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TAB A (FAILING DEFICIENCIES)

OFFICE SYMBOL/(MONTH/YEAR): SAIG-IO (DEC/ 09)

INSPECTION/UNIT/ORGANIZATION: Arlington National Cemetery (ANC)

LOCATION/SRC/COMMAND CODE/UIC: Arlington National Cemetery

5. OBJECTIVE/ FUNCTIONAL AREA: Assess contracting procedures at ANC to determine if ANC complies with applicable Federal, Defense, and Army acquisition regulations.

a. FAILING DEFICIENCY IO-10-01.0x: Acquisition/procurements for ANC information technology (IT) and corresponding 300 Reports were not consistent with Office of Management and Budget (OMB) Circulars A-11¹, A-130 -Management of Federal Information Resources, Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), DoD Regulations 8500.2, and Army Regulation (AR) 25-1 and, contracts awarded by US Corps of Engineers (USACE) and Contracting Center for Excellence (CCE) did not meet FAR/DFARS and Army Federal Acquisition Regulation Supplement (AFARS) requirements (e.g., procurement integrity, no responsibility determinations, contractors performing inherently governmental functions, improper source selection/award, improper cost/price analysis-determination of fair and reasonable pricing, improper contracting with non DOD entities, etc).

(1) ROOT CAUSES: No viable, compliant, and cost effective IT systems are in place because the official assigned was not qualified, they disagreed with applicable DoD/Army acquisition and IA requirements for IT products/ services, and failed to take advise of expert assessments requested. Contributing factors include: lack of oversight by ANC management and responsible Army entities; poorly trained contracting officials, lack of formalized support agreements (DOIM and Ft Belvoir); outsourcing of key functions (budget execution/fund certification/MIPRs); lack of knowledge/training on available Veterans Affairs (VA) software capabilities; lack of acquisition training (ANC

¹ A-11 stems from requirements under FASA, 1994; Clinger Cohen Act 1996, FISMA, and E-Govt Act 2002. Per A-11, a 300 Report is required for capital investment planning of IT in excess of \$500,000

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personnel); lack of internal management controls² (applies to procurements) and lack of standardized processes. Contracts failed to follow applicable Federal, Defense and Army acquisition regulations because officials were not properly trained for IT purchases, regular contract oversight was not conducted, contracting officials failed to properly oversee contracted contract specialists, and ANC personnel provided inadequate and inaccurate supporting contract documentation.

(2) RECOMMENDATIONS:

a. **RECOMMENDATION IO-10-01.xx.xxU** The ANC Superintendent hire a qualified Chief Information Officer or IT official that reports directly to the Superintendent and that OMB A-11, 300 reports are reviewed, signed and approved by both the CIO / IT official and the superintendent. Suggest that Army G6 or Military District Washington (MDW) CIO review 300 reports prior to final submission. The superintendent establish a hiring procedure for the IT position that includes a selection panel comprised of qualified IT personnel from an independent entity, e.g., Fort Myer or Fort Belvoir DOIM offices, NETCOM or G6 CIO to ensure the selectee has appropriate qualifications. In the interim, suggest that the Commander, Military District Washington assist ANC in detailing a government CIO or IT official until a qualified IT manager is hired. Also consider restructuring current FTEs or reducing other contract support in the interim to upgrade the IT position in order to recruit an IT official.

Deliverable: Evidence that a qualified CIO or IT official is in place (interim or permanent) and an internal hiring process/SOP was developed.

b. **RECOMMENDATION IO-10-01.xx.xxU** The ANC Superintendent, initiate an assessment of current IT applications and processes prior to awarding any further contracts for TCMS and ISS applications. Suggest that the USAF, Software Technology Support Center at Hill Air Force Base be utilized given its expertise and prior history with ANC's initial automation assessment. The ANC Superintendent and the CIO or IT official, in conjunction with the Veterans Affairs, and the assessment entity chosen, address potential modifications to the BOSS application prior to awarding contracts and exercising options for ISS/TCMS and IT services.

Deliverable: A copy of the request for an assessment, contract, MIPR or other evidence and the final report.

² Note, per the outdated AR 290-5 Cemeteries, dated 1 September 1980, Army Management Control was not applicable. AR 11-2 also applies to procurements and government purchase cards.

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c. **RECOMMENDATION IO-10-01.xx.xU** The ANC Superintendant nominate the CIO or IT official as the Contracting Officer's Representative (COR) for all IT contracts, ensure COR training and basic acquisition training is taken (e.g., Defense Acquisition Regulation, CLC106, COR with a mission focus, CLC011, contracting for the rest of us, CLC013, performance based acquisition) and submit the written nomination to the contracting officer for designation. Ensure that CORs maintain proper files and that COR duties are included in performance standards.

Deliverable: Copy of the designation letter and COR training certificate.

d. **RECOMMENDATION IO-10-01.xx.xx.** The Secretary of the Army apply the requirements of AR 11-2, Management Controls, to AR 290-5 upon reissuance to reinforce accountability of Commanders and managers, to maintain effective management and ensure that obligations and costs applicable to procurements/acquisitions comply with applicable federal laws and regulations.

Deliverable: None required.

e. **RECOMMENDATION IO-10-01.xx.xx** The Secretary of the Army request a desk audit be conducted of all ANCs non wage grade positions in conjunction with the manpower study to assess specific positions at ANC given the majority of key business operation functions are outsourced (contracts, budget execution/fund certification, DOIM support, property accountability, etc).

Deliverable: None required.

f. **RECOMMENDATION IO-10-01.xx.xx** The Superintendant implement processes and procedures for acquisitions, e.g., develop an SOP to include but not limited to, addressing requirements generation, proper contents of contract requirements packages (CRP), acquisition approval thresholds (clarify roles/responsibilities), minimum training required, and use of the assigned contracting office. Incorporate the eDarts processes within the SOP and ensure that routing and approval processes in eDarts have the appropriate level of review and approval prior to submission to the contracting office. Ensure ANC personnel are properly trained on the eDarts application to ensure accurate requisitions are sent to the contracting office.

Deliverable: A copy of the SOP.

g. **RECOMMENDATION IO-10-01.xx.xx** The Superintendant review all Memorandums of Understanding (MOU) in accordance with DOD 4000.19; ensure currency and appropriateness with applicable agencies and ANC current operations and, document the reviews. Where no formal agreement exists, formalize roles and responsibilities until desk audit/manpower surveys are concluded.

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Deliverable: Copies of updated MOUs or reviews.

h. RECOMMENDATION IO-10-01.xx.xx The Superintendent and ANC budget officer, in conjunction with the contracting officers and Defense Finance and Accounting Service ensure compliance with DFARS and AFARS when contracting outside of DoD and that Military Interdepartmental Purchase Requests (MIPR) include all required information, e.g., Proper use of Non DOD contracts.

Deliverable: Copy of SOP evidencing the process for preparation and review/approval for non DoD contracts.

i. RECOMMENDATION IO-10-01.xx.xx The Superintendent, in conjunction with Military of District Washington, appoint a PBO and reconcile outstanding vehicle and computer assets per ARs 290-5 , 710-2, 735-5, and 25-2.

Deliverable: Copy of the PBO appointment letter and evidence of annual property inventory.

j. RECOMMENDATION IO-10-01.xx.xx The Contracting Officer, ensure that all service contracts have a trained/qualified COR appointed in writing and that the designation letter set forth responsibilities, tailored to the acquisition. Ensure that the COR signs and that the letter is acknowledged by the contractor, per DFARS and Army policy requirements.

Deliverable: Copies of designation letters and certificates of training.

k. RECOMMENDATION IO-10-01.xx.xx The Principal Assistant Responsible for Contracting (PARC) at CCE and USACE ensure that contracting officers are properly trained on IT procurements and ensure that all IT / telecommunications requirements for ANC utilize the required contract vehicles (e.g, CHESS) as per AR 25-1. Ensure that all CRPs, waivers (AKM 1 Gold), etc., are provided by ANC prior to making awards for IT services/products. Suggest that the team identified to support ANC and paid for by ANC receive additional training in IT acquisitions, price analysis and source selection.

