

Special Inspection of Arlington National Cemetery

TAB F Objective 5 - Contracting Compliance

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

DEFICIENCY 5.1: Procurements, to include information technology, for Arlington National Cemetery are not in compliance with applicable Federal, Defense and Army acquisition regulations.

DISCUSSION: This review focused on assessing IT procurements; overall, ANC did not comply with all applicable acquisition regulations. The underlying root cause for non-compliance with acquisition regulations is a lack of expertise in contracting processes within the cemetery, coupled with a lack of focused external oversight. Most of the cemetery contracts are at a dollar value that is "small" compared to other major contracts under the Army's cognizance; therefore, the limited numbers of contracting experts within the Army focus their attention on the more costly contracts. The ASA(ALT), DASA-P should include ANC contracts in its periodic reviews of contracts at the USACE and CCE.

Due to the current lack of contracting expertise on the ANC staff, which would be necessary to correct all noted deficiencies in the original inspection report, the Inspection Division recommends that the Army provide significant assistance and oversight to the cemetery leadership until all contracting issues are identified and corrected. The IG inspection report, coupled with the three recommendations set forth above, should be used as the starting point from which to conduct comprehensive assessments to uncover other contracting problems ANC and to develop the solutions to fix those problems long-term.

Issues pertaining to oversight of the ANC contracts, and related recommendations, are found in Tab H, Other Matters. The complete compliance report and associated recommendations that would assist the cemetery in rectifying its procurement processes are found at Deficiency 5.2 - 5.3 of this Tab.

RECOMMENDATIONS:

5.1.1. Army Audit Agency, conduct of a full audit/review of US Army Corps of Engineers construction contracts for Arlington National Cemetery.

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5.1.2. Office of the Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASA (ALT)), Deputy Assistant Secretary of the Army for Procurement (DASA-P) conduct periodic review of ANC contracts at the Contracting Center of Excellence (CCE) and the US Army Corps of Engineers (USACE).

5.1.3. U.S. Army Corps of Engineers (USACE) and Army Contracting Command's Contracting Center of Excellence (CCE) Principal Assistant Responsible for Contracting (PARC) conduct regular oversight of ANC contracting business practices and training.

DEFICIENCY 5.2: The acquisition of information technology (IT) to automate ANCs antiquated paper recordkeeping systems and modernize cemetery IT operations did not comply with Office of Management and Budget (OMB) Circulars, Federal and Defense Acquisition Regulations.

DISCUSSION: Due to time constraints, number of contracts, and significant IT-related issues, IT procurements and business practices were the focus of this objective. Major construction contracts issued by the US Army Corps of Engineers were excluded. The acquisition of ANCs Total Cemetery Management System (TCMS), its flagship IT modernization effort and major investment did not have an acquisition strategy to ensure that it was properly procured, integrated and compliant with Army information assurance requirements. Per OMB Circular A-11¹, IT investments over \$500,000 must have an acquisition strategy to ensure proper integration, avoid duplication in IT systems, support the mission, and that they meet security and privacy requirements. What we found at ANC was that there was no acquisition strategy, no integrated IT system, and a series of IT regulatory violations (see information assurance section of the report). The ANC continues to rely on paper processes today despite over 7 years of IT procurements. Further, the inspection reveals that requirements were generated and contract oversight was affected, by cemetery employees that were not qualified and trained in IT. Cemetery officials also had little or no acquisition training or experience. Expert advice, separately contracted, to review the TCMS and IT effort was ignored. Over 35 different IT contracts totaling over \$5.5 million dollars with a few vendors were awarded between 2002 and 2009 yet only the original Internment Scheduling System (ISS), one piece of the TCMS concept, serves as the primary automated function used at ANC.

