



**Office of Audits  
Office of Inspector General  
U.S. General Services Administration**

**Audit of the Heartland Region Public Buildings  
Service's Award and Administration of Blanket  
Purchase Agreements GS-06P-07-GX-A-0009 and  
GS-06P-08-GX-A-0076**

*Report Number A120140/P/6/R13005  
April 4, 2013*



**Office of Audits  
Office of Inspector General  
U.S. General Services Administration**

DATE: April 4, 2013

TO: Jason Klumb  
Heartland Regional Administrator (6A)

Cy Houston  
Acting Regional Commissioner for PBS (6P)

*Erin P. Priddy*

FROM: Erin P. Priddy  
Audit Manager, Heartland Region Audit Office (JA-6)

SUBJECT: Audit of the Heartland Region Public Buildings Service's Award and Administration of Blanket Purchase Agreements GS-06P-07-GX-A-0009 and GS-06P-08-GX-A-0076  
*Report Number A120140/P/6/R13005*

This report presents the results of our audit of Blanket Purchase Agreements (BPAs) for consulting services established with Adams-Gabbert & Associates, LLC (Adams-Gabbert) and related orders.

The objective of this audit was to determine whether the Heartland Region Public Buildings Service (PBS) awarded and administered the Adams-Gabbert BPAs in accordance with laws, regulations, and guidance.

From January 2007 through August 2010, multiple orders were issued against the Adams-Gabbert BPAs to provide a variety of services as requested by regional PBS management. However, management did not provide sufficient information to develop defined scopes of work and measurable deliverables or the oversight needed to ensure that costs did not exceed benefits. As a result, PBS did not fully comply with the Federal Acquisition Regulation (FAR), the Competition in Contracting Act, or internal PBS guidance in awarding and administering the BPAs and associated orders. The Government also received limited benefit from the \$2.6 million spent.

See **Appendix A** – Purpose, Scope, and Methodology for additional details.

Your written comments are included in **Appendix B** of this report.

If you have any questions regarding this report, please contact me or any member of the audit team at the following:

Erin Priddy	Audit Manager	<a href="mailto:erin.priddy@gsaig.gov">erin.priddy@gsaig.gov</a>	816-926-8610
Katina Luke	Auditor-In-Charge	<a href="mailto:katina.luke@gsaig.gov">katina.luke@gsaig.gov</a>	816-926-8613
John Pollock	Auditor	<a href="mailto:john.pollock@gsaig.gov">john.pollock@gsaig.gov</a>	816-926-8616

On behalf of the audit team, I would like to thank you and your staff for your assistance during this audit.

## Background

On January 17, 2007, PBS established BPA<sup>1</sup> GS-06P-07-GX-A-0009 with Adams-Gabbert for consulting services in support of improving internal business processes. The term of this initial BPA was for a 1-year base period plus two 1-year option periods. Although the BPA had an estimated value of \$101,790, PBS issued 12 orders against this BPA totaling \$1,846,178.

On December 1, 2008, PBS established BPA GS-06P-08-GX-A-0076 with Adams-Gabbert for program management and business process reengineering. The term of this second BPA was for a 1-year base period plus four 1-year option periods. This BPA had an estimated value of \$2.5 million. PBS issued nine orders against this BPA totaling \$801,886.

These BPAs established an arrangement for services under the authority of FAR Subpart 8.4.

## Results

**The Adams-Gabbert BPAs and orders were not awarded and administered in accordance with laws, regulations, and guidance and provided limited benefits.**

PBS established BPAs under the Adams-Gabbert Multiple Award Schedule contract so that regional PBS management could obtain consulting services to improve and re-engineer its internal business processes. From January 2007 through August 2010, multiple orders were issued against the BPAs to provide a variety of services as requested by regional PBS management. However, management did not provide sufficient information to develop defined scopes of work and measurable deliverables or the oversight needed to ensure that costs did not exceed benefits. As a result, PBS did not fully comply with the FAR, the Competition in Contracting Act, or internal PBS guidance in awarding and administering the BPAs and associated orders. The Government also received limited benefit from the \$2.6 million spent.