Deliverable: Copy of an Acquisition Instruction (AI), policy, SOP or other evidence addressing proper IT vehicle use and evidence of additional training provided.

l. RECOMMENDATION IO-10-01.xx.xx The USACE and CCE PARCs ensure that regular contract oversight is conducted to ensure compliance with FAR/DFARS/AFARS, that files are accurate, complete, and organized. Ensure that additional focused training is provided to users on PD2/SPS by a qualified source.

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Deliverable: Copy of the review schedule and methodology or checklists for conducting reviews. Evidence that additional PD2 training was provided.

m. **RECOMMENDATION IO-10-01.xx.xx** The contracting officers for current ANC IT contracts: 1) ensure that services and products conform prior to final acceptance and the COR files are maintained in accordance with FAR/DFARS, 2) that prior to the exercise of any options, proper notice is submitted IAW the contract; 3) that options are exercised in strict accordance with FAR 17.207(c)(2), (3) and (5) and 4) that validation of continued services/need is obtained in writing from ANC contracts.

Deliverable: Copy of AI evidencing proper exercise and legal reviews.

n. **RECOMMENDATION IO-10-01.xx.xx** The USACE PARC and CCE PARC ensure Wide Area Work Flow (WAWF) is utilized or that the contracting officers justify in writing why use is "burdensome" to the contractor per DFARS 232.70.

Deliverable: Copies of the justifications for not using WAWF.

o. **RECOMMENDATION IO-10-01.xx.xx** The USACE PARC ensure that only contracting officers communicate and interface with vendors during a procurement (FAR 3) and that technically qualified personnel evaluate vendor proposals, particularly IT contracts. Ensure that the roles and the responsibilities of the ANC program manager for USACE are clarified, established in writing and are communicated to both ANC and USACE. Ensure that only designated CORs sign receiving reports for acceptance, unless a technically qualified POC can attest to the services/products received; ensure that they copy furnish the COR with the appropriate documents.

Deliverable: Copy of AI addressing issues and a copy of the ANC Program Manager's charter or other document clarifying roles/responsibilities and ANC acknowledgement.

p. **RECOMMENDATION IO-10-01.xx.xx** The PARCs for both organizations ensure that contracting officers are provided additional training in price analysis and source selection procedures. Ensure that when utilizing contract support a contractor site manager is resident to avoid an appearance of personal services contracts. Ensure that file checklists are used and that regular oversight is conducted.

Deliverable: Evidence of additional training in price analysis and regular oversight. For CCE, a copy of the disclosure statement for contractors working ANC issues and a evidence of the contractor's site manager at CCE, eg., COI risk mitigation strategy.

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q. **RECOMMENDATION IO-10-01.xx.xx** The Deputy Assistant Secretary of the Army conduct a procurement management review (PMR) of ANC construction contracts during its PMR of USACE contracts.

Deliverable: A copy of the schedule indicating USACEs PMR date.

(a) **Responsible Entities:** Secretary of Army, ANC Superintendent, Deputy Assistant Secretary of Army for Procurement, PARC USACE, PARC CCE, ANC budget officer, Contracting Officers

(b) **Release Authorization:** TIG, AR 20-1

(c) **Points of Contact:** Commander, Military District Washington, ANC Superintendent, PARC USACE, PARC CCE, Contracting Officers

(d) **Deliverable:** See individual recommendations.

(3) DISCUSSION:

(a) Reviews of contracts and files at CCE, USACE and at ANC reveal that over \$5.5 million dollars were spent on information technology contracts to modernize antiquated paper systems and processes with little progress other than implementation of a funeral scheduling software program developed in 2003 using commercial software- the internment scheduling system (ISS). Multiple issues surrounding the acquisition of information technology (IT) and its Total Cemetery Management System (TCMS), ANCs integrated IT concept, spanned a period of 9 years (2001 through 2009). Due to time constraints, number of contracts and significant IT related issues, IT procurements are the focus. A sample of other contracts was randomly chosen and reviewed but excluded USACE major construction contracts due to time constraints.

(b) Over 35 different IT contracts were awarded between 2002 and 2009. Document reviews and interviews with contracting and cemetery personnel reveal a series of systemic issues contributing to ANC's failure to produce a viable IT modernization effort and follow various acquisition rules. Information technology requirements and oversight of IT contractors were generated by the deputy superintendent who was not a qualified IT official. Sole source vendors were not properly vetted, contract reviews were not conducted, expert advice from separately hired IT contractors was ignored, and ANC was not inspected for over 10 years. Because records at both the contracting offices and the cemetery are missing or incomplete, the specific dollar amount cannot be determined with a 100% degree of certainty. However, from contracts available, data in the federal procurement data system, and disbursing offices, over \$5.5 million dollars were spent on various contracts

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supporting ANCs "Total Cemetery Management System" with no apparent return on investment. This is contrary to OMB A-11, A-130, AR 25-1 and FAR. Because the IT problems are complex, spanned 9 years, and involves 3 separate organizations, this report is subdivided into two sections in order to capture the magnitude surrounding IT contracting procedures. The first section traces the history of ISS and TCMS acquisitions. The second section addresses general deficiencies found within the contracting offices. Other deficiencies in this report correlate directly to the poor management of IT acquisitions (e.g., organizational structure, lack of internal/external oversight, failure to comply with information assurance requirements, etc).

(c) Background:

(i) Arlington National Cemetery currently contracts out the majority of support services, e.g., major construction, grounds/lawn maintenance, tree/hedge cutting, headstone setting/resetting, burial services, Visitor Center support, real property inventory, Congressional/OMB reporting support, and information technology, in addition to various other service contracts. ANC's total budget for FY09 was \$37.2 million. Per ANC about \$8 million was spent on support contracts however, per obligation³ data recorded, the inspector found that the total contract dollars for FY09 was \$11,531,588.20 (31% of the total budget and 51% of its O&M subaccount). The number of contractor personnel on-site varies. There are 2 IT support contractors on site daily under its 2009 contract (CCE). A second IT contract varies and personnel on-site could not be verified (USACE). The Visitors Center contract (\$500K per annum) varies from 3 to 7 people. Because the government buys services vice 'people,' the number of personnel at ANC daily varies under each contract. For example, the total number contractors onsite varies depending on different factors such as task order quantities/work effort, weather, season, number of burials, etc.

(ii) The ANC has approximately 95 full time employees, for which professional positions have little or no acquisition training (60% are wage grade positions). ANC has three formal Memorandums of Understanding (MOU) with various agencies for full time support, particularly in business operations areas that impact contracting. MOUs are in place with the following organizations: Defense Finance and Accounting Service

³ Obligation data represents orders placed, contracts awarded, services received, and similar transactions during an accounting period that will require payment during the same, or a future, period (they do not include option year costs in contracts).

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(DFAS) that is responsible for certification of funds, budget execution, MIPR preparation, contract disbursing, (\$110K per year); Fort Myer performs property accountability (\$49K per year), however, there is currently no property book officer on appointment orders, EEO support, utilities, and a few others. There is no formal MOU with Ft Belvoir, however, they provide DOIM support services (\$39K in 2008, \$36K in 2009) vice Fort Myer DOIM. In addition, ANC pays for contract support. The Contracting Center of Excellence receives \$200K per year for contract support and the USACE contracting center charges per action by category (e.g., a competitive construction acquisition \$25K, sole source 8a award \$15-20K (the majority of ANC IT contracts), modifications \$800). USACE could not provide total year pass through costs. Currently, there is no IT Manager resident at ANC to ensure proper generation of IT contract requirements. Previous ANC documents indicate various IT managers over the years, one of which was qualified (2003-2008). However, the point of contact for all IT contracts since 2000 the deputy superintendant, not the IT manager.

