



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

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MEMORANDUM FOR GEORGE R. PROCHASKA
REGIONAL COMMISSIONER
FEDERAL ACQUISITION SERVICE (7Q)

FROM: RODNEY J. HANSEN *Rodney Hansen*
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GREATER SOUTHWEST REGION (JA-7)

SUBJECT: Audit Memorandum: Limited Scope Review of Task Order
FN750801T3R Funded by the American Recovery and
Reinvestment Act (ARRA) of 2009

Background

On June 30, 2008, the Greater Southwest Region, Federal Acquisition Service, Acquisition Operations Division awarded a firm fixed priced task order (FN750801T3), valued at over \$3.6 million for a base year and four 1-year option periods. The task order provided for routine server maintenance and support line services, which included software updates and helpdesk services to the Indian Health Services (IHS), Office of Information Technology.

On December 22, 2009, the Acquisition Operations Division awarded an ARRA-funded task order (FN750801T3R) for software and security upgrades to servers valued at \$661,870. According to file documentation, this task order was established to modify Task Order FN750801T3 for ARRA monitoring purposes only. In addition, file documentation indicated the requirements of the ARRA-funded task order were within the scope of Task Order FN750801T3.

Finding

We found the ARRA-funded task order was inappropriately awarded because the requirements were outside the scope of Task Order FN750801T3, and price reasonableness was not determined. According to file documentation, it appears the software and security upgrades to the servers were not part of the normal routine server maintenance. In addition, according to IHS officials, the requirements of the ARRA-funded task order were different than the requirements of Task Order FN750801T3. Further, there was no file documentation to support the contractor's

statement of work was evaluated or price reasonableness of the \$2 million pricing proposal was determined.

In response to our findings related to Task Order FN750801T3R, Acquisition Operations Division Management (Management) prepared a memorandum of record acknowledging the ARRA-funded task order was incorrectly awarded as a firm fixed price task order/modification against FN750801T3. In addition, Management recognized: (1) a sole-source justification to the contractor should have been approved for this requirement; (2) a price analysis of the proposal should have been performed; (3) a new separate time & materials (T&M) task order should have been awarded; and (4) a justification for use of T&M should also have been prepared.

Conclusion

We have no formal recommendations since Management has proposed to take corrective actions. The OIG may perform a post award implementation review to verify Management's planned actions were performed.