

DEPARTMENT OF HOMELAND SECURITY
Office of Inspector General

Department of Homeland Security
Executive Transportation and
Shuttle Bus Services Contract Review





**Homeland
Security**

March 30, 2007

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (*Public Law 107-296*) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses DHS' award of two executive transportation and shuttle bus services contracts to Shirlington Limousine and Transportation, Inc. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and analysis of applicable documents.

It is our hope that this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

Table of Contents

Executive Summary	1
Background.....	3
Results of Review	
Shirlington Had Unfair Advantage Over Other Offerors	6
Management Comments and OIG Analysis	8
OPO Awarded April 2004 Contract to Bidder That Was Unable To Meet Performance Requirements	10
Management Comments and OIG Analysis	12
OPO Has Recently Improved Policies and Its Procedures	12
Conclusions.....	13
Appendix A: Purpose, Scope, and Methodology.....	15
Appendix B: Congressional Requests	17
Appendix C: Management Comments to the Draft Report	22
Appendix D: Authorized Users of DHS Executive Transportation Services.....	26
Appendix E: Shirlington DHS Contracts and Modifications	29
Appendix F: Major Contributors to this Report.....	30
Appendix G: Report Distribution	31

Abbreviations

OAM	Office of Asset Management
CFR	Code of Federal Regulations
DHS	Department of Homeland Security
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
GSA	U.S. General Services Administration
HUBZone	Historically Underutilized Business Zone
OIG	Office of Inspector General, Department of Homeland Security
OPO	Office of Procurement Operations
SBA	U.S. Small Business Administration

OIG

*Department of Homeland Security
Office of Inspector General*

Executive Summary

In May 2006, Representatives Bennie G. Thompson and Bill Pascrell, U.S. House of Representatives Committee on Homeland Security, requested that we review DHS' contract awards to Shirlington Limousine and Transportation, Inc. (Shirlington). In June 2006, Representatives Mike Rogers and Kendrick B. Meek made a related request. Among other questions, they asked what transportation DHS offered senior personnel, the validity of Shirlington's Historically Underutilized Business Zone (HUBZone) designation, the basis of the April 2004 contract award, and whether Shirlington was a responsible contractor. The U.S. Small Business Administration (SBA) approves HUBZone certifications, so we limited our review to determining the basis of the April 2004 award and establishment of contractor responsibility. We referred concerns about potential individual culpability to our Office of Investigations.

The DHS Office of Asset Management (OAM) notified Shirlington approximately two months before it notified the public about DHS' executive transportation and shuttle service requirements and its intention to use a HUBZone solicitation. These actions did not comply with federal regulations and gave Shirlington an unfair advantage over other offerors by reducing competition and increasing the likelihood that Shirlington would win the contract. Further, the DHS Office of Procurement Operations (OPO) did not comply with federal regulations when it issued a competitive solicitation after SBA notified DHS that no HUBZone competition existed for Shirlington. Federal regulations allow such solicitations only when an agency reasonably expects that at least two HUBZone businesses will bid.

OPO awarded the contract to a nonresponsible contractor. Shirlington lacked financial resources adequate to fulfill the contract requirement to use buses not more than one year old. Shirlington did not have appropriate vehicles until almost two months into the performance period. OPO did not comply with federal regulations when it awarded the contract to a nonresponsible contractor and did not document contractor responsibility prior to the April 2004 contract award.

We are not making any recommendations at this time. Senior executives, staffing, policy, and oversight processes and procedures have changed significantly since the April 2004 contract award. These changes should improve compliance with federal regulations. We will assess the effectiveness of these changes in future reviews.

Background

In 2003, the Department of Homeland Security (DHS) provided executive transportation and bus services between its headquarters locations through a purchase order issued under an existing U.S. General Services Administration (GSA) schedule contract to a minority-owned, small, disadvantaged business. As DHS' transportation needs increased, DHS needed to compete the requirements.

In January 2004, the DHS Office of Small and Disadvantaged Business Utilization referred Shirlington Limousine and Transportation, Inc. (Shirlington) to the Office of Asset Management (OAM), along with names of three small business concerns. OAM first met with Shirlington on January 8, 2004. On February 10, 2004, OAM submitted a procurement request to the Office of Procurement Operations (OPO), totaling \$1.3 million for a one-year, 8(a) or HUBZone set-aside to Shirlington. OAM continued to pursue both alternatives concurrently in an effort to award Shirlington a sole source contract.

But OPO could not award Shirlington a sole source 8(a) or HUBZone contract. Shirlington did not have an 8(a) certificate, consequently, it was ineligible for an 8(a) award. Furthermore, the contract's anticipated price would exceed the threshold for issuing a sole source award. Federal regulations also do not allow agencies to award sole source, HUBZone contracts when a non-HUBZone small business concern is already performing the requirement. In this case, the incumbent contractor, Millennium Tek, was a non-HUBZone small business concern.

On April 15, 2004, OPO issued a competitive solicitation for HUBZone small business concerns. On April 27, 2004, OPO awarded Shirlington a one-year contract, with one option year. The base year contract totaled \$1.6 million, with an additional one-year option totaling \$1.7 million. The contract requirements grew as DHS added service routes. OPO extended the April 2004 contract through October 2005, while it competed the future transportation services requirements. On October 27, 2005, OPO awarded Shirlington a second one-year contract, with four option years. The base year contract totaled \$3.9 million, with four, one-year options totaling approximately \$17 million. Prior to the second contract expiring in October 2006, OPO exercised the first option year. Expenditures through October 2006, for both Shirlington contracts total \$8 million.

See Appendix E for information about Shirlington contracts and modifications.

In November 2006, OPO issued a competitive solicitation for small business concerns to bid on transportation services. OPO officials told us it intended to award a new contract in February 2007, but two protests to the solicitation have delayed the process. On March 13, 2007, GAO issued a decision regarding the first protest in favor of OPO. GAO ruled that the contract requirement was not unduly restrictive of competition and was reasonably designed to ensure the government's needs would be met. The decision also stated that OPO had a reasonable basis for not setting aside the contract for HUBZone small business concerns. Sufficient facts existed to support OPO's conclusion that it did not have a reasonable expectation that offers would be received from two or more HUBZone business concerns. The remaining protest is still pending resolution by GAO. Once resolved, OPO officials will begin reviewing proposals.

Historically Underutilized Business Zone Program

The Historically Underutilized Business Zone (HUBZone) program, which the *HUBZone Act of 1997*¹ established, seeks to increase employment opportunities, investment, and economic development by providing federal contracting assistance to qualified small businesses in designated areas. A historically underutilized business zone is an area located within one or more qualified census tracts, qualified non-metropolitan counties, or lands within the external boundaries of an Indian reservation. The U.S. Small Business Administration (SBA), in its sole discretion, determines whether a business qualifies for the program. For a business to be certified as a HUBZone business, it must submit an application to SBA with supporting documentation that it meets the following criteria.