(iii) A project entitled the Total Cemetery Management System (TCMS) was first identified formally in 2003 for capital asset planning purposes per OMB A-11. Per OMB guidance in 1994 and later in 2000, agencies were required to report on plans to acquire information technology (e.g., rethink strategies before investing) to ensure they support the mission, consolidate where possible to reduce redundancy, identify funding sources, and ensure security and privacy policies are implemented – e.g., a comprehensive IT portfolio. The 2003 changes to OMB Circular A-11 required submission of a 300 report for IT investments over \$500,000, defined as a major IT system. The report requires agencies to address specific questions regarding, strategy, IT plan/portfolio, stakeholders, return on investment, interfaces, COTs software utilization, performance goals & measures, market research, and acquisition strategy– e.g., a comprehensive IT plan and justification in order to obtain funding.

(iv) TCMS was classified as a major IT system in the 2003 report but no projected costs were identified. Per the report, TCMS was a strategy designed to eliminate paper records (currently still in use today), incorporate geographical information systems (GIS) for tracking burial locations, plots, buildings and natural objects; scan/digitize paper grave cards and burial records; automate documents received and link the current interment scheduling system to other internal IT systems (headstone ordering) and the ANC website to allow the public to see schedules and find gravesite locations on line – e.g., modernize and automate the antiquated paper systems currently used today.

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(v) In the 2005 300 report, TCMS was identified as a major IT system and was chosen between three different alternatives. TCMS start up, full implementation and maintenance costs were projected to be \$4.8 million from 2005 through 2016. The deputy superintendent was identified as the "project manager, master planner, functional requirements and enterprise architecture POC" in the report, prepared by a separate support contractor. Cost, acquisition strategies and IT requirements were addressed. The TCMS system was identified as having a "well developed risk management strategy, business process model, overall data architecture, a Continuity of Operations Plan and a security plan." In addition, it addressed working with the "Designated Authority" (previous term for Designated Approval Authority under DOD 8500 and AR 25-2) and would receive a full "C&A" which is certification and accreditation of IT systems. An acquisition strategy was not formalized in the 2005 report other than ANC planned to use "performance based task orders and would hold a full competition." In addition, it referred use of COTs and commercial products as components. Per the Superintendent, the last 300 report submitted was in 2005.

(vi) The actual system design/concept for TCMS was identified in 2002 by a contracted consultant in its assessment of ANC processes per its report under a USACE contract, though was not coined 'TCMS' until later. The only portion of the TCMS concept in use today is the ISS system (a program used for scheduling funerals only) that was in use prior to formalizing TCMS. The ISS is essentially a database program developed using commercial software, similar to Microsoft access. ISS is not source code developed by any of the ANC IT contractors, despite justifications for sole source contracts discussed later in this report. TCMS concepts did not include use of the current VA Burial Operations Support System (BOSS).

(vii) The VA BOSS software is used by ANC for burial planning, headstone ordering and is a critical part of ANCs current processes. It is also used to check eligibility and provides nationwide burial location capability. The cost for BOSS maintenance and upgrades are paid for by the VA. A VA populated KIOSK⁴ is located in the visitors center at ANC and contains limited data on members buried at ANC but is not associated with ISS or TCMS. There is a US Army Corps of Engineer (USACE) contract (valued at \$2.3M (\$500K per annum)) that runs the Visitor Center to assist the public in finding family or friends buried in ANC from microfiche records as the KIOSK is generally limited to burials after 2000 until TCMS is fully implemented. Part of TCMS

⁴ The Kiosk contains one laptop from which contractors periodically upload data provided by the VA

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was to integrate the microfiche burial records and Kiosk type operations however, only ISS is used today. ISS runs on its own server and is backed up on a weekly basis by ANC's current help desk support contractor. The following section will outline the history of the IT contracts in support of TCMS in order to fully document and understand IT contract management deficiencies.

(d) Section I: ISS, TCMS inception and IT contracts:

(i) During the 2001 through 2002 period, ANC contracted for five studies regarding automation modernization. Participants included Nakata Planning, Enterprise Integration Corporation, the US Air Force, Software Technology Support Center located at Hill AFB Ogden, UT, and two others. The Nakata assessment plan (USACE contract DACA31-02-D-0014/001, \$75K) developed a concept drawing based on mapping ANC's processes ('as-is, to-be') which has been used as the foundation and concept for TCMS. The Software Technology Support Center at Hill Air Force Base and the former IT manager both recommended using the current BOSS system as a baseline for any information system advancements for a variety of reasons (cost, required use/critical function). They noted that the majority of gaps between BOSS and ANC were due to ANC internal processes and not software design thus, changes could be negotiated with the VA, particularly if ANC paid. In addition, the USAF study noted that IT requirements documents generated by ANC did not reflect what their actual goals were – e.g., poor requirements definition (the foundation for a SOW in a contract) and that the internment office staff (using the 'tools' and doing the work) had not been interviewed when 'developing the requirements' for ISS and other modernization efforts. They noted that no one at ANC was fully trained on BOSS and understood its capabilities, in addition to redundancy in ANC's information collection. The USAF stated that if ANC were to develop its own IT solution they needed "full time IT expertise and management oversight," thus recommended a strategy whereby another government agency maintained its website and provided IT services to ANC.

(ii) Despite these recommendations, a separate contract was awarded to Standard Technology, Inc (STI) (\$130K over a period of 2 years) in November 2002. Contract DABJ03-03-F-0047 was awarded to STI for \$64,120 to "improve the Arthur[sic] National Cemetery's Network Infrastructure in accordance with the Statement of Work." The contract was modified three times to increase the effort (\$131,000) and extend the delivery date to 30 September 2003. STI was paid \$130K for the work that per former IT managers stated never worked properly because it was a simple database and was poorly designed. A 2004 independent assessment of the ISS, discussed later herein, identified specific problems with the program. Shortly thereafter, an STI employee left

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and started a new company, Offise Solutions (8a sole source vendor) and was awarded contracts for ISS and TCMS efforts. In addition, Intelligent Decisions and Interactive Design were also awarded contracts for TCMS during the same timeframes, both of which appear to be attempts to fix the ISS application.

(iii) During performance of the contracts, the 2003, A-11 300 report for OMB was prepared by a separate support contractor and submitted to the deputy superintendant. Per the report, ANC identified TCMS as a major IT investment and described it as a system to fill performance gaps that would, "increase the efficiency and effectiveness of ANC operations while reducing costs; reduce the risk associated with the manual data process and maintenance processes; increase the information services available to customers, transform the ANC to a customer service-centered organization that better leverages the capabilities." The report identified, ISS, GIS, a records management, electronic data management system and website redesign and maintenance as the major components. The report stated that "performance/financial goals and measures and a program management strategy and plan for accomplishing them" were in place yet the inspector could find no such plan or overarching strategy, as indicated by the manner in which various contracts were awarded and managed at ANC. The report discussed market research to support the alternative chosen; however, none was found in contract files or at ANC, contrary to FAR (10.001) and OMB A-11. No apparent review was conducted of the 300 reports by MDW or Army Civil Works but they lacked IT expertise and ANC did not request any help given a qualified contractor was hired. The total cost of TCMS was not identified yet but a better analysis of TCMS was to be completed by 2004.

(iv) In 2004-2005, several contracts totaling \$1.2M for TCMS were awarded the two different contracting offices, independent of each other. CCE, (at the time, the Capital District Contracting Center, Ft Belvoir) awarded the following contracts because ISS was failing. The following chart lists contracts awarded:

CCE (Previously CDCC)				
Contract No.	Vendor	PWS	Date	Total
W916VL-04-F-0005	Intelligent Decisions	labor/equip H/W S/W	6/10/2004	\$24,809.00
W916VL-05-P-0002	Intelligent Decisions.	labor/equip for H/W S/W	12/8/2004	\$150,246.00
W916VL-04-P-0023	Offise Sol	TCMS /scan/ digitize	7/16/2004	\$55,875.00

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W916VL-04-P-0043	Offise Sol	internment data entry	9/25/2004	\$370,186.00
W916VL-04-P-0043/P1	Offise Sol		9/30/2004	\$0.00
W916VL-04-P-0023/P1	Offise Sol	TCMS /scan /digitize	9/30/2004	\$9,086.00
W916VL-05-P-0042	Offise Sol	TCMS /digitize/300K cards	6/13/2005	\$415,400.00
W916VL-05-P-0048	Offise Sol	TCMS /scan /digitize	8/12/2005	\$211,950.00
			TOTAL	\$1,237,552.00

(v) The contracts with Intelligent Decisions Inc. (IDI) were not found but documents found at ANC refer to Intelligent Decisions failure to perform "network optimization" efforts for TCMS under its contract and FPDS data confirms a commercial contract was awarded. Per an internal memo, IDI had not "performed adequately under its current contract" but that the deputy superintendant had "elected to extend IDIs current contract" in order to "allow IDI the opportunity to meet the requirements under their initial contract." As of November 2004, IDI did not adequately perform yet no equitable price reduction was sought under 52.212-4 (a). An email from ANC personnel indicates that an 11 page invoice from IDI for \$150,246 (contract 0002) was in dispute for which the contracting officer had no knowledge. The contract file has no record of a certified claim or dispute and a contracting officer's final decision denying partial or full payment required under FAR 52.212-4(d) and 52.233-1. DFAS confirmed that a payment was made.

