC \$87,693 in labor charges for one employee who performed administrative functions for QSS. We question the entire \$87,693 because QSS was not allowed to bill general and administrative expenses to the FDIC contract. The contract stated:

For satisfactory performance of the work required hereunder, the FDIC shall compensate the Contractor at the hourly rates specified in the Exhibit 1 Price Schedule for the base period for actual productive hours worked exclusive of travel time, vacation, holiday, sick leave and other absences. These rates include any and all wages, overhead, general and administrative expenses and profit or fee.

Accordingly, QSS should not have billed the FDIC any general and administrative expenses. The employee provided the following description of his responsibilities and accomplishments in his performance appraisal covering July 1997 through July 1998:

I assist the project manager with any needs he may have to be filled. Responsibilities include: coordination of all travel arrangements for QSS employees at FDIC, production, retrieval, and examination of all employee timesheets on the FDIC contracts, cell phone and pager services for all such employees. I also handle all expense reports from these employees. Corporate responsibilities include: creating and managing the bi-monthly business development report, daily review of the Commerce Business Daily and Federal Sources web sites to locate potential procurement opportunities, and assisting the Vice President of business development with other marketing/business development needs.

I have brought to a close all outstanding travel expense reports, and created a tracking system to monitor all travel and subsequent reports. I have taken a more active role in the business development department, creating the report used to track potential procurements, and daily monitoring of the CBD to locate potential business opportunities. I am also the administrator for the Federal Sources and Win Award business development databases.

The employee's manager confirmed those duties as follows:

Mr. [redacted] has performed a variety of functions in support of the FDIC LAN contract. He has provided for the proper accounting and tracking of cell telephones and pagers and all time sheets and travel requests. He provides high quality support to the employees who need fast responses to travel requests. He has provided additional assistance in support of proposals at the FDIC and also in support of Business Development efforts at FDIC.

All of the duties described in the employee's performance appraisal are administrative in nature—primarily related to billings to the FDIC—and are not part of the work required in the contract's scope of services. Accordingly, the employee's labor costs were unallowable general and administrative costs, which we questioned.

### **Subcontractor Markups Not Approved**

Six of the seven delivery orders that the FDIC awarded under the GSA's MAS contract required QSS to disclose any subcontractors it planned to use, the subcontractor's rates, and the percentage used to mark up subcontractor invoices. For the seventh delivery order, QSS only had to disclose the subcontractor's name and the percentage of the work that the subcontractor was to perform. On the technical proposals for four of those seven delivery orders, QSS reported to the FDIC that it did not intend to use any subcontractors to perform the work, yet QSS did use subcontractors. Because the FDIC received services from the subcontractors and QSS incurred direct subcontractor costs, we only questioned \$30,130 of unauthorized markups on those subcontracts.

An April 1998 e-mail to an FDIC oversight manager stated that QSS planned to use subcontractors on two of its FDIC contracts—9800292CJT and 9800325CJ8. However, QSS did not disclose the subcontractor rates or markup percentage as required, and the oversight manager did not reply to the e-mail. Accordingly, QSS did not obtain required approvals on any of the four contracts where it used subcontractors. We identified a total of \$148,255 in unauthorized subcontractor markups that QSS billed to the FDIC. The markup percentages ranged from 2 percent to 33 percent. Because QSS has several contracts with other federal agencies where the payments are on a cost reimbursable basis, QSS was required to submit its actual incurred cost, including indirect rates, to the Defense Contract Audit Agency (DCAA). In its incurred cost submission to the DCAA, QSS reported that its actual subcontract administration rate was 1.29 percent and 2.31 percent for fiscal years 1997 and 1998, respectively. Accordingly, a reasonable markup percentage would have been close to those percentages.

Although we identified \$148,255 of unauthorized subcontractor markups that QSS billed to the FDIC, we only questioned \$30,130. We eliminated some of the markups when we recomputed allowable costs based on subcontractor employee qualifications. We only questioned the subcontractor markups that were greater than the recomputed labor category rate.