- The company is small by SBA standards.
- The company is exclusively owned and controlled by U.S. citizens.
- At least 35% of company employees reside within a HUBZone.
- The company's principal office is located in a HUBZone.

¹ P.L. 105-135, Title VI, December 2, 1997.

8(a) Business Development Program

The 8(a) Business Development Program is another federal assistance program. Its requirements differ in some respects from the HUBZone program. For example, it is not geographically based. SBA has the responsibility for approving 8(a) Business Development Program participants based on the following requirements.²

- The company is small by SBA standards.
- The company is unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and U.S. citizens.
- The company demonstrates potential for business success.

An agency may award contracts through SBA to participating 8(a) Business Development Program small businesses on either a competitive or a sole source basis.³ If an agency does not reasonably expect at least two eligible and responsible firms to submit fair market price offers for a solicitation, the agency can issue a sole source, 8(a) Business Development Program contract that exceeds the competitive threshold.⁴ For sole source, 8(a) Business Development Program contracts, agencies do not have to prepare the written justifications and approvals normally required for sole source contracts.⁵

DHS Executive Transportation and Shuttle Bus Services

DHS leases and maintains control of the vehicles that Shirlington operates as the executive motor pool. Shirlington provides personnel and supervision, including dispatch service and a quality control manager. Shirlington maintains dispatcher and driver logs for a continuing 90-day period. The logs contain usage statistics, such as pick up and delivery locations, dates, and times; and passenger names.

DHS authorizes certain department personnel to use executive motor pool services. Appendix D lists the positions DHS authorizes. The Shirlington dispatchers prioritize trips according to DHS' instructions.

² 13 C.F.R. § 124.101-112, *Eligibility Requirements For Participation In The 8(a) business Development Program*, January 1, 2006.

³ FAR § 19.800(b), *Contracting With The Small Business Administration (The 8(a) Program)*, April 5, 2004.

⁴ FAR § 19.805-1(b)(1), *General*, April 5, 2004.

⁵ FAR § 6.302-5(b)(4), *Authorized or Required by Statute*, April 5, 2004.

DHS plans to consolidate the executive motor pool services that its operating components retained when Congress created DHS. The five components that have executive motor pool services separate from the service Shirlington provides are U.S. Citizenship and Immigration Services, U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, Transportation Security Administration, and United States Coast Guard. The Office of OAM told us that personnel from the five components do not have approval to use Shirlington's services. Reviewing the other DHS transportation services contracts was outside the scope of this review.

In addition to executive transportation services, Shirlington provides shuttle bus services for the approximately 5,000 DHS personnel in the Washington, D.C., metropolitan area. Shirlington currently services six regular routes using ten shuttle buses.

Results of Review

Shirlington Had Unfair Advantage Over Other Offerors

Federal regulations require an agency to ensure that all potential offerors receive the same specific information about proposed acquisitions in a timely manner.⁶ Before issuing the April 2004 competitive HUBZone solicitation, OAM had ongoing communication with Shirlington and released pertinent information to Shirlington months in advance of its release to other potential bidders. Specifically, the following DHS actions gave Shirlington an unfair advantage over its competitors.

- OAM provided Shirlington on January 9, 2004, a copy of the statement of objectives detailing the program requirements. On January 12, 2004, Shirlington submitted a written proposal to OAM. Shirlington also sent additional information, such as copies of its operating policies, cost estimates, a reference letter, and a list of proposed drivers for security clearance purposes.
- OAM wanted OPO to reduce the contract requirements so it could award Shirlington a sole source, either 8(a) Business Development Program or HUBZone contract. In March 2004, OPO refused, stating that the contract would exceed \$3 million, the threshold for a sole source award. It further stated it would

⁶ FAR § 15.201, *Exchanges with Industry Before Receipt of Proposals*, April 5, 2004.

be inappropriate to understate the requirements to suit DHS' timeline.

- OPO officials told the DHS Office of Security on April 1, 2004, before issuing the competitive HUBZone solicitation, that it would award Shirlington the contract. According to OPO, the contracting specialist made this statement in the context of awarding an 8(a) sole source contract to Shirlington.
- OPO issued the competitive HUBZone solicitation on April 15, 2004, approximately seven days after Shirlington received its HUBZone certificate on April 8, 2004. OPO officials said that a heavy workload delayed the solicitation's issuance.
- OPO issued a competitive HUBZone solicitation after SBA determined that no HUBZone small business competition existed for Shirlington in the Washington, D.C., metropolitan area.
- OPO limited the bidding period to 5 days and rejected other offerors' requests to extend the bidding period or to change the solicitation to an 8(a) Business Development Program set-aside. Federal regulations require agencies to establish a reasonable response time that will allow potential offerors a reasonable opportunity to respond to the solicitation. However, with the current transportation contract expiring on April 26, 2004, OPO did not extend the deadline or change the solicitation's requirements because procurement officials said it would cause a disruption in transportation services. As a result, other offerors did not have time to prepare responsive proposals.

Also, in February 2004, OAM notified Shirlington that it intended to use a HUBZone solicitation. On February 10, 2004, OAM issued a procurement request for a 1-year, HUBZone contract totaling \$1.3 million for Shirlington. On February 17, 2004, Shirlington submitted its first HUBZone application to SBA. Consequently, Shirlington had approximately 2 months to apply for and receive its HUBZone certificate. When OPO issued the solicitation in April 2004, other potential bidders had less than 1 week to respond. The short response time was insufficient for other bidders to acquire HUBZone certifications or to prepare responsive proposals. DHS subsequently disqualified bidders who lacked HUBZone certifications.

OPO also restricted competition for the executive transportation and shuttle bus services contract when it issued a HUBZone solicitation. Although federal regulations allow an agency to set-aside solicitations for HUBZone businesses, the agency must reasonably expect that two or more HUBZone businesses will submit offers.⁷ Before OPO issued the solicitation, SBA had determined that no other HUBZone businesses existed in the Washington, D.C. area. With the understanding that no HUBZone competition existed, OPO issued the HUBZone set-aside solicitation. Although four businesses submitted offers, only Shirlington qualified as a HUBZone business and won the contract.

Management Comments and OIG Analysis

HUBZone Set-aside Requirements

OPO acknowledged that it did not follow the normal more detailed procurement procedures because of staffing limitations and an extraordinarily voluminous workload. The contracting officer relied heavily on acquisition support staff and program personnel to make acquisition strategy decisions.