The primary award and administration issues we identified with the initial BPA and its orders included:

- Acquisition plans, required by FAR 7.1, which would have included cost estimates and their rationale, were not prepared.
- A quality assurance surveillance plan, which is required by FAR 46.4, was not prepared.
- Although required by FAR 8.405-2(d), the award evaluation factor ratings were not fully supported.

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<sup>1</sup> A BPA is an agreement between an ordering agency and a contractor that affords the agency a simplified method of filling anticipated repetitive needs for supplies or services.

- Six orders totaling \$1.3 million placed under the BPA violated competition requirements of the Competition in Contracting Act because the orders were awarded after the expiration of the BPA.
- The BPA was not re-competed after changes in the scope of work resulted in expenditures of \$1.8 million compared to the BPA estimate of \$101,790. The substantial increase in requirements is tantamount to a sole source procurement.
- Adams-Gabbert subcontracted 45 percent of the billings although the offer did not propose use of subcontractors. Accordingly, the Government did not have the opportunity to ensure that the individuals performing the work were qualified.
- Two non-schedule labor categories for \$200/hour and \$300/hour were awarded without a determination of price reasonableness, as required by FAR 8.402(f).
- Orders lacked government-prepared statements of work required by FAR 8.405-3(b)(3) and price reasonableness determinations required by FAR 8.405-2(d).
- Oversight of order invoices was not performed in accordance with FAR 8.406-2(b), and the contracting officer representative performing this task was not issued a designation letter as required by PBS Procurement Information Bulletin 07-01.

In addition, while the award documentation indicated the orders were firm-fixed price, PBS administered the orders as time-and-material. Most Adams-Gabbert invoices under the initial BPA contained no information regarding work performed. Rather, the invoices presented the names of each individual and the number of hours worked, but did not provide progress status (e.g., percentage of completion) or a listing of deliverables furnished. PBS paid the invoices through verification of the labor rates but did not verify the hours worked or the actual work performed. A July 2008 email from a member of the regional PBS Board of Directors emphasized this issue, stating “we don’t have a good feel for the tasks they [Adams-Gabbert] are accomplishing.”

Heartland Region PBS performed an internal review of the initial BPA and identified many of the same award and administration issues as our audit. Deficiencies from a contracting perspective were improved for the award and administration of the second BPA and its orders. However, the lack of support for cost estimates continued, and we noted the total costs for several orders were unclear. In addition, PBS continued to administer the orders as time-and-material orders although the award documentation indicated these orders were firm-fixed price.

The contracting office was responsible for the planning, award, and administration of the BPAs and corresponding orders. However, the customer (regional PBS management) was responsible for providing the contracting office with sufficient information and oversight to enable adequate performance of these responsibilities. We found that PBS regional management did not provide the contracting officer with the necessary input to

ensure their need was met in a cost effective manner. This ultimately affected the cost and usefulness of the services Adams-Gabbert performed. For example:

- The primary deliverable for five orders totaling \$1,288,043 was to map the realty process. One purpose was to use the maps as a training tool for new hires. While some PBS management representatives asserted that the maps were used, PBS associates advised that the maps were not used as a key training tool and had not been updated in two years. PBS associates stated that other resources, including on-the-job training and other reference materials, were the primary PBS training tools.
- A program guide was the primary deliverable associated with two orders totaling \$459,869 for linking strategy to execution. The guide does not reflect current PBS practices because PBS has not updated it in over a year and is, therefore, no longer useful.
- The Realty Reporting Tool that cost \$216,415 was used for only a short time because the tool used a PBS system that was replaced shortly after the tool was completed. The last invoice for this order was submitted in November 2010 and the new system became operational in July 2011. PBS was aware of this upcoming system change when it placed this order under the Adams-Gabbert BPA.
- A primary deliverable under the Standardized Project Review order for \$214,708 was the Stakeholder Evaluation Risk Matrix. However, the matrix was used for only a short time because it was not fully adopted by PBS associates, and PBS management no longer requires its use on projects.
- The Design and Construction Division Metrics Database Reporting Tool that cost \$52,850 was utilized briefly until a system change rendered its interfaces invalid. It is no longer used.
- An order for \$35,873 was awarded to identify improvement opportunities in the interview and hiring processes, but PBS advised that the process has not changed.
- The Decision Matrix Tool developed by Adams-Gabbert for \$27,178 was determined by PBS to be unusable after testing.

