



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

July 5, 2011

MEMORANDUM FOR: JULIA E. HUDSON
REGIONAL ADMINISTRATOR
NATIONAL CAPITAL REGION (WA)

Maria A. Royster for

FROM: R. NICHOLAS GOCO
DEPUTY ASSISTANT INSPECTOR GENERAL FOR
AUDITING
REAL PROPERTY AUDIT OFFICE (JA-R)

SUBJECT: Recovery Act Memorandum—Building Systems, Building
Tune-up, and Lighting System Project for Group 7
Review of PBS's Limited Scope and Small Construction
Projects Funded by the American Recovery and
Reinvestment Act of 2009
Audit Number A090184-39/P/R

As part of our oversight of the National Capital Region's limited scope and small construction American Recovery and Reinvestment Act¹ (Recovery Act) projects, we reviewed the task order award² for the building systems, building tune-up, and lighting system project for Group 7³ in the amount of \$3,996,465, including all options. Our objectives were to determine if the project met the requisite "green building" investment strategy and if GSA's Public Buildings Service (PBS) awarded the task order in accordance with the provisions of the Federal Acquisition Regulation (FAR).

During our review, we identified two issues that we would like to bring to your attention. Specifically:

1. The acquisition plan was not approved at the appropriate level nor was it dated.

¹ The American Recovery and Reinvestment Act of 2009 appropriated \$5.55 billion to the Public Buildings Service's Federal Buildings Fund, the majority of which was related to measures necessary to convert its facilities to High-Performance Green Buildings. The Recovery Act also required the Office of Inspector General to oversee and audit programs, grants, and projects funded under this Act.

² Task order number GS-P-11-10-YA-0083 against GSA Areawide Public Utilities Contract number GS-00P-10-BSD-0725.

³ Group 7 includes the Lyndon B. Johnson Education Building and Washington Field Office 601 4th Street.

2. An incomplete assessment of one energy conservation measure (ECM) circumvented the management controls established to ensure ECMs meet greening strategy goals.

Deficient Acquisition Plan

The acquisition plan was not approved at the appropriate level. The plan estimated the value of the project at \$4,200,000. According to Recovery Act guidance⁴, projects valued between \$100,000⁵ and \$5.5 million should be approved by an official one level above the contracting officer. In this case, only the contracting officer signed the acquisition plan. The Regional Recovery Executive, who is a level above the contracting officer, did not sign to show approval. This oversight occurred because of the time constraints imposed by awarding a number of contracts simultaneously to meet Recovery Act deadlines. Additionally, the acquisition plan was not dated, making it impossible to verify that it was completed prior to the request for quotations sent on September 7, 2010. The purpose of acquisition planning, per FAR 7.102(b), "is to ensure that the Government meets its needs in the most effective, economical, and timely manner." Appropriate approval and timely completion of the plan help ensure these goals are met.

Management Comments

PBS concurred in the audit finding.

Energy Conservation Measure Not Reviewed by Program Management Office

The ECM for the automated lighting control system⁶ was not vetted through the proper approval process. The project manager indicated that this ECM was not expected to be funded; however, all line items on the GSA Form 300 award document have the potential to be awarded. The proper process to approve an ECM begins with the creation of an energy study that identifies estimated savings and payback for ECMs. This information should then be incorporated in the Limited Scope Approval Request (LSAR), which is reviewed by the National Recovery Program Management Office. While an energy study was performed for this ECM, the ECM was not incorporated into an LSAR or reviewed by the National Recovery Program Management Office. This circumvents the management controls established to ensure that only energy measures that meet GSA's greening strategy goals are awarded.

⁴ GSA Acquisition Letter V-09-01 contained guidance on acquisition planning including appropriate approving officials at various dollar thresholds.

⁵ The simplified acquisition threshold was \$100,000 at the time of award.

⁶ Automated lighting control system is an optional line item with a potential value of \$832,341.

Management Comments

PBS concurred in the audit finding.

We appreciate the support that has been provided throughout this review. If you have any questions about this memorandum, please contact me at (202) 219-0088.