OPO said that the contracting officer made the decision to award to Shirlington with the intention of complying with federal regulations governing HUBZone Programs. Federal regulations require agencies to set aside acquisitions that exceed the simplified acquisition threshold for HUBZone small business concerns if the agency makes two determinations: that there is reasonable expectation that offers will be received from two or more HUBZone small business concerns, and that the award will be made a fair market price. OPO further stated that if the contracting officer receives only one acceptable offer from a qualified HUBzone small business concern, the contracting officer should make an award to that concern. In this situation, federal regulations will allow a sole source award to that contractor.

We concur that federal regulations require agencies to set-aside certain acquisitions for HUBZone small business concerns. We do not agree that OPO had a reasonable expectation that it would receive offers from two or more HUBZone small business concerns. The SBA's Assistant Administrator, HUBZone Empowerment Contracting, sent OPO, OAM, and Shirlington notification prior to the issuance of the solicitation that no HUBZone competition existed for Shirlington. Documentary evidence also shows that the Assistant Administrator

⁷ FAR § 19.1305(b)(1), *HUBZone Set-Aside Procedures*, April 5, 2004.

called other HUBZone businesses to validate his research. He assured DHS and Shirlington that it could award a sole source, HUBZone contract to Shirlington.

In addition, we saw no documentary evidence that OPO or OAM performed any other market research. According to a related GAO decision,⁸ an agency must make reasonable efforts to ascertain whether it will receive offers from at least two HUBZone small business concerns with the capability to perform the work. The use of a particular method for assessing the availability is not required. Nonetheless, prior procurement history, market surveys, and advice from the agency's small business specialist may constitute adequate grounds for a contracting officer's decision not to set-aside procurement. With only SBA's market research showing that no competition existed for Shirlington among HUBZone small business concerns, we conclude that the acquisition did not meet the requirements for a HUBZone set-aside.

8(a) Business Development Program

OPO expressed concerns that we clarify our report to address the circumstances surrounding its original intention to award Shirlington a sole source, 8(a) Business Development Program contract. OAM urged OPO to reduce the contract requirements to meet the sole source threshold for either an 8(a) Business Development Program or HUBZone award.

OPO initially refused to understate the requirements to sole source to Shirlington. Despite its original protest, OPO agreed to award such a contract to Shirlington, until OPO learned that Shirlington had never applied for an 8(a) certificate. The acquisition did not meet the sole source requirements for the HUBZone, either. OPO subsequently issued a competitive, HUBZone solicitation, after SBA provided OPO, OAM, and Shirlington confirmation that no competition existed for Shirlington among HUBZone small business concerns in the Washington, D.C. metropolitan area. We have adjusted our report, where appropriate, to provide additional clarification concerning this issue.

⁸ United States Government Accountability Office, Decision, B-299241, March 13, 2007.

OPO Awarded April 2004 Contract to Bidder That Was Unable To Meet Performance Requirements

The federal government may award contracts only to responsible prospective contractors.⁹ Prior to contract award, a contracting officer must make an affirmative determination that the prospective contractor has the financial and technical resources to perform on the contract, integrity, and a good past performance record. The contract officer's signature on a contract is evidence of a determination that the prospective contractor is responsible. The official contracting file must contain documentation to support the determination. When insufficient information exists for an affirmative determination, then the contracting officer must make a determination of non-responsibility.

OPO did not comply with federal regulations¹⁰ when it awarded the April 2004 contract because Shirlington was not a responsible contractor. Shirlington did not have adequate financial resources to fulfill the DHS contract requirement to provide shuttle buses not exceeding 1-year old:

- On April 27, 2004, the first day of the contract, and for several weeks thereafter, Shirlington did not have new buses. The contract required buses no more than 1-year old.
- On April 30, 2004, Shirlington asked OPO for advanced payments to ease the financial strain that purchasing new buses would place on the business. OPO refused to provide advanced payments.
- On May 20, 2004, OPO issued a letter, threatening contract termination unless Shirlington corrected performance problems and met contract requirements.
- On May 26, 2004, Shirlington provided DHS confirmation of its bus order.
- On June 7, 2004, Shirlington sent a letter acknowledging its difficulty financing new buses to OPO.
- On June 8, 2004, Shirlington leased two new buses.

⁹ FAR § 9.103, *Policy*, April 5, 2004.

¹⁰ See FAR § 9.104, *General Standards*, April 5, 2004.

-
- On June 17, 2004, Shirlington leased a third new bus.

Interviews with program personnel and documents received from Shirlington showed that OAM knew Shirlington did not have the financial resources to purchase the new buses prior to contract award. However, it did not communicate this critical financial information to OPO. In addition, OPO did not review Shirlington's financial information or ensure that Shirlington had a commitment to lease or purchase new buses. Moreover, OPO did not begin to question contractor responsibility until April 28, 2004—2 days after contract award.

OPO also did not properly document the contractor responsibility determination for Shirlington, as federal regulations require.¹¹ The April 2004 contract file does not contain documentation to support OPO's assertion that it checked a Dunn and Bradstreet¹² report, reviewed GSA's suspended and debarred contractors list, and contacted the references Shirlington listed in its proposal. According to a technical evaluation report prepared by OAM, Shirlington's references spoke "...very highly of the services provided and no negative actions or comments are recorded in the contract files." The report did not contain identifying information or dates of contact for the references.

OPO officials told us that (1) its desire to meet OAM's request to select Shirlington, (2) the limited time to fulfill DHS' transportation requirements, and (3) staffing shortages contributed to its failure to establish contractor responsibility. At the time, OAM was promoting Shirlington through email and verbal discussions. The existing transportation services contract was set to expire less than 1 week after the deadline for submitting replacement proposals.

OPO officials also told us that when an agency determines that a prospective contractor does not have good past performance, integrity, or financial or technical ability to perform a proposed contract, the contracting officer must withhold the award and refer the issue for SBA review.¹³ In such cases, SBA allows the bidder to apply for a certificate of competency, which, if granted, would enable the agency to select the bidder for contract award. SBA independently evaluates the bidder for the elements of contractor responsibility. SBA has discretion to issue or deny a certificate of competency.

¹¹ See FAR § 9.105-2, *Determinations and Documentation*, April 5, 2004.

¹² Dunn and Bradstreet is a commercial service that provides business credit and research reports.

¹³ See also FAR § 19.602-1, *Referral*, April 5, 2004.

OPO officials told us it was likely that SBA would have issued a certificate of competency to Shirlington, if DHS had made a determination that Shirlington did not meet federal responsibility standards. Because OPO did not seek SBA review, we do not know whether SBA would or would not have issued Shirlington a certificate of competency. Obtaining a certificate of competency would not have changed the fact that, prior to contract award, Shirlington did not have financial resources adequate to provide new buses.

Management Comments and OIG Analysis

OPO said that the contracting officer relied solely on past performance to establish contractor responsibility and did not conduct any additional research. Past performance is only one aspect reviewed to determine contractor responsibility. Federal regulations require the contracting officer to review other areas, such as integrity and financial or technical ability to perform a proposed contract.