## Conclusion

For both BPAs, prior PBS regional management provided insufficient information and oversight of the orders to ensure useful deliverables were obtained and that costs did not exceed benefits. Current PBS regional management advised that business benefits were received from the products Adams-Gabbert delivered but concurred that deficiencies were present.

This report does not include recommendations because (1) the PBS regional management responsible for the orders under these BPAs has been replaced and (2) current PBS regional management acknowledged the deficiencies with the BPAs and has already implemented additional controls over contracting practices including the following:

- A Senior Contracting Officer position was added to facilitate management and oversight of special projects acquisitions, such as this procurement.
- A PBS employee with contracting expertise is now a member of the regional PBS management group and supervises the Service Contracts Branch. In addition, PBS is now reviewing the accountability structure for all contracting personnel.
- The contract checklist used by PBS has been updated to require evidence and tracking of all deliverables. Furthermore, deliverables must now be housed within the main contract file.
- Contracting officer representatives are now required to be trained and certified prior to being assigned contract administration responsibilities.

Together with the PBS regional management changes, we believe these controls will ensure errors do not recur.

### **Management Comments**

The Heartland Regional Administrator did not take exception with the report, and his written comments are included in **Appendix B**.

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## **Appendix A – Purpose, Scope, and Methodology**

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### **Purpose**

We performed this audit to examine concerns within the General Services Administration of potential waste regarding BPAs established under the Adams-Gabbert Multiple Award Schedule contract. Specifically, the concerns relate to whether orders placed under the BPAs had measurable deliverables and whether the total contract value was commensurate with the deliverables received.

### **Scope**

The scope of our review was limited to the award and administration of BPAs and related orders to Adams-Gabbert.

### **Methodology**

To accomplish our objective, we:

- Reviewed documents related to BPA GS-06P-07-GX-A-0009 (effective January 17, 2007, to January 16, 2008) and the 12 orders awarded under the BPA.
- Reviewed documents related to BPA GS-06P-08-GX-A-0076 (effective December 1, 2008, to November 30, 2011) and the nine orders awarded under the BPA.
- Interviewed Heartland Region PBS personnel.
- Held discussions with Adams-Gabbert officials and reviewed information provided by Adams-Gabbert.
- Reviewed relevant criteria, including the FAR, General Services Administration Acquisition Manual, Competition in Contracting Act, and Procurement Information Bulletins.

We conducted the audit between May 2012 and January 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **Internal Controls**

The examination of internal controls was limited to the BPAs and orders reviewed during this audit. Thus, our evaluation of internal controls was limited to items discussed in the Results section of this report.

## Appendix B – Management Comments



GSA, Office of the Regional Administrator  
Heartland Region, Kansas City

March 29, 2013

MEMORANDUM FOR JOHN F. WALSH  
REGIONAL INSPECTOR GENERAL FOR AUDITING (JA-6)

FROM: JASON KLUMB *Jason Klumb*  
REGIONAL ADMINISTRATOR (6A)

SUBJECT: Audit of Blanket Purchase Agreements Awarded to  
Adams-Gabbert & Associates, LLC (Report Number: A120140)

Thank you for your Memorandum dated March 8, 2013, and referenced above. I appreciate your making me aware of the issues. We share the understanding that such information is provided in order to make assessments and take appropriate action in the interest of the agency, the federal government, and the citizens of the United States.

U.S. General Services Administration  
1500 E. Bannister Road  
Kansas City, MO 64131  
jason.klumb@gsa.gov

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## ***Appendix C – Report Distribution***

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Commissioner, PBS (P)

Acting Deputy Commissioner, PBS (PD)

Acting PBS Chief of Staff (PB)

Acting Director, PBS Executive Response (PBA)

Regional Administrator, Heartland Region (6A)

Acting Regional Commissioner for PBS, Heartland Region (6P)

Regional Legal Counsel, Heartland Region (LD6)

Division Director, GAO & IG Audit Response Division (H1C)

Audit Liaison, PBS (BCP)

Audit Liaison, Heartland Region (6P)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Investigations (JID)

Director, Audit Planning, Policy, and Operations Staff (JAO)