## **OTHER UNALLOWABLE COSTS**

QSS billed the FDIC \$25,848 and \$49,226 for unauthorized cellular telephones and pagers on contracts 9700929NS2 and 9700800PJT, respectively. We questioned the entire amount billed—\$75,074.

The contracts provided that QSS could be reimbursed for other direct costs if the FDIC contracting officer approved those costs in advance, in writing. However, neither QSS nor the FDIC provided support showing that the FDIC authorized cellular telephone and pager charges. Although contract 9700929NS2 contained a \$50,000 allowance for other direct costs, the contracting officer was still required to approve expenditures in advance, in writing. QSS provided documentation that FDIC oversight managers authorized seven text pagers. However, only contracting officers had authority to approve such expenditures.

In addition to the FDIC not authorizing the cellular telephone and pager charges as required, the amounts that QSS billed were sometimes unreasonable. For example, at the beginning of contract 9700929NS2, QSS billed about \$3,000 per month for 25 cellular telephones and 51 pagers. At that time, QSS billed the FDIC for about 55 people. In June 1998, near the end of the contract, QSS billed the FDIC for only two people but continued to bill for about 25 cellular telephones and about 38 pagers.

## **OTHER MATTERS**

We identified other issues that did not result in questioned costs, but warrant actions by the FDIC. Those issues include QSS's best customer rate certification to the GSA, proposed versus actual labor mix, and off-site labor rates and the FDIC's monitoring of QSS employees working in FDIC facilities.

### **Best Customer Rate Certification**

As part of qualifying as a MAS contractor, QSS certified to the GSA that its proposed labor rates were equal to or better than the rates given to any class of customer. However, QSS did not disclose accurate and complete information to the GSA, which inflated the rates that QSS negotiated with the GSA. In turn, those higher rates affected the rates that the FDIC negotiated with QSS for its delivery orders awarded under the GSA's MAS contract. We identified \$2,305,660 in potential cost recoveries based on contracts where QSS did not disclose labor rates to the GSA that were lower than labor rates in the contracts that QSS submitted to the GSA.

In an April 24, 1997, letter to the GSA, QSS stated:

As a follow-up to our previous listing of contracts to support our request for GSA rates, the four contracts listed below were excluded from our GSA

schedule in that the labor categories on these contracts are not included in the labor categories being requested through GSA.

In its letter, QSS only listed the contract title and customer name and stated whether QSS was a prime contractor or subcontractor. QSS did not disclose to the GSA the labor categories or labor rates for the excluded contracts. Two of the contracts that QSS excluded were its subcontract with ANSTEC for work on the FDIC’s network administration and its contract 9700078CAF with the FDIC for production support services. Five of the labor categories in those two excluded contracts were comparable to labor categories in QSS’s MAS contract with the GSA. QSS’s disclosure to the GSA of the rates in those contracts should have resulted in lower negotiated rates for some labor categories. Accordingly, the rates that QSS proposed to the GSA were not equal to or better than the rates given to any class of QSS’s customers, as certified. Table 5 shows the lowest rates that QSS disclosed to the GSA, negotiated rates on its GSA contract, and lowest rate charged for each of the five categories that QSS excluded from its price list submitted to the GSA.

**Table 5: QSS’s Labor Rates—Other Contracts Versus the GSA’s MAS Contract**

<b>Labor Category</b>	<b>QSS’s Lowest Rate Disclosed to the GSA</b>	<b>QSS’s Negotiated Rate on the GSA Contract</b>	<b>QSS’s Lowest Rate Not Disclosed to the GSA</b>
Network analyst I	\$36.00	\$34.20	\$21.05
Network analyst II	42.90	40.76	26.91
Network analyst III	55.39	52.62	47.85
Microcomputer specialist	30.41	28.89	21.78
Project manager II	67.43	64.06	39.38

Source: OIG analysis of QSS’s contract data submitted to the GSA and billings submitted to the FDIC.