Office of Procurement Operations Has Recently Improved Its Policies and Procedures

Since April 2004, OPO has undergone significant changes to its staffing, acquisition review process, and policies and procedures. Had these changes been in place when DHS was considering Shirlington's 2004 contract award, OPO would likely have acted differently and avoided the problems associated with the Shirlington procurement.

During the past 2 years, senior procurement staff has changed and the number of OPO staff and their qualifications increased. A new OPO Director was hired in November 2005, and a new Chief Procurement Officer took over in January 2006. The number of staff rose from 29 personnel at the end of fiscal year 2004 to 150 personnel as of February 2007. OPO intends to hire up to 220 full-time equivalent positions by the end of the current fiscal year. OPO also hired two full-time, small business specialists. OPO officials said the small business specialists perform the preliminary work, such as market and financial research, for the contracting officers during the acquisition planning phase.

Most contracting officers now have the acquisition certifications that the DHS acquisition certification program requires. OPO provides informal training to its acquisition personnel on a monthly basis. DHS

policy also requires contracting officer's technical representatives in the program offices to have appropriate professional certifications.

On July 14, 2006, OPO approved new procedures that require all contracting actions to undergo a review by staff at least one level senior to the contracting officer. Reviewers determine whether each procurement action complies with applicable statutes, regulations, and policies. Reviewers also assess the soundness of the acquisition strategy and business judgment, and completeness, consistency and clarity of the official files. OPO has reviewed several contracts according to these procedures since their implementation.

Dollar thresholds determine the level of additional reviews. The Policy, Oversight, and Customer Support division is suppose to review all justifications for contracts exceeding \$500,000 and all solicitations and contract actions greater than \$10 million. Legal counsel is suppose to review all justifications, solicitations, and contract actions greater than \$500,000. Starting January 2, 2007, a OPO Board plans to review all solicitations and awards of \$25 million or more. The Policy, Oversight, and Customer Support division, legal counsel, or the head of the Contracting Authority can require additional reviews of any contract action at any dollar threshold.

Since its initial award to Shirlington, OPO issued other policies and procedures that will likely improve DHS' compliance with applicable requirements.

- Standardized checklists and documentation procedures for solicitations and contracts (June 2005).
- Management of acquisition workforce certification (June 2005).
- Policies and procedures for establishing the roles, responsibilities, and requirements for appointing contracting officer's technical representatives (July 2005).
- Policies and procedures for preparing contractor performance evaluations (July 2006).

Conclusions

In 2004, OAM appears to have focused exclusively on doing business with Shirlington for transportation services. Release of information to

Shirlington months before it was available to other potential bidders created an unfair advantage that helped Shirlington secure the DHS contract. OPO did not ensure prior to the contract award that Shirlington had the financial resources to perform the work. Shirlington's inability to provide new buses at the contract's inception, its repeated requests for advanced payments to help purchase the buses, and DHS' consideration of contract termination for performance issues are evidence of Shirlington's non-responsibility. We referred these issues to our Office of Investigations to determine the extent of any potential individual culpability for the apparent regulatory violations cited in our report.

DHS made numerous changes in OPO that will likely improve compliance with applicable requirements, particularly those concerning HUBZone competitions and contractor responsibility determinations and documentation. Key executives have changed. The number of procurement staff has increased. OPO established policies and procedures for contract oversight, including quality assurance measures that will likely help avoid future deficiencies. In light of the significantly changed situation, we propose no recommendations at this time. We will consider the effectiveness of these recent changes as we conduct future reviews.

In response to Congressional concerns, we reviewed DHS' April 2004 and October 2005 contract awards to Shirlington. We conducted the review under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. We conducted our work from May 2006 through September 2006.

In addition to a general request for basic information concerning the Department's executive transportation services, Congress asked us to review and provide answers to the following concerns:

- Did Shirlington meet the HUBZone certification criteria at the time of the April 2004 contract award?
- What was the basis for the Department's April 2004 sole source award to Shirlington?¹⁴
- What steps did the Department take to determine that Shirlington was a responsible bidder?

We limited our scope by relying on SBA's designation of Shirlington as a HUBZone certified business and focused our work on determining the basis of the April 2004 award and the establishment of contractor responsibility. SBA has the sole responsibility for determining whether a small business concern meets the HUBZone criteria. DHS does not have the authority to determine HUBZone eligibility or to approve HUBZone certificates. The Office of OPO relied exclusively on SBA's certification as required by law.

Because we relied on SBA's determination of Shirlington as a HUBZone certified business, we reviewed SBA's Shirlington application, protest, and appeal files. SBA had reviewed Shirlington's certification more than once in response to a small business concern protest and continues to support its original determination. We performed no additional audit work concerning the validity of Shirlington's HUBZone certification.

To provide general information concerning DHS' executive transportation services, we interviewed DHS' OAM officials, reviewed motor pool assessments, the motor pool operations management directive, and driver and dispatch logs. We did not review DHS components' executive transportation contracts, but relied

¹⁴ The Congressional request identified the April 2004 contract award as a sole source award. The contract file indicates that it was not a sole source award.

on the best available information contained in the motor pool assessment reports. We also received a list of personnel approved for using Shirlington's services, but we did not validate the information.

We received permission from Congressional staff to eliminate an information request pertaining to dates, times of use, and names of officials using Shirlington. This part of the request dealt with operational aspects of Shirlington's performance, while the rest of the request related to contract solicitation and award. Also, answering the operational questions would require time-consuming manual analysis of large volumes of hard copy records.

To establish the basis of DHS' April 2004 award and to establish contractor responsibility, we reviewed the relevant contract files. We also interviewed officials in the Office of OPO, the Office of OAM, and the Office of Small Disadvantaged Businesses, Shirlington personnel, and SBA officials. We observed motor pool operations at the DHS Nebraska Avenue Complex. We searched emails and files from DHS personnel in the Office of OAM and the Office of OPO and prepared a chronology of events related to the contracts. We searched the Central Contracting Registration Database for contractor certifications and consulted with Dunn & Bradstreet, and our Office of Investigations and DHS' Office of Chief Counsel.

We referred our concerns about potential individual culpability for regulatory violations to our Office of Investigations.

PETER T. KING, NEW YORK
CHAIRMAN



BENNIE G. THOMPSON, MISSISSIPPI
RANKING MEMBER

One Hundred Ninth Congress
U.S. House of Representatives
Committee on Homeland Security
Washington, DC 20515

May 5, 2006

The Honorable Richard Skinner
Inspector General
Department of Homeland Security
Washington, D.C.