¹ Circular 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 to be submitted for capital investment planning of IT exceeding \$500,000

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A project entitled the Total Cemetery Management System (TCMS) was first identified formally by ANC in 2003 for capital asset planning purposes per OMB A-11- e.g., a major IT investment that required budget justification. Per OMB guidance in 1994, and later in 2000, agencies were required to report on plans to acquire IT (e.g., rethink strategies before investing). Agencies are required to ensure that any IT investments support the agency mission and are consolidated to reduce redundancy. Agencies must identify funding sources and ensure that security and privacy rules 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 planning/portfolio, stakeholders, return on investment, interfaces, commercial off-the-shelf (COTS) software utilization, performance goals and measures, market research, and set forth an acquisition strategy (e.g., develop and present a comprehensive justifiable IT acquisition plan in order to obtain funding).

TCMS was classified as a major IT system in the ANC's 2003 report to OMB, but no projected costs were identified. Per the report, TCMS was a strategy designed to eliminate paper cemetery management records (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 external IT systems (Veteran Administration's headstone ordering). It was also envisioned that the ANC website would allow the public to see schedules and use interactive tools to find gravesite locations on line. Essentially, TCMS was intended to modernize and automate the antiquated paper systems that are standard practice at ANC today.

In ANC's 2005 "300 report" to OMB, prepared by a separate support contractor, the TCMS concept was chosen between one of three different alternatives. In the report, TCMS start up, full implementation and maintenance costs were projected to cost \$4.8 million from 2005 through 2016. Total cost, acquisition strategies and IT requirements were addressed in the report. The report described the TCMS system 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 who under DoD Information Assurance regulations, must approve IT systems) to receive a full "certification and accreditation" (C&A) as an IT system. The 2005 report did not formalize an acquisition strategy other than to indicate that ANC

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planned to use "performance based task orders and would hold a full competition." The report referred to the use of COTs and commercial products as components over the development of special source code, yet source code was later used to justify non-competitive awards.

Although the phrase "TCMS" was not coined until later in 2003, the actual system design/concept was identified in 2002 by a consultant contracted under a USACE contract. The TCMS concept was essentially the result of a mapping of ANC processes when it first began to consider automation. Part of the TCMS concept included the ISS and integration with the Veteran Administration's Burial Operations Support System (BOSS). However, the only portion of the TCMS concept in use today is the ISS program (a rudimentary application used only for one purpose) that was already in use prior to the identification of TCMS. The ISS is essentially a database program developed using commercial software similar to Microsoft access that is used to schedule funerals. ISS is limited and not integrated with any other systems. ISS is also not source code developed by any of the ANC IT contractors, despite it being used as justification for ANC's sole source contracts discussed later in this report. The TCMS concept also did not include using BOSS.

The VA BOSS software application is currently accessed separately by ANC personnel for burial planning, headstone ordering and is a critical part of ANC's current processes. It is required for checking eligibility status and provides nationwide burial location capability. The cost to maintain and upgrade BOSS is paid for by the VA. Its software can be modified. However, no consideration was given to revising BOSS to meet ANC's automation current or future automation needs. A VA populated kiosk² is located in the visitors' center at ANC and contains limited data on members buried at ANC after 2000, but is not associated with ISS or TCMS. It does not assist ANC in its automation efforts or with TCMS. The public can simply search the kiosk by name and then print off the location of the gravesite. Because the VA kiosk has limited data it is not integrated with any ANC systems, a separate contract (valued at \$2.3M / \$500K per annum) runs the Visitor Center. Visitor Center employees (contractors) assist the public in locating family or friends buried at ANC that are not in the kiosk's database by using microfiche records. The TCMS program was intended to integrate data found on the microfiche records along with automating its paper intensive business processes, e.g., burial cards, interment data, grave cards and burial maps. By using kiosk-type technology, similar to the VA's and later expanding IT capability to more complex integrated applications

² The Kiosk contains one laptop from which contractors periodically upload data provided by the VA

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(GIS, GPS, etc) TCMS would automate ANC paper systems, allow the public to view schedules and locate gravesites via the internet. However, only ISS is used today and is simply used by ANC employees to schedule funerals. It is not integrated with any systems envisioned by TCMS concepts and is backed up only once per week, placing ANC at risk should the system go down for a period of time.

