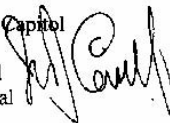


Improvements Needed in Fire Protection Systems Contracting

Office of Inspector General
U.S. House of Representatives
Washington, DC 20515-9990

MEMORANDUM

TO: Alan Hantman
Architect of the Capitol

FROM: James J. Cornell
Inspector General 

DATE: May 25, 2006

SUBJECT: Audit Report - Improvements Needed in Fire Protection Systems Contracting
(Report No. 06-AOC-03)

This is our final report on the Architect of the Capitol (AOC) contracting process for fire protection systems. The objective of this audit was to evaluate the effectiveness of the AOC's contracting process for fire protection systems in the House Office Buildings, Library of Congress (LOC), and the Capitol Power Plant. As a result of our work, we found that improvements are needed in fire protection systems contracting. In our March 3, 2006 draft report, we made specific recommendations for corrective actions.

In your April 3, 2006 response, your office concurred with our findings and recommendations. Your management response is incorporated in this final report and included in its entirety as an appendix. The corrective actions taken and planned by your office are appropriate and, when fully implemented, should adequately respond to the recommendations. Further, the milestone dates provided for implementing corrective actions appear reasonable.

We appreciate the courtesy and cooperation extended to us by your staff. If you have any questions or require additional information regarding this report, please call me or Ken Eichelman at (202) 226-1250.

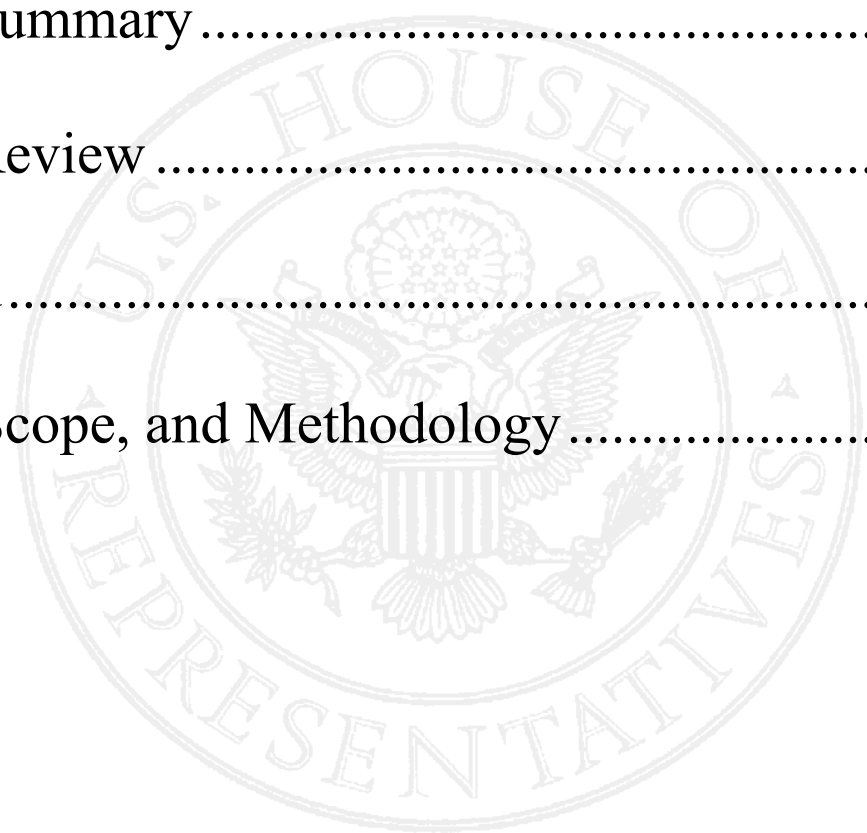
cc: Speaker of the House
Majority Leader of the House
Minority Leader of the House
Chairman, Committee on House Administration
Ranking Member, Committee on House Administration
Members, Committee on House Administration



Improvements Needed in Fire Protection Systems Contracting

▶▶▶ TABLE OF CONTENTS

Executive Summary	1
Results of Review	3
Background	6
Objective, Scope, and Methodology	6
Appendix	



Improvements Needed in Fire Protection Systems Contracting

➤➤➤ Executive Summary

Summary of Results of Review

- The Architect of the Capitol (AOC) has improved the training provided to Contracting Officer's Representatives (CORs).
- The AOC's process to maintain a comprehensive database of fire protection system contracts needs to be improved.
- The AOC's fire protection systems contracting and project completion guidance should be more inclusive and be applied consistently throughout the organization.
- The AOC uses personal service contracts to accomplish some fire systems related tasks.

Report Recommendation Summary

The Architect of the Capitol should:

- Develop a comprehensive database of contracts/task orders capable of being sorted by major categories, to account for all contractual actions.
- Ensure that the Fire Protection Master Plan is maintained continually to keep track of all actions related to fire protection throughout the Capitol Complex.