Dear Inspector General Skinner:

On April 29, 2006, the *Washington Post* reported that Shirlington Limousine and Transportation, Inc., a Washington area limousine service that had been linked to the on-going corruption scandal of former Rep. Randy Cunningham, had been awarded a \$21 million contract for limousine services by the Department of Homeland Security.

While recent reports indicate that the current controversy involving Shirlington Limousine revolves around the company's alleged complicity in securing prostitution services for public officials, we are not interested in such accusations.

However, we are concerned about revelations that this company, despite its unsatisfactory past performance and its apparent lack of resources was able to obtain a \$21 million contract with the Department. Therefore, we are writing to request that you investigate this company and its contracts with the Department and obtain the answers to the following questions:

- 1) Shirlington Limousine initially won a contract with the Department for \$3.8 million in April 2004. This contract was awarded under the "historically underutilized business zone" (HUBZone) program. According to the Small Business Administration, to qualify under the HUBZone program, a business must meet all of the HUBZone criteria. It must be small, located in a HUBZone, be owned and controlled by one or more U.S. citizens, and at least 35% of its employees must reside in a HUBZone. We are concerned that Shirlington Limousine may not meet each of these criteria. An internet search did not reveal a physical address for Shirlington Limousine. We did, however, find a Post Office box number and a phone number. Unfortunately, a call to the listed phone number connected with a messaging service located in California. Unfortunately, that service was unable to provide information on the business' physical address. Therefore, please verify that this business meets

each of the criteria for a HUBZone enterprise, and specifically whether its physical address at the time of the April 2004 award was within a HUBZone designated area.

- 2) Additionally, as to the April 2004 contract, it has been widely reported that Shirlington Limousine was the sole bidder. Unfortunately, it is not clear whether this contract was designed as a sole source award or whether this was a full and open competition of the type required under Federal procurement regulations. As you know, under Federal procurement regulations, a sole source award for a contract of this size is generally reserved for instances in which the source selected is the only source capable of providing the goods or services. A sole source contract for routine transportation and limousine services in an area replete with taxicab and limousine services companies, such as the Washington, DC metropolitan area, appears to be a misuse of the sole source designation. Therefore, please determine the rationale for awarding the April 2004 contract as a sole source award.

- 3) Public records indicate that between 2002 and 2005, the Shirlington Limousine Company had many financial difficulties and performance problems, including court actions for unpaid debts and a contract termination for poor performance. As you know, under Federal procurement regulations a vendor must be deemed a "responsible bidder" by the contracting authority. Given its history of financial and performance problems, please determine the steps taken and the conclusions reached by the Department's acquisitions office to determine that this company was a "responsible bidder."

- 4) Reports indicate that in October 2005, the Department awarded a \$21 million contract to Shirlington Limousine for transportation services. Please provide information on:
 - a. Whether the Department currently has a motor pool which provides transportation services for its high ranking officials;
 - b. Whether the Department has leased vehicles for use in official government business, and if so, how many such vehicles are leased;
 - c. Which officials were given access to utilize the services under the Shirlington Limousine contract;
 - d. What protocol was established to differentiate the need to use the Limousine service rather than the motor pool or other leased vehicles;
 - e. Whether a log or other record was kept to determine which Department employees or officials used the Limousine service, and
 - f. If a log or other record was kept, provide the dates, times of use, and the names of the officials.

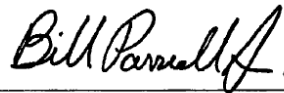
Appendix B
Congressional Requests

It is our understanding that the committee intends to hold a hearing on May 18th which will touch upon this contract. Therefore, we would appreciate a response to these questions prior to the May 18th hearing. As always, thank you for your efforts in ensuring that taxpayer money is efficiently and effectively spent. If you have any questions, please contact Jessica Herrera-Flanigan, Democratic Staff Director, at (202) 226-2616.

Sincerely,



Bennie G. Thompson
Ranking Member
Committee on Homeland Security



Bill Pascrell
Ranking Member
Subcommittee on Emergency Preparedness,
Science and Technology

PETER T. KING, NEW YORK
CHAIRMAN

BENNIE G. THOMPSON, MISSISSIPPI
RANKING MEMBER



One Hundred Ninth Congress
U.S. House of Representatives
Committee on Homeland Security
Washington, DC 20515

June 29, 2006

Via Messenger

The Honorable Richard Skinner
Inspector General
U.S. Department of Homeland Security
Washington, DC 20528

Dear Inspector General Skinner:

We are writing regarding the Department of Homeland Security's procurement process for its transportation contracts with Shirlington Limousine and Transportation, Inc. in April 2004 and October 2005. Combined, and with options exercised, the total value of these contracts for shuttle bus and motor pool services for Department personnel, is approximately \$25 million.

The Committee on Homeland Security's Subcommittee on Management, Integration, and Oversight has conducted an examination of the Department's procurement process regarding these contracts. To that end, we have met with personnel from the Department's Office of Procurement, Office of Small and Disadvantaged Business Utilization, Office of the Chief Administrative Officer, Office of General Counsel, Office of Fleet and Transportation Programs, and other parties. The Subcommittee also reviewed extensive documentation illustrating the course of events preceding the April 2004 award. After reviewing these documents and discussions with many of the individuals involved in this procurement, we are concerned that the Federal Acquisition Regulation (48 C.F.R. 3.104) and the Federal Procurement Integrity Act (41 U.S.C. 423) may have been circumvented by the Department.

Based on the Subcommittee's findings, we request that you review this matter. We also ask that you to assess whether the Department has sufficient controls in place to prevent the repetition of similar irregularities in the future.

<http://www.house.gov/chs>

Inspector General Richard Skinner
June 29, 2006
Page 2

Please find attached an appendix chronicling what we found to be relevant documents, meetings and procurement activities. Also enclosed are documents which support the entries in the chronology.

Thank you for your time and consideration of this request.


Mike Rogers
Chairman
Subcommittee on Management,
Integration, and Oversight

Sincerely,


Kendrick B. Meek
Ranking Member
Subcommittee on Management,
Integration, and Oversight

Attachment and enclosures

cc: The Honorable Peter T. King
Chairman
Committee on Homeland Security

The Honorable Bennie Thompson
Ranking Member
Committee on Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

MAR 23 2007

MEMORANDUM FOR: James L. Taylor
Acting Assistant Inspector General for Audits

FROM: Soraya Correa
Director
Office of Procurement Operations

SUBJECT: Department of Homeland Security Executive Transportation and Shuttle Bus Services Contract Review Draft Report

The Office of Procurement Operations (OPO) is pleased to have had the opportunity to review the draft Department of Homeland Security (DHS) Headquarters Executive Transportation and Shuttle Bus Services Contract Review report. In response to the findings in the report, I would like to take the opportunity to reiterate the conditions under which the OPO was functioning during the time of this procurement, the changes implemented since that time, and to clarify some other areas of the report.

