

**STATEMENT OF**  
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**U.S. GENERAL SERVICES ADMINISTRATION**  
**BEFORE THE**  
**SUBCOMMITTEE ON SEAPOWER**  
**AND EXPEDITIONARY FORCES**  
**COMMITTEE ON ARMED SERVICES**  
**U.S. HOUSE OF REPRESENTATIVES**  
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**Chairman Taylor, Ranking Member Bartlett, and committee members, I am Jim Williams, Commissioner for the Federal Acquisition Service within the General Services Administration (GSA). I am pleased to appear before this Subcommittee to testify on GSA's role in the 2002-2003 procurement of floating security barriers designed to protect U.S. Navy Ships in port or at anchor.**

**The GSA is the central acquisition agency in the Federal Government. GSA's Federal Acquisition Services (FAS), leverages the Government's buying power on behalf of Federal agencies by acquiring products, services and solutions at best value in support of their missions.**

**Over the last five years, GSA set out a program to address and carry out significant changes in the management and execution of its acquisition and contract management policies, procedures and practices. GSA redoubled its efforts to make improvements and ensure our customers were getting best value for their contracting requests. GSA and the Federal Acquisition Service (FAS) have made significant, positive management and financial changes to procurement operations over the last five years to lead in the areas of accountability, transparency and delivery of services to customers.**

**Several years ago, GSA's senior management, including the Regional Offices and Central Office executives, reviewed our contracting activities, including GSA's Office of the Inspector General conducting audits of contracting practices throughout GSA. One of the serious problems found was the purchase of boat barriers made by GSA's then Federal Technology Service (FTS) on behalf of the Navy Criminal Investigative Service (NCIS), which began shortly after the terrorists attacks on September 11, 2001 and in the aftermath of the attack on the USS COLE. The original contract request was for floating security barriers designed to protect the men and women serving on our Navy ships. In 2003, after becoming aware of the ongoing GSA IG audit and the issues identified on the boat barrier projects, GSA terminated, for the convenience of the Government, all remaining work on this matter.**

**GSA recognized the serious contracting irregularities that occurred and moved swiftly and aggressively to fix the problem and to prevent it from happening again. GSA made the corrective action in the FTS the top priority for the Agency. We developed and put in place an action plan to take immediate steps to address our acquisition errors, not only in the**

region where the boat barrier tasks occurred, but in all eleven FTS Client Support Centers providing Assisted Acquisition Services. The Office of the Inspector General (OIG) also identified several procurement violations and recommended several areas that needed to be improved. GSA senior management agreed with the OIG audit findings and recommendations and took action to address them.

GSA established a high-level working group that met weekly to address our contract management action plan, including deliverables and timeline assessments. In addition, we created an initiative entitled "Get It Right" to specifically organize and address acquisition concerns. Our "Get It Right" initiative, which occurred a couple years ago, made GSA a better, more effective and compliant contracting agency. Under "Get it Right," GSA did the following:

- Issued updated and revised contract and financial policy and procedures;
- Implemented extensive training of our project managers and contracting officers in the Federal Acquisition Regulations
- Increased and improved management oversight of contracts, procurement practices and financial reporting;
- Provided additional training on the appropriate use of our Schedules and Government Wide Acquisition Contracts; and
- Worked jointly with other agencies, including the Department of Defense, on ensuring that bona fide needs are fully supported and business requirements are addressed in the statement of work.

I would like to specifically highlight several key areas where GSA is a better agency as a result of the hard lessons learned years ago.

#### Strengthened Management Controls

GSA recognizes that there was a need for accountability among our leadership, managers, contracting officers and project managers when such infractions occur as the boat barrier procurements. GSA has instituted a review process for pre-award task orders over \$1 million using Contract Review Boards which include senior managers in that review. In addition, GSA has a policy that all task orders over \$5 million must be reviewed by GSA Legal Counsel prior to award. The agency also conducts Procurement Management Reviews annually by a team of GSA procurement experts external to the area reviewed. These reviews are documented in writing and discussed with the senior management team. Also, in the Heartland Region, where the boat barrier tasks occurred, we have an internal FAS position, Program Evaluation Officer, to review sample task order files.

Across the regions, we properly distributed the workload to ensure our contracting officers could conduct appropriate due diligence for our customer's requests for assisted acquisition services. For example, Kansas City has implemented a workload tracking application that allows managers and associates the ability to review the workload of contracting officers and project managers. This system also standardizes and automates our acquisition processes and provides reporting necessary for internal management controls.

### Training for GSA's Contracting and Program Officers

GSA has worked aggressively to provide core training in (1) appropriations law, (2) the proper use of Schedules and Government Wide Acquisition Contracts, and (3) project management training and certification.

The Heartland Region has a training needs assessment for managers, contracting officers and project managers. Many project managers and contracting officers in the Heartland Region have completed or are currently completing the Project Management associate certification training which was provided by The George Washington University.

### Customer Relationship Management

In the acquisition process, we rely strongly on our customers to provide us sound information and to help us understand the type of product or service that we are acquiring on their behalf. We have partnered specifically with the Department of Defense (DoD) to further educate and train our customers on the acquisition process we must follow. In addition, our customer agencies have specific acquisition processes that must be followed, as well. We have implemented a GSA and DoD working group that meets weekly to address acquisition issues and concerns from both agencies. In addition, we recently signed a joint Memorandum of Agreement with the Department of Defense that further outlines our commitment to ensure a sound and compliant acquisition process.

### Contractual and Financial Accountability Results

GSA developed an action plan to improve its budgetary reporting. It was a team effort – across GSA staff reviewed 2.5 million transactions and over \$1 billion of customer orders as well as contract files. We returned nearly \$1 billion to our Federal customers, including nearly \$579 million to Department of Defense. We also have an internal control program to

**monitor and track financial activity including monthly financial reporting that goes directly to our executives and contracting staff: payables, receivables, unfilled customer orders and obligations.**

**I am very happy to report that we received a clean “unqualified” opinion on our Financial Statement Audit from an outside, independent auditor -- PriceWaterhouseCooper. For GSA, this is a testament to the commitment of our contracting officers, program managers and financial analysts to assure our customers we appropriately and legally apply their Federal funds to contract activity.**

**Further, in December 2006, the GSA’s OIG published the final results of a second series of audits of FAS. Again, I am proud to report that the OIG’s findings showed GSA had significantly addressed the weaknesses previously found in our contract management practices. Specifically, the OIG said that FAS was providing compliant assisted acquisition services with proper management and internal controls in place. We take management and internal controls seriously at GSA and the time spent to improve our controls, train our employees and develop improved customer relationship management has resulted in significantly improved contract management practices.**

### **Summary**

**GSA recognizes that we have a responsibility to provide sound acquisitions for our Federal customers. GSA’s dedicated employees do billions of dollars in Federal contract business with our customers and industry partners annually and in compliance with Federal laws and rules. Our employees are inspired to help our customer agencies be more effective and efficient in meeting their missions every day by providing best value products, services, and solutions. We leverage the Government’s buying power and our acquisition expertise in ways that help all agencies to be better stewards of taxpayer dollars.**

**Thank you Mr. Chairman. I welcome any questions you or the Committee may have.**