(vi) While IDI's contract was ongoing, contract (0023), a sole source 8a contract with Offise Solutions was awarded per the deputy superintendant's request. Contract 0023 required the establishment of a scanning center configured with a private network for imaging and downloading approximately 100 records – e.g, a pilot program for scanning paper documents from the Kardex files (still used today). The second Offise Solutions contract (0043) awarded several months later provided data entry for 300,000 paper internment records. The third and fourth contracts (0042 and 0048) were awarded in Jun and Sep of 2005 to scan and digitize records. Contract 0042 for \$415K required the contractor to scan an estimated 300,000 grave cards/burial records and enter data 'offsite'. The performance work statement (PWS) stated it was for "reengineering and improvement of overall delivery of services to internal and external customers." Per the contract, batches of 40K and 50K grave card records (up to 300K) were scanned and "data entry" was to be performed. Contract 0043 for \$370K required the contractor to

input internment data in established fields. Per the PWS, the contracted effort "will allow ANC staff to quickly search for details about decedents, improving customer service and serve as the source data for loading historical information into the ANC repository" which "would be immediately available for loading into the ISS." The PWS stated "this project works to integrate 3 records into a single data set that can be loaded into TCMS."

(vii) The inspector found no 'private network' or server at ANC containing this data but found nine CDs on a shelf in a supply closet in a basement office. Of the nine CDs found, some disks were labeled 'does not load' or 'no data.' Per ANC's IT contractor personnel⁵ (the system administrators), there were no images of grave cards, burial records or headstones used in the current ISS application or any other software application on ANC servers. TCMS was a 'concept' to them but they had no knowledge of it. Discussion with a previous IT manager during that time, indicates the disks contained 'flat files' and were not compatible with GIS applications, some did not load and others were blank. Per discussions with ANC's current IT contractors, the disks were sitting in the back closet when they arrived. Because the deputy superintendent did not maintain receiving reports (contrary to DFARS 201.602-2) it was difficult to conduct a full review. There is no pre-award history on these contracts to determine if a responsibility determination under FAR 9.103(b) was conducted to validate the capabilities of the vendor. Files indicate Offise Solutions was competed after exclusion of sources but they were the only vendor to submit a proposal. Review of both contracting offices reveals a pattern of failure to conduct responsibility determinations under 9.103 and 19.804 to ensure vendors have the requisite 'capabilities'; however, some contracting officials stated that ANC was a difficult customer and appeared to simply make an award given the vendors 8a status.

(viii) Simultaneously with the CCE awards, the USACE contracting office awarded separate contracts to Interactive Design Inc., under a Blanket Purchase Agreement (BPA) also for TCMS efforts-a pilot program for GIS. The following orders were issued:

⁵ The current IT contractor is Alpha Technology Group (ATG)(a CCE awarded contract). Though personnel have changed, ATG has had contracts with ANC since 2005. The 2 current employees started in 2008. Two ATG employees left in 2008, started a new company and were awarded USACE contracts.

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USACE - BPAs				
W12DR-04-A-0009	Interactive Design			
001	Interactive Design	Est Funeral Scheduling	8/25/2004	\$34,082.50
002	Interactive Design	Review / analyze ISS	8/25/2004	\$18,650.25
003	Interactive Design	Scan/digitize grave cards	8/25/2004	\$38,224.50
004	Interactive Design	Scan/digitize grave cards	8/26/2004	\$38,569.00
005	Interactive Design	Photography GIS graves	9/28/2004	\$23,780.00
006	Interactive Design	Data Input	9/28/2004	\$35,015.00
007	Interactive Design	Integrate gathered data	9/28/2004	\$21,032.00
008	Interactive Design	TCMS workstation	11/28/2004	\$17,328.00
			TOTAL	\$226,681.25

USACE could not produce complete files for the BPA and associated orders contrary to FAR 4.805(b), that they be kept for 6 years 3 months but was able to print out the original 8 orders. The requirements under each call order referred to an enclosed scope of work, but no one could produce a copy. Order 001 required the establishment of a funeral scheduling program and 002 required the contractor to review and analyze the *existing interment schedule system (ISS)* in accordance with the scope of work (which was missing) but was to fix problems to run the pilot. Orders 003 and 004 required scanning, digitizing and formatting of sample grave cards. Order 005 required "photography and GIS gravestones at ANC." Order 006 required data input and order 007 required "integration of gathered data" into a GIS application – a fully integrated pilot.

(ix) The whereabouts of the pilot program deliverables are unknown but per discussion with the former IT manager and a follow-on assessment by the Nakata Planning Group in 2005, the machines used for the pilot were reformatted and used elsewhere per the deputy superintendant. During the lag between the two demonstrations, no one at ANC ever used or touched the prototype machines. The 2005 assessment of TCMS's progress by Nakata indicated that ANC's 'network manager' under its Alpha Technology Group could not replicate the pilot for Nakata to assess; the ISSv2 developer (Offise Solutions) could not produce functional specifications and that scans of grave and burial cards contained errors. Files were not to DOD, Army or industry standards (maps, geospatial metadata). Current ANC IT

contracted personnel stated that they found some old files (scanned documents) on an old server and saved them to the new server indicating that they appeared to be useful; however, they were not in use in any applications today, were not reviewed, and their origin was unknown.

(x) In December 2004, a contract was awarded to R&K Engineering⁶, Inc to evaluate the ISS. The overall finding from the assessment report was that the ISS program "in its current configuration is not well designed or implemented and did not measure up to the information assurance regulations and in some cases was a "direct violation." It was recommended that the "current system not be expanded with additional functionality or interfaced any further with outside systems." The report indicated that "the current system will ultimately end up costing as much or more and take longer than simply re-designing and implementing a new system based on the TCMS requirements and the documented use cases." The report described in detail numerous critical problems to include the design and application did not "conform to industry standards." Further, the report documented the poor system reliability and that it would require extensive cost prohibitive maintenance in the future. Yet despite the report, at the deputy superintendent's direction ISS was simply maintained in its current state under contracts with Alpha Technology Group (ATG), a contractor initially hired to do plant cabling, whose contractual efforts were later increased to maintain the ISS and expand its capability.

(xi) On 12 September 2005, ANCs 2005 300 report per OMB was prepared and submitted. The report noted the successful completion of the TCMS limited pilot by Interactive Design. The 300 report stated that an acquisition strategy and risk management strategy was developed and the data architecture was "validated by several groups with experts in GIS." It also stated a COOP was started and that TCMS efforts would have an approved security/privacy and certification and accreditation package by the Army. No acquisition strategy or risk management plan was ever produced as indicated by the haphazard award of various contracts. No accreditation was ever received and no systems were compliant per the information assurance section of this report. Despite the findings in the 2004 R&K report, the support contractor's 300 was accepted and submitted to OMB for approval of TCMS funding.

⁶ R&K was a subcontractor to Interactive Design – the contractor who managed to complete a successful pilot program for the OMB demonstration and the data for which was apparently reconfigured after the pilot demonstration by other personnel at ANC. R&K is also a current vendor under current USACE contracts.

