



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

February 5, 2013

MEMORANDUM FOR: JOHN E.B. SMITH
REGIONAL COMMISSIONER
PUBLIC BUILDINGS SERVICE (PBS)
SOUTHEAST SUNBELT REGION (4P)

FROM: JAMES M. CORCORAN
REGIONAL INSPECTOR GENERAL FOR AUDITING
MID-ATLANTIC FIELD OFFICE (JA-3)

SUBJECT: Contract Administration for the Boiler Replacement Project
at the Peachtree Summit Federal Building in Support of the
American Recovery and Reinvestment Act of 2009¹
Audit Memorandum Number A090184-69

As part of our oversight of projects funded via the American Recovery and Reinvestment Act of 2009 (Recovery Act), we identified an area of concern related to the administration of the boiler replacement project that we would like to bring to your attention. Specifically, several subcontractor employees worked onsite without evidence of appropriate security clearances. We based these observations on our examination of the contract file and our correspondence with Public Buildings Service personnel.

On March 22, 2010, the Southeast Sunbelt Region (Region 4) issued a task order, valued at \$677,780, to Atlanta Gas Light Company (AGL),² a subsidiary of AGL Resources, Inc. The work in question involved the replacement of boilers at the Peachtree Summit Federal Building in Atlanta, Georgia.

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

² Task order number GS-04P-10-BV-C-0026, under Areawide Public Utility Contract for Natural Gas and Energy Management Services, Contract Number GS-00P-05-BSD-0362. The contract is between the United States of America and AGL Resources, Inc., a holding company organized and existing under the laws of the State of Georgia and acting on behalf of its operating subsidiaries, including Atlanta Gas Light Company.



Several subcontractor employees worked without evidence of security clearances.

We determined that five employees worked on the project without evidence of security clearances. HSPD-12³ guidelines require temporary contractors working up to 6 months at a job site to obtain a clearance for their employees through a law enforcement background check, or be escorted, as a provision of granting them access to non-public areas of GSA-controlled facilities.

Payroll records show AGL used three subcontractors on the project: Capital City Mechanical, C&J Piping Enterprises, Inc., and Casas Grandes Construction Company, Inc. These subcontractors had a total of 10 employees onsite for at least 10 days during the construction phase. We requested security clearances for the 10 employees from Region 4's ARRA⁴ Program Analyst, Emergency Management & Security. We were provided security clearance documentation for 6 of the 10 employees; however, for 1 of the 6 employees, the documentation related to another project and was dated after the boiler replacement project construction phase. Security clearance documentation for the remaining 4 employees could not be found and we were unable to determine if the employees were escorted.

The Contracting Officer's Representative (COR) was the GSA point of contact for this project. According to the "Appointment of Contracting Officer's Representative" memo, one of the COR's responsibilities is to: Enforce the identification, clearance, qualifications and attendance program of the contractor's employees. The COR was unresponsive to our inquiries regarding security clearance information.

A lack of adequate security clearances for subcontractor employees could put the occupants of the building, as well as the public, at risk.

In his January 23, 2013, response, the Regional Commissioner acknowledged the lack of security clearances. He explained that, during the performance of the ARRA projects, issues with the Federal Protective Service (FPS) electronically submitting clearance results to GSA contributed to the security clearance deficiencies. The Regional Commissioner stated that the technical problems have been rectified and the Non-Prospectus Project Management Branch has recently conducted training on GSA security clearance procedures with the Regional Emergency Management & Security Division.

Although FPS may have contributed to the security clearance deficiencies as indicated in the response, ultimately, the PBS representative (in this case, the COR) was

³ Homeland Security Presidential Directive 12 (HSPD-12) establishes "a common identification standard for Federal employees and contractors. HSPD-12 requires all Federal Executive departments and agencies to conduct personnel investigations, adjudicate the results, and issue identity credentials to all Federal employees and contractors who require routine access to their building facilities and information technology (IT) systems."

⁴ American Recovery and Reinvestment Act (ARRA)

responsible for ensuring that all subcontractor employees were properly processed or escorted.

We appreciate the support that has been provided throughout this review. If you have any questions, please contact me at (215) 446-4846 or Mr. Gregory P. Pasqualone at (215) 446-4842.

Memorandum Distribution

Regional Administrator (4A)

Regional Commissioner, Public Buildings Service (4P)

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