QSS improperly excluded its ANSTEC subcontract for network administration and technical support services from its price list that formed a basis for its negotiations on the GSA’s MAS contract. The labor category titles on the ANSTEC subcontract were different from the titles on the GSA’s MAS contract. Despite the title differences, in its technical proposal for the solicitation for contract 9700800PJT, QSS emphasized that it would use the incumbent work force from the ANSTEC subcontract. QSS’s technical proposal stated:

... QSS and our subcontractor, ANSTEC, are currently performing the work specified in this procurement, and we can staff to the 100% level for this requirement using that incumbent workforce.

In fact, QSS used 25 of the same personnel on the ANSTEC job and subsequent contracts awarded under its MAS contract. The job categories and hourly rates for the personnel that remained in place were the same on the ANSTEC subcontract and the subsequent delivery orders

that the FDIC awarded to QSS under the GSA's MAS contract. Therefore, QSS should have disclosed to the GSA the rates on the ANSTEC subcontract for similar labor categories. Disclosure of those rates should have affected the rates that the GSA negotiated in that they were lower than the rates the GSA negotiated as "equal to or better than the rates given to any class of customer." The best rate that QSS charged should have been no more than \$21.05 for network analyst I; \$26.91 for network analyst II; \$47.85 for network analyst III (LAN analyst I, II, and III, respectively, on the FDIC contract); and \$21.78 for microcomputer specialist (microsupport specialist on the FDIC contract). Although the labor category titles were not the same between QSS's ANSTEC subcontract and its contract 9700800PJT with the FDIC, many of the personnel were the same.

Like the ANSTEC subcontract, QSS improperly excluded its contract 9700078CAF with the FDIC from its price list used to negotiate rates on its GSA contract. On contract 9700078CAF, QSS billed labor costs for a project manager. Likewise, QSS's MAS contract with the GSA had a project manager labor category. QSS billed two of its personnel as project managers on its FDIC contract 9700078CAF and its FDIC delivery orders 9700800PJT and 9700929NS2 awarded under the GSA's MAS contract. The job category and labor rates for those two personnel were the same when QSS billed them on its FDIC contract and FDIC delivery orders awarded under the GSA's MAS contract. Accordingly, QSS should have included the rates in its 9700078CAF contract with the FDIC on its price list submitted for the GSA's MAS contract. The lowest hourly rate that QSS charged for the project manager position on its FDIC contract was \$39.38 versus its negotiated hourly rate of \$64.06 under the GSA's MAS contract.

If QSS had properly disclosed the rates on its ANSTEC subcontract and its contract 9700078CAF with the FDIC, the rates negotiated under its GSA MAS contract should have been significantly lower for five labor categories. We identified potential cost recoveries of \$2,305,660 based on the maximum rates that the GSA should have negotiated if QSS had made an accurate and complete disclosure to the GSA. The OIG reported the best customer rate issue to the GSA's OIG and contracts office. The FDIC should recover any costs that the GSA determines to be excessive based on its analysis of QSS's inaccurate and/or incomplete labor rate disclosures.

### **QSS's Proposed Versus Actual Labor Mix**

QSS billed more hours at higher rate labor categories and fewer hours at lower rate labor categories than specified in its contract proposals. For example, on contracts 9700929NS2, 9700800PJT, and 9800058NLH, QSS billed 5,920 more hours than budgeted for the senior IT consultant categories at rates of \$101 to \$102 per hour. On the same contracts, QSS billed 5,317 less hours than budgeted for the project manager category at hourly rates of \$59 to \$60. Furthermore, QSS proposed the same project manager as a full-time manager on six different contracts, some of which ran concurrently. In some of its technical proposals, QSS stated that senior IT consultants would fill in for the project manager when needed. However, the project manager rate was as much as \$42 per hour less than the senior IT consultant rate.



In addition, on contract 9700800PJT, QSS billed 20,310 hours less than budgeted for LAN analyst I and microsupport specialist categories with rates of \$22 to \$30 per hour. However, QSS billed 35,887 hours more than budgeted for the LAN analyst II category at a rate of \$37 per hour.

We computed excessive billings of \$403,701 based on QSS billing more hours than budgeted at the higher senior IT consultant rate and LAN analyst II rates. However, we did not question those costs because they duplicated costs questioned where senior IT consultants and LAN analyst II personnel did not meet minimum qualification requirements and were lowered to other categories.