Compounding ANC's acquisition of TCMS is the fact ANC outsources several other key business operations and IT functions to other government agencies. ANC has approximately 95 full time employees, the majority of whom have little or no acquisition training (60% of ANC employees are wage grade employees). Budget execution, DOIM services, and property accountability are outsourced to external agencies. Because budget execution is outsourced to the Defense Finance and Accounting Service (DFAS), no one at ANC could articulate the status of funds at a given time, particularly dollars spent on contracts (TCMS included), without conferring with DFAS. For example, ANC's total budget for FY 2009 was \$37.2 million and per ANC, about \$8 million was spent on support contracts. However, per recorded obligation³ data; this review found that the total contract dollars expended in FY 2009 was \$11,531,588.20 (31% of its total budget and 51% of its total operations and maintenance funds). Under a Memorandum of Agreement (MOA), DFAS is responsible for ANC's budget execution, certification of funds and preparation of MIPRs – e.g., funds sent to other government agencies for services/supplies. DFAS is also responsible for its contract disbursement for which ANC pays for DFAS \$110K per year⁴. No one at ANC could provide contract administration and payment data for its IT contracts and deferred all questions to DFAS. Finance and budget execution are key business operations that are critical to sound acquisition planning yet are performed outside ANC resulting in negative impacts to ANCs acquisitions.

For DOIM/IT services, ANC has only an informal agreement with Fort Belvoir. Under current Army policy (AR 25-1), the DOIMs are responsible for managing all the IT services on an installation and activities are required to coordinate with their assigned

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 (such data does not include option year costs in contracts).

⁴ DFAS indicated that Congress dictated that ANC outsource its budget operations based on a potential anti-deficiency act violation and an AAA report. However, the AAA report, dated Nov 1997, found that MDW's review process of ANC was adequate but recommended a joint working group with MDW and ASA(CW) for ANC's budget execution and control of cemetery funds.

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DOIM – e.g., they are critical to any IT operations and planning. Organizations are also required to appoint an information manager to execute all IT services-which includes the proper planning of IT acquisitions. Currently, Fort Belvoir and not Fort Myer provides ANC limited IT support and there is no formal MOA in place. Because other than ANC IT personnel generated IT requirements, local DOIMs were bypassed which impacted information assurance (discussed in Tab E) and IT acquisitions resulting in no coherent acquisition strategy for IT contracts. The ANC simply pays Fort Belvoir for employee email accounts and internet services (\$39K in 2008; \$36K in 2009) and is not involved in the planning or operations of any of ANCs IT systems contrary to Army rules. While ANC had resident IT expertise during some years, that expertise was not properly utilized when acquiring IT support and services and in 2009, ANC's IT personnel left the organization. Although there is currently no property book officer on orders, Fort Myer performs property accountability functions (\$49K per year) under an MOU for ANC. However, the inspection reveals that purchase of IT equipment and automobiles requiring property accountability were not accounted for.

Outsourcing key areas of its business operations to external agencies with no stake in the successful development or management of ANC processes contributed to ANC's lack of automation progress, in addition to not being inspected for more than 10 years. Assigning personnel to manage IT investments and develop complex acquisition strategies for which they are not experienced or qualified resulted in failure to create a viable acquisition strategy that would lead to the successful implementation of a fully integrated and automated system to rid Arlington National Cemetery of reliance on outdated and vulnerable paper processes.

RECOMMENDATIONS:

5.2.1: The ANC Superintendent, in coordination with cognizant higher level reporting authority, initiate an assessment of current IT applications and processes prior to awarding any further contracts for TCMS and ISS applications. Suggest that the US Air Force, 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, consult with the Department of 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.