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Per the 300 report, the total cost for a fully functioning TCMS was projected at \$4.8 million from 2005 through 2016. When asked about the 300 reports, the superintendent stated the deputy was responsible because there was no one else. To date approximately \$5.5 million has been spent on TCMS efforts yet paper records are still in use, no GIS as envisioned (w. gravesite data) is used, the initial ISS is still in use, though documented as unreliable and not designed to industry standard, and the website has not been updated or integrated. Well over \$6 million will be spent based on negotiated option year costs if current options for FY11-13 are exercised.

(xii) In 2005, a series of Alpha Technology Group, INC., (ATG) contracts were also awarded for IT support that overlapped the ISS maintenance and TCMS contract efforts of the earlier vendors. Files for ATG were incomplete or missing due in part to the transition from Ft Belvoir to CCE in 2007, contrary to FAR 4.802(a) and 4.803(a) that require key documents be maintained. The following ATG contracts were awarded in 2005:

CCE - Alpha Contracts				
Contract No.	Vendor	PWS	Date	Total
W916VL-05-P-0018	Alpha	switch maintenance services	3/21/2005	\$213,641.16
W916VL-05-P-0019	Alpha	IT transition services	3/18/2005	\$18,911.74
W916VL-05-P-0029	Alpha	IT support Services	3/21/2005	\$1,423,271.16
W916VL-05-P-0030	Alpha	labor, material outside plant cabling	5/6/2005	\$402,615.68
W916VL-05-P-0047	Alpha			\$243,427.80
				\$2,301,867.54

(xiii) As indicated, by the numerous overlapping contracts with different vendors, requirements were poor stated and efforts were not planned or integrated. No apparent strategy, contrary to AR 25-1, and OMB A-11 was in place and despite problems identified, no assistance was sought. Yet in 2005, five more separate contracts were issued to ATG of which three were awarded within days of each other. A request for a sole source telecommunications support services (P-0018) totaling \$213K was made by the deputy superintendent and simply awarded by the contracting office despite the requirement under AR 25-1 to use the Defense Telecommunications Service Washington (DTSW). The information manager received two vendor quotes (\$160K

and \$179K) from DTSW⁷, the required telecommunications provider in the National Capital Region (NCR) per Army regulations but the deputy superintendant told the contracting officer to award a sole source 8a contract to ATG.

(xiv) Contract (P-0019) was also awarded to ATG on 21 March 2005 for transition of IT services totaling \$18,911 with a 30 day performance period (1-30 April 2005). Only 2 pages of the contract were found in a drawer at ANC. Official contract files were missing. Specifically what IT transition support was provided is unknown yet DFAS confirmed that all payments were made under the contract.

(xv) On 21 March 2005 yet another sole source 8a award was made to ATG under contract P-0029 for which the total value was \$1.4 Million dollars. The firm fixed price contract was for IT services -"all ANC information technology service operations." Essentially, this effort included maintaining ISS despite the 2004 and 2005 assessment reports. The PWS included deliverables such as "network administration, desktop support services, network security support, *implementation of Integration Environment Support Services (undefined further in the PWS)*, premise wiring support, and that "TCMS support and management will be supported by ATG as the program moves forward." In addition, the PWS stated that ATG will provide "expert review and coordination efforts to develop required publications, to include validating that no conflict exist[sic] between ANC IT related policies and the Department of the Army and DoD." Yet per the IA deficiencies herein, no Army or DOD standards were met. These contracts had no express affirmative determination of responsibility to assess vendor capabilities and no market research was conducted to ensure that the contractor was capable of satisfying the governments need. Like many files at CCE, the extent of the responsibility determinations consisted of only a search on the excluded parties list system

(xvi) ATGs 0029 contract was later modified (P00010) on 19 September 2007, to add \$85K of new work "in support of ANC Interment Scheduling System (ISS)." This was a third attempt to fix ISSs known problems. The deputy superintendants justification for the additional work was that "the system was volatile" and would have to be "re-engineered or developed in the future" yet recommended award to maintain ISS as

⁷ DTSW, now the Washington Interagency Telecommunications Services – provides centralized telecommunication services per DOD 4640.1 and AR 25-1, to eliminate duplication of services at each component. Where no DOIM services are available, NETCOM is responsible for the contracts / established BPAs. Ft Myer, at the time was the ANC cognizant DOIM office.

indicated by the PWS to "trouble shoot and/or repair the ISS. Further, this contract was to "correlate database records to GIF images of grave cards and burial records, develop a new user interface for ISS and a resource management application; develop a data validation tool for deployment for use at the Visitors Center for grave locations; develop procedures and scripts to automate the process of merging new records from the ISS to a Meta database; and provide a contingency plan in the event that ISS becomes non-operational," similar to what was done under previous contracts by Offise Solutions. The deputy superintendant conducted the technical review of the proposal stating that the "quote met the requirements of the SOW, is a reasonable approach and that labor categories and qualifications are consistent"; however, no labor categories or qualifications were addressed in the vendor's proposal and the deputy superintendant knew that the ISS system was unreliable and costly.

(xvii) Contract 0029 was modified again on 24 September 2008 (P00015) to include a requirement to procure, install and *configure GIS equipment* for TCMS totaling \$36K. This effort provided for the procurement, set up, and functional testing of GIS, similar to two previous efforts. Sample data was collected to confirm accuracy, manning and assessment requirements. The task was to "perform functional testing of the GPS mapping of over 300,000 graves;" *create the GIS data repository as well as populate GPS coordinates mapped to associate data; and implementation/development of a MS SQL meta-database to consolidate storage of data required to support both Internment Management System (IMS) GIS systems.*" Per discussion with the current IT contractors maintaining ANC's local area network, there is no GPS application in use in any programs and there is no GIS repository that they know of. Not until November 2009, was a GPS transmitter installed. This is the first time the IMS is mentioned and per discussion with the deputy superintendant, IMS is the 'new' TCMS system that a new vendor is currently working. Optimum Technical Solutions, Inc., was awarded two contracts in June and October of 2009 by the USACE contracting for this effort.

(xviii) As discussed earlier herein, ANC's current IT support contractors confirmed that GIS is not used in any application other than the COTs software used by the urban forester of which the licenses are paid for under a separate contract with another vendor. The GIS software program does not integrate with any gravesite data (also confirmed by the urban forester) and is used for trees. Under ATG's current 2009 contract, the contractor is responsible for system administration and helpdesk support (the network administration function is performed by DOIM, Ft Belvoir). ATG merely backs up the ISS server once a week under its current contract contrary to a 2005 BAE security assessment (separate contract) that recommended daily backups. The historian and the internment scheduler also confirmed that paper records and microfiche

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are still used today in current operations and that there are no GPS or GIS applications. Both the IT contractors and the historian confirmed that the Kiosk holds data from the VA and is populated periodically from VA data under ATGs maintenance support contract and is unrelated to TCMS and the earlier pilot demonstration. The deputy superintendant told the inspector that IMS servers were "improperly configured by a previous ANC employee," thus, there is no "IMS" despite previous limited use of the system by other ANC personnel. Discussions with other ANC personnel scheduling funerals and using ISS reveal that only ISS was currently used. No one used an "IMS" program or had any knowledge of it.

(xix) In 2006, two more sole source 8a contracts were awarded on the same day to ATG for support to ANC totaling \$260,885 (W91QV1-06-C-0026 (\$150,447) and W91QV1-06-C-0028 (\$110,438)). Contract 0026 was for the development of a meta-database design with data dictionary to support ISSv2 and GIS software implementation similar to the 2005 contracts. During this task the "database architects were to review data structure of ISSv2 and validate requirements of both the ISSv2 and GIS database schema to include development of a data dictionary....". This contract also included implementing data collection procedures for mapping each grave site based on "triple validation requirements , e.g., correlations between the specific grave card, burial card, and headstone; GPS mapping, personnel/equipment to perform all the surveys, storing the data and implementing migration procedures to the SQL server."