### Off-Site Labor Rates

For the FDIC’s delivery order 9801148NRM awarded under the GSA’s MAS contract, QSS included off-site labor rates in its cost proposal to the FDIC. However, the GSA did not approve off-site rates in its MAS contract with QSS. Furthermore, in some instances the off-site rates that the FDIC negotiated with QSS were higher than the maximum rate allowed in QSS’s MAS contract with the GSA. Table 6 shows the off-site rates that exceeded the maximum rates allowable under the GSA contract.

**Table 6: Off-Site Rates That Exceeded the GSA’s MAS Contract Maximum Rates**

<b>Labor Category</b>	<b>GSA Contract’s Maximum Hourly Rate</b>	<b>Off-Site Rate Per Contract 98001148NRM</b>
Project manager	\$66.30	\$66.58
LAN analyst III	54.46	57.15
Programmer analyst	51.13	54.40

Source: OIG analysis of QSS’s MAS contract with the GSA and contract 9801148NRM with the FDIC.

Rates negotiated for the FDIC’s delivery order 9801148NRM stated that QSS would perform the work with 6 on-site contractor personnel and 11 off-site contractor personnel at the contractor’s facilities. The rates negotiated for the off-site personnel were higher than the rates for the on-site personnel. However, QSS’s MAS contract with the GSA specified maximum hourly rates that it could charge for each labor category. We did not question any costs because QSS’s did not bill any off-site rates through October 1999. However, the FDIC should ensure that QSS’s future billings against FDIC delivery orders awarded under the GSA’s MAS contract do not exceed the maximum labor rates contained in the GSA’s MAS contract.

### Monitoring of Employees in FDIC Facilities

We identified instances where QSS billed for employees or subcontractors on days when available records indicated the employees were not present. Accordingly, the FDIC may be

paying for services that it is not receiving. The FDIC could benefit from increased monitoring of personnel that QSS bills to its contracts.

QSS was required to provide weekly status reports to the FDIC, which listed the names of personnel working on the contract and the number of hours that each person worked. We noted that 9 out of 48 people that QSS billed to contract 9700800PJT during the period June 27, 1999, through July 31, 1999, were not listed in the weekly status reports for July 1999. In addition, one subcontractor that QSS billed to the FDIC for the week ended May 28, 1999, was not included in the weekly status report for that period.

We traced a sample of days that the 10 people were billed to the contract to the FDIC's facilities entrance records created by the use of security badges. We obtained security badge transaction reports from March 1999 through July 1999 and identified discrepancies on 6 of the 10 individuals sampled. The transaction records did not indicate that the six individuals entered the FDIC's facilities for 45 of 366 instances where QSS billed hours for those individuals. The labor charges billed for those 45 instances totaled \$17,688. We did not question any costs pertaining to those discrepancies because we recognize that even though a person enters a facility that person may not appear in security system records due to some situations. For example, staff could enter the Virginia Square facilities through the hotel parking lot elevator without scanning their access cards. In addition, the FDIC's security system may be out of order from time to time. However, we identified sufficient discrepancies to suggest that the FDIC should strengthen its monitoring to ensure that personnel that QSS bills to the FDIC are present on the days billed.

QSS's GSA contract incorporates a clause from *Federal Acquisition Regulation* 52.246-6 regarding inspection of services. This clause says the government has the right to inspect and test all services performed under the MAS contract to the extent practical at all places and times. To determine whether personnel are present and working on the contract and QSS is properly charging the contract, the FDIC could benefit from performing periodic unannounced inspections of personnel performing services both on-site and off-site.

## **CONCLUSIONS AND RECOMMENDATIONS**

Of the \$21,906,974 in QSS billings that we reviewed, we questioned \$2,305,507. Specifically, we questioned \$1,898,778 for employees not meeting minimum qualifications, \$213,832 for reclassifications of time charges between contracts, \$87,693 for administrative costs, \$30,130 for subcontractor markups, and \$75,074 for cellular telephone and pager charges. In addition, we identified other matters including QSS's best customer rate certification to the GSA, proposed versus actual labor mix, and off-site labor rates and the FDIC's monitoring of QSS's employees working in the FDIC's facilities. Accordingly, we recommend that the Director, Division of Administration, take the following actions:

- (1) Disallow \$2,230,433 (questioned cost) that QSS billed as improper labor charges.
- (2) Disallow \$75,074 (questioned cost) that QSS billed for cellular telephones and pagers.