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5.2.2: Army Audit Agency (AAA) conduct an audit of ANC's budget execution and business operations and review all construction contracts for ANC issued by the USACE.

5.2.3: ASA(M&RA) in conjunction with the Assistant Secretary of the Army for Financial Management and Comptroller (ASA(FM&C)) 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 to ensure that obligations and costs applicable to procurements/acquisitions comply with applicable federal laws and regulations.

5.2.4: The Superintendent, ANC, in coordination with the appropriate contracting activities (i.e., obtain review and concurrence from the USACE and CCE contracting offices) 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 electronic Defense Automated Requisition Tracking System (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

5.2.5: The Superintendent, ANC review all MOUs in accordance with DoD 4000.19; ensure that MOUs are current, that all agreements with external agencies are appropriate for that agency and that the agreements reflect clear responsibilities of the parties in support of ANC current operations. Ensure that documents undergo regular reviews. Where no formal agreement exists, for example IT support with the Fort Belvoir DOIM office, formalize roles and responsibilities until desk audit/manpower surveys are concluded.

5.2.6: ASA(M&RA) conduct a desk audit of all non wage grade positions, in conjunction with the manpower study addressed in the inspection report, to assess specific positions at ANC, given that the majority of key business operation functions are outsourced (contracts, budget execution/fund certification, DOIM support, property accountability, etc) which will assist in the identification of services that are inherently governmental and which services can be outsourced per FAR part 7.5 and Army policy dated, 10 July 2009, regarding contracting for services.

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5.2.7: The Superintendent, ANC appoint a Property Book Officer (PBO) and reconcile outstanding vehicle and computer assets per ARs 290-5, 710-2, 735-5, and 25-2

DEFICIENCY 5.3: Contracts supporting ANC lacked proper oversight and officials were inadequately trained and improperly applied various Federal, Defense and Army Acquisition Regulation rules, many of which contributed to ANC's IT acquisition problems.

Compounding the acquisition of IT, to include TCMS, contracting offices did not always adhere to various Federal, Defense and Army Acquisition regulations, many of which contributed to the problems in acquiring TCMS. Areas include, improper determinations of responsibility, poor or no analysis of price and that prices paid were not fair and reasonable, missing clauses, failure to use IT contract vehicles already in place, contractors performing inherently government functions, poor source selection processes, violation of pro., addressed below.

In general, none of ANCs IT contracts reviewed supporting TCMS efforts contained affirmative determinations of responsibility which are essential to ensure that the contractors selected are capable of performing, that are required under Federal Acquisition Regulations (FAR 9.103(b)). Multiple IT contracts for ANC were awarded over the years to small businesses, including 8a companies. However, when contracting with 8a companies and the Small Business Administration (SBA) on noncompetitive awards, contracting officers must still assess the vendor's technical ability and capacity (FAR 19.804). Contracting officers are required to ensure that the proposed vendor is capable of performing the services the government requires. For the IT contracts, the vendors were identified by ANC and merely submitted to the SBA as the recommended sole source. No government contracting officials conducted an independent review of the 8a's capabilities or assessed the vendors recommended for a noncompetitive award by ANC as required (FAR 19.804-1(f)).

In other instances, when determining whether the vendors were responsible, contracting officials merely ran a search query in the excluded parties' system listing (EPLS) and did not make any "affirmative determination of responsibility" – that the vendor is capable of performing (financially, has expertise, prior experience, etc) as required by Federal rules (FAR 9.103(b)). In fact one sample contract reviewed resulted in a search

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query that stated, "search could have used DUNS or Cage Code to result in a more accurate search", reflecting that a better query could have and should have been performed by the contracting officer to ensure the company was responsible. In one sole source 8a effort, the cost was anticipated to be \$250K but the contractor's proposal was over double that amount. Yet the Contracting Officer simply awarded the contract without any evidence that he or she ensured that the vendor was capable of performing the effort, given the significant increase in cost and potential scope.