At the time this procurement was executed, OPO was a newly established organization charged with supporting the DHS headquarters units. In September 2004, the Office of Procurement Operations had only 29 employees to process procurement actions amounting to approximately \$2 billion. In April 2004, the time period for this particular procurement, there were even fewer contracting staff in OPO. The limited staffing, coupled with the extraordinarily voluminous workload, created an environment in which, by necessity, the contracting officer relied heavily on the resources available, including acquisition support contractors and information provided by the program offices to make acquisition strategy decisions.

The conduct of this procurement indicated that it was the intent of the contracting officer to implement and comply with the provisions of FAR Part 19. Unfortunately, the normal more detailed procurement procedures were not followed. FAR 19.1305(a) HUBZone set-aside procedures states, "A participating agency contracting officer **shall** set aside acquisitions exceeding the simplified acquisition threshold for competition restricted to HUBZone small business concerns when the requirements of paragraph (b) of this section can be satisfied. The contracting officer **shall** consider HUBZone set-asides before considering HUBZone sole source awards or small business set-asides." FAR 19.1305(b) provides that to set aside an acquisition for competition restricted to HUBZone small business concerns, the contracting officer must have a reasonable expectation that offers will be received from two or more HUBZone small business concerns; **and**, award will be made at a fair market price. Therefore, if the conditions are met, a contracting office must set aside the procurement for competition among HUBZone

SUBJECT: Department of Homeland Security Executive Transportation and Shuttle Bus Services Contract Review Draft Report

Page 2

small businesses before it can do a set-aside for “other” small businesses. FAR 19.1305(d) also states that if a contracting officer receives only one acceptable offer from a qualified HUBZone small business concern in response to a set-aside, the contracting office should make award to that concern. FAR Part 19.1306 further permits sole source awards to HUBZone small business concerns under certain conditions, to include when there is “only one HUBZone small business concern that can satisfy the requirement.” It is apparent from the file review that the tenets of these provisions were the basis for the contracting officer’s decision to award to Shirlington.

In regard to the responsibility determination of the prospective offeror, Shirlington Limousine, the report draws the conclusion that OPO did not comply with federal regulations when it awarded the April 2004 contract to Shirlington. In accordance with FAR 9.102(b), it is clear that no purchase or award shall be made unless the contracting officer makes an affirmative determination of responsibility. “In the absence of information clearly indicating that the prospective contractor is responsible, the contracting officer shall make a determination of nonresponsibility.” If the prospective contractor is a small business concern, the requirements for a Certificate of Competency from the Small Business Administration set forth in FAR Part 19 are applicable. To determine responsibility in this case, the contracting officer relied solely on the past performance information obtained by the program office during the course of evaluating the proposals. The past performance information indicated that Shirlington had satisfactory relevant past performance history in accordance with FAR 9.104-1(c). Unfortunately, the contracting officer did not conduct any further research to determine responsibility as required under the relevant portions of FAR Part 9.104.

In support of its assertions that OPO did not comply with federal regulations regarding responsibility determinations, the draft OIG report further states that Shirlington asked for advanced payments. Asking for advanced payment is not in itself a demonstration of nonresponsibility. Contract financing is permitted by FAR Part 32 under certain circumstances. Even the Comptroller General has noted in the GAO Redbook that “...the need for government assistance in various situations has long been recognized. In this context, government contracting, while primarily intended to serve the government’s needs, is also designed to foster a variety of social and economic objectives.” In this case, the contracting officer appropriately concluded that this circumstance did not warrant contract financing and properly denied the request for advanced payment. Shirlington obtained the necessary financing shortly thereafter without the assistance of the government, which speaks to its financial stability and responsibility.

Below are specific areas of the report that require additional clarification or restatement of the facts to ensure a proper and clear representation of the circumstances that led to the award of the contract:

Executive Summary, Paragraph 3, first sentence, states: “OPO also awarded the contract to a non-responsible contractor.”

SUBJECT: Department of Homeland Security Executive Transportation and Shuttle Bus Services Contract Review Draft Report

Page 3

The wording of this sentence implies that OPO knowingly entered into a contract with a nonresponsible offeror. These are conclusions, not facts. OPO did not conduct a complete analysis of information to determine responsibility, such as the use of a Dun & Bradstreet Report or other financial report. Instead, it relied on past performance information, which is also required by FAR 9.104(1)(c) but is not the only element that must be considered in determining responsibility. Although Shirlington had some difficulty during the start-up of the April 2004 contract, they quickly recovered and successfully performed the services required. It is neither unusual nor extraordinary for a new contractor (small or large business) to experience some difficulty at the beginning of a new contract. As indicated above, the fact that a small business requests "advanced payments" is not an indicator that the small business is "nonresponsible" pursuant to the definitions contained in FAR Part 9.

Background, 8(a) Business Development Program, Paragraph 3, third and fourth sentences, read: "However, OPO was unable to award the sole source 8(a) contract to Shirlington because it did not apply for or receive an 8(a) Business Development Program certificate. Consequently, OPO decided instead to issue a competitive HUBZone solicitation."

The wording in this sentence again implies a deliberate action on the part of the contracting officer. OPO did not request Shirlington to apply for an 8(a) Business Development Program certificate and was not aware of the actions taken or not taken by Shirlington in this regard. OPO determined that Shirlington was not an 8(a) firm through its own research. OPO then decided to issue a competitive HUBZone solicitation based on the contracting officer's belief that adequate competition would be obtained.

Results of Review, Shirlington Had Unfair Advantage Over Other Offerors, Paragraph 1, second bullet, reads: "OPO officials told the DHS Office of Security on April 1, 2004, before issuing the competitive HUBZone solicitation, that it would award Shirlington the contract."

As the correspondence and emails contained in the official contract file demonstrate, it was the OPO support contractor (not the Contracting Officer or other OPO official) who notified the DHS Office of Security that the contract would be awarded to Shirlington as indicated on the requisition OPO received. This event occurred on April 1, 2004, prior to the competitive HUBZone solicitation being issued and when the OPO support contractor believed that the procurement would be conducted as a sole source 8(a) contract.

Results of Review, Shirlington Had Unfair Advantage Over Other Offerors, Paragraph 1, third bullet, reads: "OPO delayed issuing the competitive HUBZone solicitation until April 15, 2004, after Shirlington received its HUBZone certificate on April 8, 2004. OPO Officials said that a heavy workload delayed the solicitation's issuance."

As presented, this statement implies that OPO personnel intentionally delayed the solicitation to accommodate Shirlington's actions. We are not aware of any documents or other information in

SUBJECT: Department of Homeland Security Executive Transportation and
Shuttle Bus Services Contract Review Draft Report

Page 4

the contract file that indicates OPO personnel intentionally “delayed” the procurement. At the time of this procurement action, OPO was severely understaffed and burdened by excessive workloads as discussed above. As a result, it was not uncommon for delays to occur in the processing of procurement actions. It is recommended that the facts be presented separately as shown below rather than combining them, which could lead to an erroneous interpretation:

- Shirlington received its HUBZone certificate on April 8, 2004.
- OPO issued the competitive HUBZone solicitation on April 15, 2004.