(xx) The second contract sole source contract awarded to ATG on 27 September 2006 was for "interface analysis" yet descriptions in the PWS appear similar. Delivery dates were ambiguous- 11 April 2007 was listed but the PWS also stated the "period of performance was until ANC fully accepts the application; not to exceed 196 days." The PWS required ATG to "provide equipment and personnel to perform surveys of headstones and GIS mapping of designated gravesite locations as directed by ANC" similar to previous contracts. Another section required ATG to "**develop meta-database architecture to support the ISSv2 and GIS software implementation.**" Two separate contract line items, separately priced, repeat identical sections of the PWS (5.2.2) and are not options, thereby creating an appearance that the same effort is being performed twice. The tasks appear identical to the efforts under contract 0026 awarded the same day and the modification issued later under a 2008 contract. The PWS also required IA compliance -e.g., " IA and IA enabled software, hardware and firmware comply with appropriate security configuration guidelines and follow applicable DOD regulations" Yet, ANC systems remain noncompliant with any DOD or Army information assurance requirements. The proposal did not appear to have undergone

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an evaluation; however, the requirements generator and technical evaluator was not qualified in information technology.

(xxi) In 2007 more contracts were awarded to ATG to add a storage area network, maintain telephone switches and add 25 new computer workstations (e.g., running cable and adding drops) for a total of \$60,133.54, excluding the Dell workstations (\$50K) and one Apple iMac workstation for the deputy superintendent. Contracting officials issued a sole source contract with ATG based on ANC's recommendation that they were the "only known developer of this type of software," when in fact, what was purchased were commercial telephone switch devices. The Dell workstations were purchased directly from Dell and not under the required CHES contract (AR 25-1, 6-1 k(5)) and had no approved waiver; the results of which are higher costs. In addition, when purchasing IT equipment exceeding \$25K, AR 25-1, 3-3 requires an AKM goal waiver. While the funds for ANC are no year funds that merely flow down through Army channels, ANC must follow Army rules given Army is the executive agent for ANC operations. The Apple iMac workstation was purchased directly from Apple for \$3,560 and had no justification or supporting documentation regarding a bona fide need and was non standard IT equipment for which there was no approval by network operations command (NETCOM) or the DOIM.

(xxii) In 2008/2009 more contracts were awarded to ATG. Contract W91WAW-08-P-0037 totaling \$318K could not be located but FPDS data indicates obligations. The following contracts were awarded by CCE as follows:

CCE - Alpha 2009 Contracts				
Contract No.	Vendor	PWS	Date	Total
W91WAW-09-P-0002	Alpha	audio visual onsite	10/15/2008	\$59,048.18
W91WAW-09-P-0004	Alpha	outside plant maintenance	9/15/2009	\$92,461.53
W91WAW-09-C-0147	Alpha	telecom, voice, data	9/28/2009	\$836,649.78
W91WAW-09-C-0132	Alpha	Unknown - no files	unknown	\$92,594.00
W91WAW-09-C-0145	Alpha	IT services	9/28/2009	\$1,865,040.85
W91WAW-09-C-0149	Alpha	audio visual repair techs	10/1/2009	\$318,201.65
			Total FY09 Obligations	\$815,715.50
			Total Est Value 2009-2013	\$3,263,995.99

Many of the PWS's for these have overlapping efforts. Of the contracts awarded in 2009, the base year has been performed and current work is being performed in the 1st

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option year period. Per discussion with the DOIM at Fort Belvoir, they maintain the network and firewall connection for ANC (e.g., email accounts, blackberry and internet connection/bandwidth). Per discussion with ANCs system administrator contractors, they only backup the ISS server weekly, handle trouble calls (limited to applications and programs that do not require Ft Belvoir network problems), telephone switches and desktop support. Yet per the SOW, contract 0145 requires "full operations" of network administration and ensure a "security posture" that meets "applicable DOD and Army directives, while providing the up[sic] most reliability and service to the ANC." It also required database administration to "maintain consistent operational availability" – e.g., maintain the faulty ISS system that costs more to maintain. ATGs PWS contains unclear requirements such as, performance "may also extend to proposed databases for GIS and the headstone ordering system upon development and deployment into the production environment," despite prior contracts containing similar requirements and two newly awarded USACE contracts. The contracts contained quality assurance plans however, the deputy superintendent was not properly trained as a COR, did not conduct proper contract oversight, and did not maintain proper files.

(xxiii) In 2009, the USACE contracting office awarded yet two more IT contracts. Contracts were awarded to Optimum Technical Solutions, a company started by 2 former ATG employees. Per ANCs request, contract 0201 was awarded on 15 June for \$193,365 and 0027 was awarded on 22 October 2009 for \$91,975.12. The deputy superintendent initially requested the USACE contracting office award a sole source 8a contract to Optimum Technical Solutions rather than CCE and the CCESS/ITES contracts, required under AR 25-1. The contract specialist requested a justification to conduct a limited competition and requested a capabilities statement from four different vendors. Based on information provided by the deputy superintendent, Optimum Technical Solutions was the sole developer of the "source code" and should be awarded the contract. As indicated herein however, no source code was developed by any contractors as ISS was a database built from commercially available software, albeit manipulated by the initial contractor. In addition, under intellectual property, development of source code belongs to a company and not an individual; therefore, if proprietary, it would belong to the original developer STI in 2003. The contractor was to provide "transition between the current application ISS, and the new application, IMS". Yet IMS could not be substantiated by anyone at ANC other than the deputy superintendent and it was never approved for development per DOD and Army IT regulations. The term IMS appeared in only one prior contract with ATG (contract 0029 via modification 15 in 2008). Current ANC IT contractors stated that ISS was still in use and operated off windows 2000 and that they had been there over a year and had not

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seen any other ISS type system in operation. TCMS was a 'concept' as far as they knew and only recently in 2009 was a company hired to develop "some new system" but they had no knowledge and rarely saw any personnel on-site. Contractor personnel for Optimum were not onsite during the inspection and thus unavailable to interview.

(xxiv) The first Optimum contract was initially a \$3.5 effort (including options) as indicated in the Small Business Coordination Record signed on 28 April 2009 and 2 MIPRs in 2009 to USACE for \$1,089,825. Contracting officials stated that they scaled the effort back to a \$193K effort in 2009 because they were not qualified to do IT contracting and due to outside inquiries.

(xxv) Per the superintendent, the last 300 report was submitted in 2005. A report on TCMS was provided to Congress in 2007⁸ but merely echoed the 2005 300 report. Spreadsheets for TCMS were provided after the inspector had completed the inspection but they appear to be internal documents and used terminology coding for which no key was provided. The other documents sent were in .xml file formats that could not be opened thus, could not be reviewed.

(xxvi) In sum, the lack of properly qualified officials, poor requirements generation, poor contract oversight and failure to take advice of expertise available, contributed to ANCs failure to modernize its information technology and launch TCMS as envisioned. No significant progress other than a simple scheduling database, replacement of older computers, and upgraded telecommunications systems was made. The inspector found no GIS data repository in use, a limited scheduling application, and a noncompliant web site but nothing resembling an integrated IT system. The CDs found in the supply closet appeared corrupted. The cemetery was still using paper records in all processes with the exception of the ISS that merely schedules funerals. Because of reliance on paper and microfiche and inadequate requirements in contracts to back up data, the Army is a risk should a fire occur. Three servers that run on a separate network were found in the vacant and locked IT office and were inoperable per the deputy superintendent. There was no integrated automated system or process as described in any 300 reports or TCMS plans. Both the deputy superintendent and the superintendent stated that TCMS is "no where" due to lack of funding and personnel, despite 300 report budget requests and contracted efforts over a nine year period.

⁸ Per ASA/Civil Works testimony to the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, House Appropriations Committee, 23 April 09, TCMS was reported as proceeding in accordance with the plan that was provided to the subcommittee on February 5, 2007.

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d. Section II. The following highlights general contract management areas where CCE and USACE did not adhere to FAR/DFARS/AFARS. These specific deficiencies contributed to ANC's problems, particularly the development of ISS/TCMS efforts. Due to the number of contracts at multiple contracting offices and time constraints a sample of contracts were chosen. All IT related contracts were reviewed. Major construction contracts at USACE were not reviewed.