- (3) Review QSS's billings submitted after October 1999 and disallow inappropriate labor charges and other direct costs.
- (4) Coordinate with the GSA on \$2,305,660 in potential cost recoveries resulting from QSS's inaccurate and incomplete disclosures to the GSA regarding its best customer rates.
- (5) Monitor QSS's labor mix billings to ensure that excessive hours are not billed in the higher labor rate categories for current and future contracts.
- (6) Modify the hourly rates on the desktop support contract (9801148NRM) to ensure that off-site labor rates do not exceed the maximum rates allowed under the GSA's MAS contract.
- (7) Require FDIC representatives to perform periodic unannounced inspections to determine whether contractor and subcontractor personnel are present and working on FDIC tasks and QSS is charging their time to the proper contracts.

## **CORPORATION COMMENTS AND OIG EVALUATION**

On November 7, 2000, the Director, Division of Administration (DOA), provided a written response to a draft of this report. The Director's response agreed with the recommendations and provided the requisites for a management decision on each of the seven recommendations. We did not summarize the Director's response because the actions planned or completed are the same as those recommended. Appendix II to this report presents the Director's response. On October 24, 2000, DIRM's Chief, Internal Review, responded that since the report contained no DIRM recommendations, the division had no comments to offer.

Appendix III presents management's proposed actions on our recommendations and shows that there is a management decision for each recommendation in this report. Based on the audit work, the OIG will report questioned costs of \$2,305,507 in its *Semiannual Report to the Congress*.

## Questioned Costs By Contract

Category	9700800PJT	9700929NS2	9800058NLH	9800292CJT	9800325CJ8	9801148NRM	Totals
Minimum qualifications	\$ 858,981	\$203,494	\$142,709	\$273,506	\$329,792	\$90,296	\$1,898,778
Reclassifications	126,265	96,115	(69,352)	43,979	16,825	0	213,832
Subcontract markups	0	17,100	0	7,486	5,544	0	30,130
Administrative	45,977	41,716	0	0	0	0	87,693
<b>Labor costs subtotal</b>	<b>\$1,031,223</b>	<b>\$358,425</b>	<b>\$ 73,357</b>	<b>\$324,971</b>	<b>\$352,161</b>	<b>\$90,296</b>	<b>\$2,230,433</b>
Other direct	49,226	25,848	0	0	0	0	75,074
<b>Totals</b>	<b>\$1,080,449</b>	<b>\$384,273</b>	<b>\$ 73,357</b>	<b>\$324,971</b>	<b>\$352,161</b>	<b>\$90,296</b>	<b>\$2,305,507</b>

Source: OIG analysis of the FDIC's contracts with QSS and QSS's invoices and supporting documentation.



**FDIC**


Federal Deposit Insurance Corporation  
550 17th Street, NW, Washington, DC 20429

APPENDIX II

Division of Administration

November 7, 2000

**TO:** Sharon M. Smith  
Assistant Inspector General

**FROM:** Arleas Upton Kea   
Director, Division of Administration

**SUBJECT:** Management Response to Draft Report: Audit of the QSS Group's Billings to the FDIC for Information Technology Services

The Division of Administration (DOA) has completed its review of the referenced Office of Inspector General (OIG) draft report. The OIG identified five audit findings and made seven recommendations, two involving \$2,305,507 in questioned costs.