Office of Procurement Operations Has Recently Improved Its Policies and Procedures, Paragraph 5, second and third sentences, read: “The Policy, Oversight, and Customer Support division is supposed to review all justifications for contracts exceeding \$500,000, and all solicitations and contract actions greater than \$10 million. Legal counsel is supposed to review all justifications, solicitations, and contract actions greater than \$500,000”.

OPO Procurement Operating Procedure 104, *Review and Approval Procedures for Procurement Actions*, requires OPO Contracting Officers (after review by their supervisor or Division Director) to provide all justifications & approvals for sole source contracts expected to exceed \$500,000 and all solicitations and contract actions greater than \$10 million to the Policy, Oversight, and Customer Support Division for review. Additionally, OPO Contracting Officers are required to submit all procurement actions expected to exceed \$500,000 to Legal counsel for review.

Thank you, again, for the opportunity to comment on the draft report and provide clarifications. We appreciate your acknowledgement of the great strides the Office of Procurement Operations has made since its inception. As you noted, we have significantly increased the quantity and skill mix of our contracting staff, instituted several processes and procedures, and provided more tools (e.g., access to the Dun & Bradstreet database) which enables contracting officers to obtain more reliable and current information for the development and execution of acquisition strategies. We believe that these actions coupled with increased oversight (e.g., Procurement Operating Procedure 104) should preclude the issues identified in this particular procurement from reoccurring on future procurements.

Should you have any additional questions or wish to further discuss my comments, please do not hesitate to contact me at (202) 447-5500.

Appendix D
 Authorized Users of DHS Executive Transportation Services

OAM provided us a list of authorized users, which we updated for consistency and DHS' current position titles. We did not validate the list.

<i>Position</i>	<i>Position</i>
Advisor to the Chief of Staff	Chief of Staff for Chief Medical Officer
Advisor to the Secretary	Chief of Staff for Grants and Training
Assistant Director for Domestic Nuclear Detection	Chief of Staff for International Affairs
Assistant Director for Legislative Affairs (two positions)	Chief of Staff for Management
Assistant Secretary for Grants and Training	Chief of Staff for National Communication System
Assistant Secretary for Infrastructure Protection	Chief of Staff for Operations
Assistant Secretary for Intelligence	Chief of Staff for Policy
Assistant Secretary for International Affairs	Chief of Staff for Preparedness
Assistant Secretary for Legislative Affairs	Chief of Staff for Procurement
Assistant Secretary for Policy	Chief of Staff for Public Affairs
Assistant Secretary for Private Sector Coordination	Chief of Staff for Science and Technology
Assistant Secretary for Public Affairs	Chief Operating Officer for US-VISIT
Assistant Secretary for Strategic Plans	Chief Procurement Officer
Associate General Counsel	Confidential Assistant to the Secretary
Budget Liaison for Appropriations (two positions)	Coordinator for Gulf Coast Relief and Rebuilding
Business Transformation Office	Counselor and Advisor to the Under Secretary for Preparedness
Chief Counsel for Civil Rights and Civil Liberties	Counselor to the Assistant Secretary for Policy
Chief Counsel for Operations	Counselor to the Chief of Staff
Chief Counsel for Privacy	Counselor to the Coordinator for Gulf Coast Rebuilding
Chief Financial Officer	Counselor to the Deputy Secretary
Chief Financial Officer for FEMA	Counselor to the Secretary
Chief Financial Officer for Science and Technology	Deputy Assistant Secretary for Grants and Training
Chief for Administrative Services	Deputy Assistant Secretary for Infrastructure Protection
Chief for Systems Engineering Policy	Deputy Assistant Secretary for International Affairs
Chief Human Capital Officer	Deputy Assistant Secretary for International Affairs Mission Integration
Chief Information Officer	Deputy Assistant Secretary for Operations Policy
Chief Information Officer for FEMA	Deputy Assistant Secretary for Policy
Chief Information Officer for Preparedness	Deputy Assistant Secretary for Public Affairs
Chief Information Officer for US-VISIT	Deputy Budget Officer
Chief Information Security Officer	Deputy Chief Financial Officer
Chief Information Technology Officer	Deputy Chief Information Officer
Chief Medical Advisor for Preparedness Contingency Planning and Support	Deputy Chief Information Officer for Preparedness
Chief Medical Officer	Deputy Chief of Staff for Infrastructure Protection
Chief of Staff	

Appendix D
 Authorized Users of DHS Executive Transportation Services

<i>Position</i>	<i>Position</i>
Deputy Chief of Staff for International Affairs	Director for FEMA Operations
Deputy Chief of Staff for Operations	Director for FEMA Response
Deputy Coordinator for Gulf Coast Relief and Rebuilding	Director for Foreign Financial Investment Policy
Deputy Director for Contingency Planning and Support	Director for Grants and Training Division of Training and Exercises
Deputy Director for Current Operations	Director for Grants and Training Office of Business Administration
Deputy Director for FEMA	Director for Grants and Training Office of Community Preparedness
Deputy Director for FEMA Gulf Coast Recovery	Director for Grants and Training Policy, Initiatives, and Analysis
Deputy Director for FEMA Operations	Director for Grants and Training Preparedness Programs
Deputy Director for Homeland Security Operations Center	Director for Gulf Coast Rebuilding Legislative Affairs
Deputy Director for International Affairs Information Sharing and Knowledge Management	Director for Gulf Coast Rebuilding Policy
Deputy Director for International Affairs Plans and Integration	Director for Gulf Coast Rebuilding Public Affairs
Deputy Director for International Affairs Requirements	Director for Gulf Coast Rebuilding Public Liaison
Deputy Director for Operations	Director for Homeland Infrastructure Threat and Risk Analysis Center
Deputy Director for Operations Technology	Director for Homeland Security Advisory Council
Deputy Director for US-VISIT	Director for Homeland Security Operations Center
Deputy General Counsel (two positions)	Director for Human Capital Policy and Program Innovation
Director for OAM	Director for Immigration and Customs Enforcement Mission Operations
Director for Budget	Director for Immigration and Customs Enforcement Policy and Planning
Director for Cargo and Transportation Unit	Director for Implementation Planning for the Assistant Secretary for Strategic Planning
Director for Chemical and Nuclear Preparedness and Protection	Director for Information Technology Solutions Delivery
Director for Citizenship and Immigration	Director for Infrastructure Protection
Director for Citizenship and Immigration Programs	Director for International Affairs Information Sharing and Collaboration
Director for Contingency Planning and Support	Director for International Affairs Information Sharing and Knowledge Management
Director for Counternarcotics	Director for International Affairs Plans and Integration
Director for Counterterrorism Planning	Director for International Affairs Programs and Budget
Director for Current Operations	Director for International Affairs Requirements
Director for Domestic Nuclear Detection	
Director for Equal Employment Opportunity Programs	
Director for FEMA Facilities Management	
Director for FEMA Human Resources	
Director for FEMA Mitigation	
Director for FEMA National Security Coordination	