(i) Violation of procurement integrity, FAR 3.104-4(a) and contractors performing inherently governmental functions, FAR 7.503(c)(12)(vii). One contract reviewed at CCE reveals that a contracted contract specialist violated procurement integrity (FAR 3.104(z)) by providing a cost proposal from a sole source vendor to a third party vendor in order to determine if the prices for the effort were reasonable and within industry standards. The contracted contract specialist appears to have been conducting the price analysis as indicated by the contracting officer merely circling concurrence. Other files reviewed found several instances of contractors performing inherently governmental functions on a routine basis. In all the IT contracts awarded by CCE, the price analysis and determination of fair and reasonable pricing was written by the contracted contract specialists; the contracting officer merely circled "concur". Further, the price analyses prepared by contractors did not meet the FAR requirements, 13.106-3, 15.402(a), 15.403.3(c) and 15.404-1 that requires the 'contracting officer' ensure that prices paid are fair and reasonable. In addition, purchases for IT products/services and telecommunications did not utilize the required CHES or telecommunications contract vehicles yet the contracting officer approved and signed them. In most cases, the contracted contract specialist prepared all documents to include the release of solicitations and quotations and was listed as the point of contact rather than government procurement official. By executing these functions in this manner they are effectively performing inherently governmental functions, contrary to FAR 7.503(c). There were no nondisclosure statements found in any files and there did not appear to be a contractor lead or supervisor on site to avoid the appearance of a personal services contract. In fact during the inspection, the contractor appeared to respond to any request by government officials (the SOW was not reviewed due to time constraints).

(ii) Inadequate Responsibility/Capability determinations: In general, none of the contracts reviewed contained affirmative determinations of responsibility which are essential to ensure that the company's selected are capable of performing the

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governments requirements; required by FAR 9.103(b). When contracting with 8a companies contracting officers must still assess the vendor's technical ability and capacity to perform provided by the SBA (19.804). For the IT acquisitions, the vendors were recommended by ANC and merely submitted to the SBA as the recommended sole source. As indicated herein for IT contracts, none of the contracting officials conducted an independent review of the capabilities or assessed the 8a sole source vendors as required (FAR 19.804-1(f)) and no justification for not using DTSW (FAR 19.804-1 and 2)(W916VL-05-P-0018, W916VL-05-P-0029). No determination of fair and reasonable pricing based on an estimation of the fair market price was performed either, (FAR 19.806 and 19.807) yet \$2.3 million dollars of contracts were awarded under ATGs 0018 and 0029 contracts. The one contract included a section entitled "special projects" to be "performed by the contractor for task are[sic] completed outside the scope of the contract," contrary to FAR 1.102(b)(iii) that requires competition and FAR 43.201(a) that allows for change orders only "within the general scope." Records are incomplete to make a determination if any such improper award was made. Records also show that the award was made effective 3 days before the contracting officer signed the contract indicating that performance began before the contract was awarded, contrary to FAR 1.602-1 that only contracting offices can bind the government. In addition, the first year option period (modification P0001) was exercised 2 months after the period of performance expired, contrary to FAR 17.2 that requires a new competition or an approved justification and approval (FAR 6.3).

All other contracts reviewed merely utilized the excluded parties system listing (EPLS) and contained no 'affirmative determination of responsibility required by FAR 9.103(b) – in fact one sample contract reviewed resulted in a search query that stated, "search could have used DUNS or Cage Code to result in a more accurate search" (W91WAW-06-P-0440). Contract 06-0440, a sole source 8a effort was anticipated to cost \$250K yet the contractors proposal came in well over double that amount and the contracting officer simply awarded the contract without any evidence of ensuring that the vendor was capable of performing given the significant increase in cost and potential scope.

(iii) Improper Source Selection and award: A review of the tree cutting contract, W916VL-06-D-0005 (a fixed price indefinite delivery indefinite quantity) for \$8.9 million dollars indicates that the source selection plan was not signed by legal or the competition advocate as required. One legal review of the solicitation indicated that "post it notes and tabs" was unsatisfactory; therefore, a second legal review was requested. The second review stated consensus evaluations are "overall only and

should have a "consensus evaluation for each factor." One separate handwritten legal note, stated "This is probably not the best way to do business" but concluded "notwithstanding, the contract is not illegal." Further, the successful offeror did not sign and submit amendments to the request for proposal in order to be considered for award as required by 52.212-1(a)(b)(9). The PWS and evaluation criteria were overly restrictive contrary to FAR 11.002(a) that states government requirements are to be established so as to promote competition. The Small Business Coordination Record identified the incumbent by name as "performing successfully" which appears to be a pre-selection for which the overly restrictive specifications and the evaluation factors support. An evaluation of the four offerors cost proposals found that the successful offerors proposal had a significant typographic error on one line item but the contracting officer never clarified it with the vendor and merely changed the contractors proposed unit price downward by \$156 dollars to come up with the same total as the new amount listed in the proposal. Further, there was an additional error in the offerors pricing that was missed by the price analyst on the second line item. The contracting officer simply changed the vendor's unit price to equal the total price resulting in a price difference of \$12,750. There did not appear to be a legal review of the award document. Regardless, the award was improper because the contractor failed to acknowledge amendments and the contracting officer failed to conduct 'clarifications' prior to award.

(iv) Improper use of requirements contracts – Several contracts included the same type of services under different contracts yet they contained the requirements clause at 52.216-21(c), e.g., tree cutting (e.g., the grounds maintenance and several tree cutting contracts). Per FAR 16.503 and 52.216-21 when the government anticipates a requirements contract it promises to order all of its requirements from that vendor for a specified time and the vendor agrees to provide them. Thus, the government violates FAR 16.503 by ordering tree cutting services from other than the initial contractor. No apparent legal review was conducted to address the inclusion of the clause or assess the SOW/PWS for each to ensure that services were dissimilar. Contracting officers do not appear to understand the implications of a requirements contract.

(v) Determinations of fair and reasonable pricing: The majority of files lacked a proper determination or fair and reasonable pricing to ensure that the government did not overpay for services/items. As discussed herein, this was the case with the contracted contract specialists. Given the limited number of trained government contracting officers and specialists, agencies are forced to hire contracted contract specialists; however, those hired often meet only minimum training standards and are not properly monitored once hired. Other files contained no analysis of the prices

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offered to support the determination made; e.g. no comparison to prior contract prices paid for similar services, similar prices offered by other vendors (as a result of market research and independent government estimates provided, etc.) (FAR 13 and 15.4) All of the IT contracts from both CCE and USACE, to include various other contracts (W91WAW-09-P-0440, 08-P-0144, 08-F-0008 etc.) did not have a proper fair and reasonable price determination yet contracting officers awarded the contracts. Some quotes compared items that were not comparable, for example 07-D-0010, 09-T-0204(RFQ).

(vi) Missing clauses and award/modification issues, proper contract types: Awards for commercial items/services require use of the clause at 52.212-5 that requires the contracting officer to select other appropriate clauses. However, the contracting officer in many instances did not select any clauses, e.g., W91WAW-08-P-0144, in addition to many of the IT contracts awarded by CCE. By not selecting clauses, the vendor is not bound which jeopardizes the government's remedies. None of the IT contracts included the DFARS clause for IA workforce certification per DFARS 239.71 that applies the standards under DODI 8570 to ensure that the IT contractors are trained, qualified and certified to maintain and protect government IA systems. This compounded ANC IT acquisitions efforts. Contracting officers did not acquire telecommunications pursuant to DFARS 239.7411 and simply awarded contracts based on ANC recommendations. None of the IT contracts awarded for TCMS used the required CNESS/ITES vehicles (previous ASCP) that are required per AR 25-1. Many modifications were issued unilaterally when adding new scope or clauses rather than bilaterally to ensure mutual agreement by the parties. All delivery orders issued under the grounds maintenance, headstone setting, and tree cutting orders were issued unilaterally (contractor did not sign any delivery orders) and had no period of performance. Most contracts reviewed had no payment instructions when not using Wide Area Workflow (WAWF) which is required unless the contracting officer determines in writing that it is burdensome to the vendor. Many of the D contracts issued could have been issued as C contracts for ease of administration as delivery orders appeared to have been issued based on funding only; e.g., contracting officers did not know that a delivery order could be issued for a one year period and that incremental funding can be applied to fixed price contracts. Many contracts, particularly the IT contracts awarded by CCE failed to include option clauses or were modified to add them after award contrary to FAR Part 17.2. On several of the IT contracts the contracting officer exercised the option after it had expired which would have required a justification and approval as it constitutes a new contract. The lack of training on IT contracts, oversight by contracting offices and insistence by ANC personnel contributed to the deficiencies found in IT contracts.