Many contracts were missing appropriate contract clauses, to include IA certification of IT contractors, did not use the proper IT contract vehicles, or include payment instructions when not using required payment systems. When awarding commercial items/services, contracting officers must use a clause that requires the Contracting Officer to select a series of other appropriate clauses to ensure compliance and protect the government's interests (FAR 52.212-5). However, in the contract files examined, particularly the IT ones, the Contracting Officers in many instances failed to select any clauses. The Contracting Officer's failure to select the clauses results in the vendor not being bound, which jeopardizes the government's remedies. None of the IT contracts included the IA workforce certification clause (DFARS 239.71) that requires IT contractors be trained, qualified and certified to maintain and protect government IA systems (DoDI 8570). The failure to include this clause compounded ANC IT / TCMS acquisitions efforts. By not including the clause, contractors did not have the requisite qualifications and training. In addition, per AR 25-1, purchases of IT services/equipment are to utilize the CNESS/ITES vehicles (previous Army Small Computer Program). These are large multiple award contracts with various qualified IT vendors offering competitive pricing and that meet the IT standards required for DoD and Army systems (AR 25-1). In addition, when acquiring telecommunications, DoD requires that DTS-W be used, similar to the CNESS contracts (DFARS 239.7411). Why these vehicles were not used are in part due to untrained contracting officials and ANC's specific vendor recommendations. 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.

The majority of contract files lacked a proper determination of fair and reasonable pricing intended to ensure that the government did not overpay for services/items. Given the limited number of trained government contracting officers and specialists, agencies are often 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 offered to support the determination

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made (e.g., no comparison to prior contract prices paid for similar services or to similar prices offered by other vendors as a result of market research and independent government estimates provided, etc.) as required by FAR 13 and 15.4. None of the IT contracts from CCE and USACE, to include various other contracts (W91WAW-09-P-0440, 08-P-0144, 08-F-0008 etc.) included a proper fair and reasonable price determination, yet Contracting Officers awarded the contracts. Some quotes compared items that were not comparable (07-D-0010, 09-T-0204). In one IT contract awarded there was no evidence that pricing was based on an estimation of the fair market price for the services they were purchasing (FAR 19.806 and 19.807) yet \$2.3 million dollars in contracts were awarded to one vendor repeatedly. In absence of documents supporting the price paid, it is uncertain whether ANC received any value.

In all the IT contracts awarded by CCE that supported TCMS efforts, contractors drafted the determination of fair and reasonable pricing (and price analysis) rather than the government contracting officers indicating that contractors were performing duties that are considered inherently governmental and reserved only for government officials. The Contracting Officer in many cases, merely circled "concur" to indicate their decision which is contrary to regulation that requires a government official (the contracting officer) to ensure that prices are fair and reasonable (FAR 13.106-3, 15.402(a), 15.403.3(c) and 15.404-1). In most cases, the contractor 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, the contractor was effectively performing inherently governmental functions, contrary to rules (FAR 7.503(c)) that do not permit contractors to perform certain functions with regard to contracts. 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 that is generally prohibited by law. In fact, during the inspection, the contractor appeared to respond to any request by government officials (the Statement of Work (SOW) was not reviewed as it was out of the ANC inspection scope).

In many cases, the process for selecting contractors was poor or improper under Federal Acquisition Regulations (FAR 12 and 15). A review of a tree cutting contract, for example (a fixed price indefinite delivery indefinite quantity) for \$8.9 million dollars indicates multiple problems, to include the award. The source selection plan (the document for which evaluations of vendors must adhere) was not signed by legal or the competition advocate as required. Legal reviews indicated that there were problems with the evaluation of the award and included a handwritten note, stating "This is