Appendix D
 Authorized Users of DHS Executive Transportation Services

<i>Position</i>	<i>Position</i>
Director for International Affairs Risk Assessment	General Counsel for FEMA
Director for International Enforcement Policy	Inspector General
Director for Law Enforcement	Legislative Affairs (five positions)
Director for Legislative Affairs	Legislative Affairs for Science and Technology (two positions)
Director for Legislative Affairs Operations	Legislative Affairs House of Representatives
Director for Management Office of Safety and Environment Programs	Legislative Affairs Senate
Director for National Capital Region Coordination	Ombudsman for Citizenship and Immigration Services
Director for National Communications Systems	Press Secretary for the Privacy Office
Director for Office of Financial Management	Principal Deputy Assistant Secretary for International Affairs
Director for Office of National Drug Control Policy	Privacy Officer
Director for Office of OPO	Program Manager for International Affairs
Director for Office of White House Liaison	Senior Advisor for Privacy
Director for Policy Office Field Operations	Senior Business Analyst for Policy
Director for Preparedness Business Operations	Senior Counselor to the Secretary
Director for Preparedness National Cyber Security Division	Senior Immigration Analyst for Immigration and Customs Enforcement
Director for Science and Technology Research and Development	Senior Intelligence Officer for the Deputy Assistant Secretary for International Affairs
Director for Science and Technology Systems Engineering and Development	Senior Legal Counsel for Grants and Training
Director for Secure Border Initiative	Senior Military Advisor to the Deputy Secretary
Director for Small and Disadvantaged Business Utilization	Senior Policy Advisor to the Under Secretary for Management
Director for State and Local Government Coordination	Senior Policy Advisor to the Under Secretary for Preparedness
Director for State and Local Government Public Safety Coordination	Senior Privacy Analyst
Director for the Secretary's Scheduling and Advance	Special Assistant to the Secretary
Director for Transportation Infrastructure	Transportation Policy Advisor
Director for US-VISIT	Under Secretary for Management
Director for US-VISIT Border Control	Under Secretary for Preparedness
Director for US-VISIT Interior Enforcement	Under Secretary for Science and Technology
Division Director for FEMA	White House Fellow
Executive Assistant for Legislative Affairs	
Executive Officer for Citizenship and Immigration Services	
Executive Secretary	
Executive Secretary for Science and Technology	
General Counsel	

Appendix E
Shirlington DHS Contracts and Modifications

April 2004 Contract

<i>Modification</i>		<i>Contract Value</i>				<i>Expiration</i>	<i>Total Accumulative Expenditures</i>
<i>Action</i>	<i>Date</i>	<i>Base Year</i>	<i>Option Exercised</i>	<i>Option Not Exercised</i>	<i>Total</i>		
Award	4/27/2004	\$ 1,632,708	---	\$1,684,116	\$ 3,316,824	4/26/2005	
1	9/26/2004	\$ 1,829,460	---	\$ 1,684,116	\$ 3,513,576	4/26/2005	\$ 737,449
2	9/16/2004	\$ 1,829,460	---	\$ 1,684,116	\$ 3,513,576	4/26/2005	\$737,449
3	12/27/2004	\$ 2,001,684	---	\$ 1,684,116	\$ 3,685,800	4/26/2005	\$1,218,421
4	3/1/2005	\$ 2,189,226	---	\$ 1,684,116	\$ 3,873,342	4/26/2005	\$1,554,289
5	4/19/2005	\$ 3,104,226	---	\$ 1,684,116	\$ 4,788,342	7/26/2005	\$1,966,749
6	7/22/2005	\$ 4,019,226	---	\$ 1,684,116	\$ 5,703,342	10/26/2005	\$3,831,098
	TOTAL						\$3,831,098

October 2005 Contract

<i>Modification</i>		<i>Contract Value</i>				<i>Expiration</i>	<i>Total Accumulative Expenditures</i>
<i>Action</i>	<i>Date</i>	<i>Base Year</i>	<i>Option Exercised</i>	<i>Option Not Exercised</i>	<i>Total</i>		
Award	10/27/2005	\$ 3,935,344	---	\$ 17,296,016	\$ 21,231,360	10/23/2006	
1	12/27/2005	\$ 3,935,344	---	\$ 17,296,016	\$ 21,231,360	10/26/2006	\$614,125
2	2/1/2006	\$ 3,992,652	---	\$ 17,707,571	\$ 21,700,223	10/26/2006	\$614,125
3	4/6/2006	\$ 3,992,652	---	\$ 17,707,571	\$ 21,700,223	10/26/2006	\$1,569,827
4	7/24/2006	\$ 3,992,652	---	\$ 17,707,571	\$ 21,700,223	10/26/2006	\$2,552,170
5	10/27/2006	\$ 3,992,652	\$ 3,138,113	\$ 14,569,458	\$ 21,700,223	7/26/2007	\$3,790,378
	TOTAL						\$3,790,378

Appendix F
Major Contributors to this Report

Rosalyn G. Millman, Director
Ruth Blevins, Audit Supervisor
Donald Emery, Auditor
Greg Huff, Auditor
Cheryl Johnson, Auditor
Robert Long, Auditor
Cynthia Noel, Auditor
Brian Smythe, Analyst
Gary Stivers, Auditor

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chief of Staff
General Counsel
Executive Secretary
Under Secretary for Management
Assistant Secretary for Policy
Assistant Secretary for Public Affairs
Assistant Secretary for Legislative and Intergovernmental Affairs
GAO/OIG Audit Liaison
Chief Procurement Officer
Chief Privacy Officer
Director, Office of Procurement Operations

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate

Additional Information and Copies

To obtain additional copies of this report, call the Office of Inspector General (OIG) at (202) 254-4100, fax your request to (202) 254-4285, or visit the OIG web site at www.dhs.gov/oig.

OIG Hotline

To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations, call the OIG Hotline at 1-800-323-8603; write to DHS Office of Inspector General/MAIL STOP 2600, Attention: Office of Investigations – Hotline, 245 Murray Drive, SW, Building 410, Washington, DC 20528; fax the complaint to (202) 254-4292; or email DHSOIGHOTLINE@dhs.gov. The OIG seeks to protect the identity of each writer and caller.