Recommendations 1, 2, 3, 4, and 6 will require additional corrective actions by the Acquisition and Corporate Services Branch (ACSB). Our plan to address the recommendations is summarized in Exhibit A with expected completion dates and the documentation that will confirm completion of the corrective actions. **Based on the Management Response, this also serves as a statement of certification that ACSB has completed necessary corrective action for recommendation numbers 5 and 7.**

**MANAGEMENT DECISION**

**OIG FINDING #1: QSS Billed Improper or Unauthorized Charges Not Allowable Under the Contract**

**OIG Recommendation #1:** Disallow \$2,230,433 (questioned cost) that QSS billed as Improper labor charges.

**Management Response:** We agree with the recommendation. DOA will disallow and pursue recovery of amounts that cannot be adequately supported by the contractor. We estimate final resolution of this recommendation by January 31, 2001.

**OIG Recommendation #2:** Disallow \$75,074 (questioned cost) that QSS billed for cellular telephones and pagers.

**Management Response:** We agree with the recommendation; and we will disallow and pursue recovery of these amounts if they were not properly authorized and cannot be supported by the contractor. We estimate final resolution by January 31, 2001.

**OIG Recommendation #3:** Review QSS's billings submitted after October 1999 and disallow inappropriate labor charges and other direct costs.

**Management Response:** We agree with the recommendation. Since the OIG audit covered QSS billings through October 1999, there was about \$2.8 million in contract authorizations that may have been spent after that date that were not audited. Once we have completed corrective action for recommendations 1 and 2, we will decide the extent of the review necessary to ensure the propriety of contractor charges that were not covered by your audit. We estimate completion of this follow-up action by April 10, 2001.

**OIG FINDING #2: QSS Reported to GSA Inaccurate and Incomplete Labor Rate Data Used to Calculate the Best Customer Rate**

**OIG Recommendation #4:** Coordinate with the GSA on \$2,305,660 in potential cost recoveries resulting from QSS's inaccurate and incomplete disclosures to the GSA regarding its best customer rates.

**Management Response:** We agree with the recommendation. We were informed that the GSA Inspector General plans to investigate this issue. We will contact GSA and request that we be advised of the outcome of that investigation. In the meantime, we will monitor progress of this issue; and when GSA reports its findings, ACSB will take appropriate action. We expect to send a request to GSA and assign this issue to our Quality Assurance Unit by December 15, 2000.

**OIG FINDING #3: QSS Billed More Hours At Higher-Rate Labor Categories and Fewer Hours At Lower Rates Than Specified In Its Contract Proposals**

**OIG Recommendation #5:** Monitor QSS's labor mix billings to ensure that excessive hours are not billed in the higher labor rate categories for current and future contracts.

**Management Response:** Section 7.G.1.c. of the FDIC Acquisition Policy Manual charges the OM with the responsibility to ensure that contractor resources are used at proposed levels. To reconcile this difference and more generally, to improve OM conformance with our policies, ACSB conducted a training class on September 20, 2000, for all OMs in the Division of Information Resources Management (DIRM) to address audit issues raised in several recent audits of DIRM contracts. The training addressed this recommendation; and OMs are required to notify the Contracting Officer by email, of any wide variances between proposed and actual use of labor resources. A copy of the training modules was given to all the OMs in DIRM.

In addition to the formal training, the Acquisition Section recently distributed a laminated notebook insert summarizing OM responsibilities in APM Sec. 7.B. This is intended to be used as a quick reference. **This response serves as a statement of certification that ACSB has completed the necessary corrective action for recommendation #5.**

**OIG FINDING #4: QSS Did Not Have GSA Approval For Off-Site Rates On One Of Its Contracts; and FDIC Negotiated Some Off-Site Rates That Exceeded The Maximum Rate Allowed in the Contractor's MAS Contract With GSA**

**OIG Recommendation #6:** Modify the hourly rates on the desktop support contract (98-01148-N-RM) to ensure that off-site labor rates do not exceed the maximum rates allowed under the GSA's MAS contract.

**Management Response:** In the contract cited in the OIG report, while working out price schedules with the contractor, ACSB may have inadvertently agreed to labor rates that exceeded the maximum allowed by GSA. We will review that contract, and will make necessary modifications to comply with GSA's MAS contract. We estimate completion of corrective action by January 31, 2001.