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probably not the best way to do business" but concluded "notwithstanding, the contract is not illegal." The successful offeror did not sign and submit amendments to the request for proposals that was required in order to be considered for award (FAR Part 52.212-1(a)(b)(9)-e.g., the vendor should have been eliminated from the competition. The performance work statement and evaluation criteria were overly restrictive which results in reducing competition. The FAR states that government requirements are to be established so as to promote competition (11.002(a) yet ANC restricted its requirements contrary to rules. The Small Business Coordination Record also identified the incumbent by name as "performing successfully" which appears to be a pre-selection-a prohibited practice. An evaluation of the four offerors cost proposals for the tree cutting contract found that the successful offeror's proposal had significant typographical errors in price but that the Contracting Officer never clarified it with the vendor and merely adjusted downward the contractor's proposed unit price-making their bid more advantageous. For another error, 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 the amendments that were required under the solicitation and the Contracting Officer failed to conduct "clarifications" prior to award.

Some of the contract actions for ANC violated procurement integrity rules that are designed to protect a company's proprietary data. For example, one IT contract reviewed at CCE reveals that a contracted contract specialist provided 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. However, Federal Acquisition Regulations require that procurement officials protect the release of a vendor's proprietary data – e.g., cost data.

Contract file reviews also indicate that both contracting offices did not always designate contracting officer's representatives to oversee its service contracts. This is required by DFARS (PGI 201.602-2) and Army policy that mandates a COR be assigned 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. One COR stated that one 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 had an understanding of their roles but did not always have written designation letters. The Deputy Superintendent, ANC had no training, no designation letter and stated that he was not a COR. However, each IT contract effectively listed

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the Deputy Superintendent as the COR by identifying him as the government point of contact responsible for monitoring all IT contract performance. Per discussion with the various Contracting Officers, few if any visited the CORs and none reviewed their files. The inspector found no COR files for any IT contracts. Discussion with others revealed that they maintain documentation, particularly DD250 receiving reports, and maintain contact with their contractors on a regular basis.

Contracting Officers did not appear to understand the implications of a requirements contract. When the government anticipates a requirements contract it promises to order all of its requirements from that particular vendor only for a specified time and the vendor agrees to provide them (FAR16.503 and 52.216-21). Yet, several contracts that included the same type of services under different contracts, contained the requirements clause (e.g., the grounds maintenance and several tree cutting contracts). Thus, the government violates FAR by ordering tree cutting services from other than the initial contractor. Files did not indicate that any legal review was conducted to address the inclusion of the clause or to assess the SOW/Performance Work Statement (PWS) for each to ensure that the services were dissimilar.

The execution of many contracts did not contain period of performance and were inefficient. All delivery orders issued under the grounds maintenance, headstone setting, and tree cutting orders were issued unilaterally (the contractor did not sign any delivery orders) and established no specified period of performance. Many indefinite delivery/indefinite quantity contracts awarded, normally issued when there are multiple vendors performing different tasks or a single award where there are a multitude of different tasks were not executed efficiently. For example, delivery orders appeared to have been issued based on funding, one every month for the same services/quantities (e.g., Contracting Officers did not know that a delivery order could be issued for a one year period and that incremental funding could be applied to fixed price contracts

Many contracts were missing or contained incomplete Contract Action Reports (CAR). The majority of files contained draft CARs that were not finalized as required (4.604(b)). This was a systemic issue across contracts issued by CCE. CARs are critical as they are fed into the Federal Data Procurement System that tracks government obligations. 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 indicated excessive error reports from PD2 award data that impacted generation of correct CARs. The errors indicate that there is a systemic training issue (e.g., Contracting Officers are not

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conversant on the use of the automated contract writing program). Files indicate that error reports are not addressed, e.g., if errors are due to the system they need to be addressed in writing and maintained in the files.