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(vii) Failure to use Wide Area Workflow per DFARS 232.7002 and 7003 and contracts did not include 252.232-7003 as required and there was no contracting officer written determination that it was "burdensome to the vendor." None of the contracts utilized WAWF which contributed to the lack of proper audit trail. Use of paper systems and faxes for receiving reports is costly and inefficient. Per discussion with DFAS, the fund certifier and disbursing officer, WAWF personnel indicated that they would not handle ANC payments "because they were too small." Also, per DFAS, CCE personnel told ANC that they would not train their personnel or vendors on use of WAWF. DFARS requires its use unless justified in writing that use is 'burdensome' to the vendor – not the government.

(viii) Missing or incomplete Contract Action Reports (CAR) and excessive SPS/PD2 error / integrity reports. The majority of files contained draft CARs that were not finalized as required by FAR 4.604(b). This was a systemic issue across CCEs contracts based on files reviewed. CARs are critical as they are fed into the Federal Data Procurement System that tracks government obligations. Few finalized CARs were contained within the files. Incorrect or incomplete CARs can skew agency obligations reported to Congress. Also, Agencies may not receive credit for achieving small business goals established by DoD if CARs are not correct and finalized. A review of CCE files also indicates excessive error reports from PD2 award data. The errors indicate that there is a systemic training issue—e.g., contracting officers are not conversant on the use of the automated contract writing program. Files indicate that error reports are not addressed, eg. if errors are due to the system they need to be addressed in writing and maintained in the files.

(ix) Lack of COR training, designation letters and oversight: Both contracting offices failed to properly designate CORs for service contracts as per DFARS/PGI 201.602-2 and Army policy that mandates CORs for all service contracts over the micro purchase threshold. Some contracts listed a "POC" but many of the CORs did not have designation letters and proper training. The historian stated that one COR training session was conducted on site by a CCE official and that they had taken a 40 hour course but none of contract files had designation letters on file. Some CORs, to include the historian and the facilities CORs had an understanding of their roles but some did not have written designation letters. The deputy superintendant had no training, no designation letter and stated that they were not a COR. However, per each IT contract the deputy superintendant was effectively listed as the COR by being identified as the government POC and monitoring all IT contract performance. Per discussion with the

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various contracting officers, few if any visited the CORs and none reviewed COR files. The inspector found no COR files for any IT contracts. Discussion with the facilities COR and historian reveal that they maintain documentation particularly, DD250 receiving reports and maintain contact with their contractors on a regular basis.

(x) Failure to comply with DoD and Army regulations regarding the proper use of non-DoD contracts for Economy Act orders, DFARS 217.504 and AFARS 5117.7802. A review of MIPR logs indicates that \$50K per year is sent to the Central Intelligence Agency for printing yet there is no determination and finding (justification) and no approval and review by the contracting office. The MIPRS do not contain the required information, to include the services other than "various printing jobs, guidebooks, brochures." There is no review by the assigned contracting office and the superintendant or head of the activity did not sign. Note, ANC does not have HCA authority but the superintendant would be the appropriate requiring office signature authority for ANC actions at or below \$100K. Further, there are funds expended for other printing jobs but appear only in the Intergovernmental Payment and Collection (IPAC) system⁹. ANC spent \$113,503 for various printing in FY09 (in addition to printing at CIA) but what was printed and what agency printed them could not be determined. There was no documentation or apparent cost analysis or comparison to DAPS to support cost effectiveness. There is no other audit trail for payment of these services/items other than in the status of fund accounts and IPAC. IPAC is not an entity, it is a financial system that facilitates payments between Federal Agencies, it is not a specific statutory authority (e.g., like GSA & Dept of Interior) as personnel appeared to indicate. Purchases under non economy act orders such as franchise funds (GovWorks & Fedsource) also require review and a determination and finding to ensure cost effectiveness. The additional printing requirements appear to be outside DOD making them subject to DFARS 217.500 which necessitates a D&F, review by the contracting office, proper authority citations, and signature of agency head pursuant to AFARS 5117.7802.

(xi) In sum, the contracting office supporting ANC have different levels of knowledge, skills and abilities. Regular internal oversight by the individual agencies was lacking. Though the Deputy Assistant Secretary of the Army, Procurement

⁹ IPAC is a Dept of Treasury application whose primary purpose is to provide a standardized inter-agency fund transfer between Federal agencies. It facilitates the intra-governmental transfer of funds from one agency to another. see *DODFMR, VOL 5, Chapter 22, Appendix A definitions*

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(DASA/P) has been conducting procurement management reviews for these offices, the sampling of contracts for review did not appear to include ANC. The PMR sampling processes at DASA/P have not been reviewed but given the dollar threshold of ANC contracts, it does not appear that ANC contracts would be included in the 'agency's' review given the limited numbers of qualified 1102 staff and the number and magnitude of other contracts within those agencies that warrant more attention. Additional training in addition to increased knowledge sharing between contracting offices is needed to ensure that customers, to include smaller entities such as ANC receive quality contracting and that contracts are consistent with applicable regulations.

(4) STANDARD(s):

- a. Federal Acquisition Regulation, *see Chapter 1 of Title 48, CFR*
<https://www.acquisition.gov/far/>
- b. Defense Federal Acquisition Regulation Supplement,
<http://www.acq.osd.mil/dpap/dars/index.html>
- c. Army Federal Acquisition Regulation Supplement (current and versions applicable at the time) AFARS REVISION # 024
<http://farsite.hill.af.mil/vfafara.htm>
- d. Executive Order No. 13011 of July 17, 1996, Federal Information Technology.
(<http://edocket.access.gpo.gov/2006/pdf/06-4652.pdf> (later revoked by EO 13401 May 12, 2006 but applicable 2000-2006))
- e. Executive Office Memorandum, February 25, 2004, Subject: Activities with the President's 24 E-Gov Initiatives
<http://www.whitehouse.gov/omb/assets/omb/memoranda/fy04/m04-08.pdf>
- f. OMB Circular A-11, Preparation, Submission and Execution of the Budget (8/7/2009) Part 7, Exhibit 300, Planning Budgeting, Acquisition Management of Capital Assets (see archives for previous versions/changes applicable at the time)
- g. OMB Circular A-130, Transmittal Memorandum #4, Management of Federal Information Resources (11/28/2000)
http://www.whitehouse.gov/omb/circulars_a130_a130trans4/

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- h. DODI 8500.02 Implementation of Information Assurance, February 6, 2003
<http://www.dtic.mil/whs/directives/corres/pdf/850002p.pdf>
- i. DOD 8500.01 Information Assurance, October 24 2002, certified current April 23 2007 <http://www.dtic.mil/whs/directives/corres/pdf/850001p.pdf>
- j. DOD Directive 5010.40, Manager's Internal Control Program, 4 Jan 2006 (previously 28 Aug 1996; *also see OMB A-130, 2005 and 31 USC § 3512*)
- k. DOD 8570.01, Information Assurance (IA) Training, Certification and, Workforce Management
<http://www.dtic.mil/whs/directives/corres/pdf/857001p.pdf>
- l. AR 25-1, Army Knowledge Management and Information Technology, 4 Dec 08 (and versions/regulations regarding IT applicable at the time, see G6/CIO archives http://www.army.mil/ciog6/policy_archives.html)