**OIG FINDING #5: QSS Billed For Employees and Subcontractors on Days That Attendance Records Indicate Those Personnel Were Not Present.**

**OIG Recommendation #7:** Require FDIC representatives to perform periodic unannounced inspections to determine whether contractor and subcontractor personnel are present and working on FDIC tasks and QSS is charging their time to the proper contracts.

**Management Response:** Sections 7.B.1. and 7.G.3. of the APM cover use of the site visit by the Contract Oversight Manager (OM) to monitor contractor performance, and more specifically, to compare schedules to actual performance, and ensure that employees working on a contract are assigned to appropriate tasks. The ACSB training course conducted September 20, reinforced the importance of verifying contractor attendance, and being alert to the possibility of cost shifting between contracts. ACSB also emphasized the potential loss to the Corporation by highlighting the total questioned cost identified by the OIG for each audit issue. A copy of the training modules was distributed to all OMs in DIRM. **This response serves as a statement of certification that ACSB has completed the necessary corrective action for recommendation #7.**

If you have any questions regarding this response, you may call Richard Johnson, DOA Financial Review Group, at (202) 942-3191 or Andrew Nickle, DOA Audit Liaison, at 942-3190.

cc: Mike Rubino  
Deborah Reilly  
Janet Roberson  
Harry Baker  
Howard Furner  
Tom Harris  
Richard Johnson  
Andrew Nickle  
Rack Campbell

**EXHIBIT A**

<p><b>DIVISION OF ADMINISTRATION</b>  <b>SUMMARY OF MANAGEMENT DECISION</b></p>
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NO.	FINDING DESCRIPTION	QUESTIONED COST	AMOUNT DISALLOWED	DESCRIPTION OF CORRECTIVE ACTION	EXPECTED COMPLETION DATE	DOCUMENT VERIFYING COMPLETION
1	Contractor billed improper or unauthorized charges that were not allowable under the contract.			Management agreed with the finding and recommendations.		
	a. Labor charges:					
	(1) Employee qualifications did not justify rates billed.	\$1,898,778	\$1,898,778			
	(2) Inappropriate reclassification of labor costs between contracts.	213,832	213,832			
	(3) Unallowable administrative labor charges.	87,693	87,693			
(4) Subcontractor markups not approved.	30,130	30,130		Recommendation #1: DOA will take recovery actions for all amounts that the contractor is unable to adequately support (\$2,230,433).	01/31/01	— 
b. Other unallowable costs:						
Unauthorized cellular telephones and pagers.	75,074	75,074		Recommendation #2: DOA will take recovery actions for all amounts that the contractor is unable to adequately support (\$75,074).	01/31/01	Decision Memorandum Or Demand Letter
				Recommendation #3: We will review additional contractor invoices submitted after October 1999. The extent of that review will depend on the outcome of the other disallowed amounts.	04/10/01	—   Decision Memorandum / Working Papers



**EXHIBIT A**

(Con't)

<b>SUMMARY OF MANAGEMENT DECISION</b>
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NO.	FINDING DESCRIPTION	QUESTIONED COST	AMOUNT DISALLOWED	DESCRIPTION OF CORRECTIVE ACTION	EXPECTED COMPLETION DATE	DOCUMENT VERIFYING COMPLETION
2	Contractor did not report accurate, complete information to GSA resulting in an inaccurate calculation of Best Customer Rate.	-0-	-0-	<p>Management agreed with the finding and recommendation.</p> <p>Recommendation #4: We will coordinate with the GSA and OIG to ensure that we are informed when a final determination is made of how much FDIC was overcharged due to inaccurate contractor data.</p>	12/15/00	Correspondence to GSA and OIG
3	Actual labor mix resulted in significantly more hours charged for higher labor categories than originally proposed by the contractor.	-0-	-0-	<p>Management agreed with the recommendation.</p> <p>Recommendation #5: ACSB conducted training for all DIRM Oversight Managers covering their responsibilities regarding labor mix; and a Oversight Manager quick reference guide was also distributed to all APM recipients.</p>	Completed	Training syllabus; OM quick reference guide
4	Contractor did not have GSA approval for off-site rates for one FDIC contract; and some off-site rates agreed to by FDIC exceeded the maximum rate allowed under the GSA contract.	-0-	-0-	<p>Management agreed with the finding and recommendation.</p> <p>Recommendation #6: We will review the contract identified in the audit report, and make necessary modifications to comply with the GSA MAS contract.</p>	01/31/01	Decision Memorandum / Contract Modification
5	The contractor billed for individuals on days that attendance records indicate those personnel were not present.	-0-	-0-	<p>Management agreed with the finding and recommendation.</p> <p>Recommendation #7: The ACSB training course conducted in September 2000 reiterated to OMs, the importance of verifying contractor attendance and the shifting of costs between contracts.</p>	Completed	Training syllabus
Totals		\$2,305,507	\$2,305,507			