In addition to contract problems, ANC did not comply with DoD and Army regulations regarding the proper use of non-DoD contracts under Economy Act order authority (DFARS 217.504 and AFARS 5117.7802). When acquiring services/supplies outside DoD and Army, agencies are required coordinate with their servicing contracting agency to ensure that there are no contracts already in place to meet those requirements. A review of ANC 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 that identifies the services being acquired other than "various printing jobs, guidebooks, brochures." The MIPRs are not signed by the head of the activity. Note that ANC does not have contract authority but the Superintendent would be the appropriate requiring office signature authority for ANC actions valued at or below \$100K. Further, funds are expended for other printing jobs but appear only in the Intergovernmental Payment and Collection (IPAC) system.⁵ ANC spent \$113,503 for various printing in FY 2009 (excluding the CIA printing costs) but it could not be determined what had been printed and what agency provided the printed products. There was no documentation, price analysis or comparison to the Document Automation Printing Service (DAPS) to determine if it was reasonable. There is no other audit trail for payment of these services/items other than in the status of fund accounts and IPAC. IPAC is a financial system that facilitates payments between Federal agencies and not a specific statutory authority (e.g., like GSA or the Department 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 (D&F) to ensure cost effectiveness. The additional printing requirements appear to be outside DoD, making them subject to Defense Acquisition rules (217.500) which necessitate a D&F review by the contracting office, proper authority citations, and signature of the agency head pursuant to AFARS 5117.7802.

⁵ IPAC is a Department of Treasury application, the purpose of which is to provide a standardized means of inter-agency fund transfer from one Federal agency to another. See DODFMR, VOL 5, Chapter 22, Appendix A, definitions

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As indicated by the various issues found, contracting offices supporting ANC have different levels of knowledge, skills and abilities. Regular internal oversight by the individual contracting agencies was lacking. The HCAs for these agencies are responsible for review and oversight and should have included a sampling of ANC actions. Additional training, in addition to increased knowledge sharing between contracting offices is also needed to ensure that customers, to include smaller entities such as ANC, receive quality contracting support and that contracts adhere to applicable law and regulations.

RECOMMENDATIONS:

5.3.1: USACE and CCE Contracting Officers ensure that all ANC service contracts have a trained/qualified COR, appointed in writing, and that the COR designation letter sets forth COR responsibilities, tailored to the acquisition at issue. Ensure that the COR signs the letter and that it is acknowledged by the contractor, per DFARS and Army policy requirements.

5.3.2: The Principal Assistants Responsible for Contracting (PARCs) at USACE and CCE 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., CHES) 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.

5.3.3: The USACE and CCE PARCs ensure that regular contract oversight is conducted to ensure compliance with FAR/DFARS/AFARS and that files are accurate, complete, and organized. Ensure that additional focused training on PD2/SPS is provided by a qualified source to all users.

5.3.4: That 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 the appropriate ANC requiring

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officials (COR or official responsible for approving contract requirements for ANC). For service contracts, approval from the requiring agency head must be obtained IAW AFARS 5137.112 and Secretary of the Army, policy memorandum dated 10 July 2009.

5.3.5: 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.

5.3.6: The USACE PARC ensure that only Contracting Officers communicate and interface with vendors during a procurement (FAR Part 3) and that technically qualified personnel evaluate vendor proposals, particularly IT contracts. Ensure that the roles and the responsibilities of the ANC program manager at USACE are clarified, established in writing and are communicated to both ANC and the USACE. Ensure that only designated CORs sign receiving reports for acceptance, unless a technically qualified point of contact (POC) can attest to the services/products received and furnishes the COR with the appropriate documents.

5.3.7: The PARCs for both USACE and CCE ensure that Contracting Officers servicing ANC are provided with 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.

5.3.8: The DASA-P conduct a procurement management review (PMR) of all ANC construction contracts during its PMR of USACE contracts and ensure that ANC contracts for major IT investments use the proper contract vehicles and contracting offices (ITEC4). Suggest that DASA-P confer with the Defense Acquisition University and develop or revise mid- and entry- level contracting certification courses to address IT contract requirements to assist in institutionalizing knowledge and avoiding future noncompliance.

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