## MANAGEMENT RESPONSES TO RECOMMENDATIONS

The Inspector General Act of 1978, as amended, requires the OIG to report on the status of management decisions on its recommendations in its semiannual reports to the Congress. To consider the FDIC's responses as management decisions in accordance with the act and related guidance, several conditions are necessary. First, the response must describe for each recommendation

- the specific corrective actions already taken, if applicable;
- corrective actions to be taken together with the expected completion dates for their implementation; and
- documentation that will confirm completion of corrective actions.

If any recommendation identifies specific monetary benefits, FDIC management must state the amount agreed or disagreed with and the reasons for any disagreement. In the case of questioned costs, the amount that the FDIC plans to disallow must be included in management's response.

If management does not agree that it should implement a recommendation, it must describe why it does not consider the recommendation valid.

Second, the OIG must determine that management's descriptions of (1) the course of action already taken or proposed and (2) the documentation confirming completion of corrective actions are responsive to its recommendations.

This table presents management's responses on recommendations in our report and the status of management decisions. The OIG based the information for management decisions on management's written response to our report.

Rec. Number	Corrective Action: Taken or Planned / Status	Expected Completion Date	Documentation That Will Confirm Final Action	Monetary Benefits	Management Decision: Yes or No
1	The Director, DOA, agreed with the recommendation and stated that DOA will disallow and pursue recovery of amounts that the contractor cannot adequately support.	01/31/01	Decision memorandum or demand letter.	\$2,230,433 disallowed cost	Yes
2	The Director, DOA, agreed with the recommendation and stated that DOA will disallow and pursue recovery of amounts that the contractor cannot adequately support.	01/31/01	Decision memorandum or demand letter.	\$75,074 disallowed cost	Yes
3	The Director, DOA, agreed with the recommendation. The Director stated that after completing corrective actions for recommendations 1 and 2, DOA would review the contractor charges submitted after October 1999, which our audit did not cover, to ensure the propriety of those charges.	04/10/01	Decision memorandum or demand letter.	Unknown	Yes

<b>Rec. Number</b>	<b>Corrective Action: Taken or Planned / Status</b>	<b>Expected Completion Date</b>	<b>Documentation That Will Confirm Final Action</b>	<b>Monetary Benefits</b>	<b>Management Decision: Yes or No</b>
4	The Director, DOA, agreed with the recommendation and stated that DOA will monitor the progress of the GSA Inspector General's review and take appropriate action when the GSA reports its findings.	12/15/00	Correspondence to the GSA.	Unknown	Yes
5	The Director, DOA, agreed with the recommendation and stated that DOA conducted a training class on September 20, 2000, for all DIRM oversight managers. The Director stated that the training addressed this recommendation by instructing oversight managers to notify the contracting officer of any wide variances between proposed and actual labor usage. The Director added that DOA also distributed a quick reference guide summarizing oversight manager responsibilities.	Completed	Training syllabus and oversight manager quick reference guide.	Unknown	Yes
6	The Director, DOA, agreed with the recommendation and stated that DOA would review the contract and make necessary changes to comply with the maximum rates allowed under the GSA's MAS contract.	01/31/01	Decision memorandum or contract modification.	Unknown	Yes
7	The Director, DOA, agreed with the recommendation and stated that the September 20, 2000, DOA training course instructed oversight managers on the importance of verifying contractor attendance and being alert to cost shifting between contracts.	Completed	Training syllabus.	Unknown	Yes