Improvements Needed in Fire Protection Systems Contracting

➤➤➤ Executive Summary (Cont'd)

Report Recommendation Summary (Cont'd)

- Develop comprehensive procedures to ensure Statements of Work are developed in a standard format, with clearly defined projects/tasks, allowing sufficient timeframes for review and oversight, and designating CORs.
- Develop comprehensive standardized contract/task order oversight review procedures that (1) ensure all responsible parties are afforded sufficient time to review contractor studies, designs, and drawings; (2) compile, consolidate, and coordinate comments and deficiencies for all levels of contract/task order review; and (3) clearly define the parameters needed to monitor contractor performance.
- Review and analyze the existing contracts to determine the extent of the use of personal service contracts and develop procedures that educate CORs on the proper methods of supervision and/or oversight that ensure procurement policy is not violated.

AOC Response

- The AOC concurred with the findings and is implementing the recommendations. All corrective actions should be completed by October 2006.

Improvements Needed in Fire Protection Systems Contracting

➤➤➤ Results of Review

Finding 1 Contract Database Needs Improvement

Condition: The AOC's process used to maintain a central repository or database of all contracts, specifically, those related to fire protection systems, needs to be improved. Furthermore, the Fire Protection Master Plan has not been kept up to date.

Criteria: Procurement Division, Standard Operating Procedure (SOP) 4-3, Contract Log - Solicitation/Contract/Modification, establishes a standardized procedure for use of the contract log.

Cause: Decentralization of contracting activities for fire protection systems throughout the AOC.

Effect: Untimely completion of design and construction projects causes the subsequent delay of future funding and corrective actions.

Agreed Upon Action Plans by the AOC: The AOC began using the procurement module on the Financial Management System (FMS) in January 2005 to track solicitation/contract/order/modification numbers of all new awards after January 2005 and has added all active contract/task orders awarded prior to January 2005. The system can be queried to produce lists of contract numbers, as well as funding and other discrete fields previously unavailable in the manual contract log. The AOC is working to automate a system to track contract and task order deliverables and milestones which is estimated to be completed in May 2006. The Fire Protection Engineering Division completed the Fire Safety Improvements timelines for the House update. These timelines are currently under AOC internal review with estimated finalization date of July 2006.

Improvements Needed in Fire Protection Systems Contracting

➤➤➤ Results of Review

Finding 2 Statements of Work (SOW) Need Improvement

Condition: SOWs did not contain realistic and adequately defined milestones, timeframes, and adequate periods for both internal and external review.

Criteria: AOC Procurement Manual, AOC Order 34-7, dated January 20, 2000.

Cause: Failure to develop complete requirements, timeframes, and milestones.

Effect: Delayed contract completion, follow-on contracts, and ineffective contract accountability.

Agreed Upon Action Plans by the AOC: The AOC has developed task order templates for small, medium, and large projects to assist in standardizing the language of the task orders. The Procurement Office is developing a program that will assist in monitoring contractor performance, including tracking milestones and contract deliverables. In addition, the AOC, through the Project Management Division, has created monthly reporting for each project to assess current contract progress versus published contract milestones and required deliverables. The AOC is developing comprehensive standardized contract/task order oversight procedures that (a) ensure all responsible parties are afforded sufficient time to review contractor studies, designs, and drawings; (b) compile, consolidate, and coordinate comments and deficiencies for all levels of contract/task order review; and (c) clearly define the parameters needed to monitor contractor performance. The estimated completion date is October 2006.

Improvements Needed in Fire Protection Systems Contracting

▶▶▶ Results of Review

Finding 3 Unauthorized Use of Personal Service Contracts

Condition: The AOC administered six contracts with a combined worth in excess of \$1 million which were in violation of published guidance.

Cause: CORs were not knowledgeable of requirements of personal service contracts and the lack of qualified fire protection engineers on staff to complete fire protection projects.

Criteria: The AOC Procurement Manual and Federal Acquisition Manual preclude awarding personal service contracts, with few exceptions.

Effect: The AOC received fire protection services in violation of published guidance and regulations by awarding personal service contracts in lieu of hiring full time equivalent (FTE) personnel to perform similar services.

Agreed Upon Action Plans Completed by the AOC: The AOC issued a personal service contract information letter on October 31, 2005. This letter describes the characteristics, inherently governmental functions, and practical actions for AOC personnel to observe in their interactions with contractors. The AOC is also developing a questionnaire to be completed by contractor personnel who are working on identified at-risk contracts. Any responses that give the appearance of improper interaction between contractor and AOC personnel will be addressed by the Contracting Officer with appropriate AOC or contractor personnel. The AOC implemented the contractor questionnaire in May 2006.

Improvements Needed in Fire Protection Systems Contracting

BACKGROUND

The AOC has embarked on an aggressive improvement plan to enhance the fire protection systems within the House Complex, Library of Congress (LOC), and Capitol Power Plant (CPP). Since most of the work to install new and upgrade existing fire protection systems requires the expertise and knowledge of fire protection engineering and standards, the AOC has awarded numerous task-oriented contracts to major fire protection contractors. With the exception of the CPP, all jurisdictions now employ fire protection engineers on their staff to oversee internal projects; however, with the magnitude of the work being studied, designed, and undertaken, additional contractors are employed to provide the necessary oversight expertise.

SCOPE

Fire protection systems contracts active as of January 2002 and related contracts initiated earlier. We selected 14 contracts for review from a list provided to us by the AOC, and from contracts we had knowledge of through our fire protection systems oversight role.

OBJECTIVE

Evaluate the effectiveness of the AOC's contracting process for fire protection systems in the House Office Buildings, LOC, and the CPP.

METHODOLOGY

We conducted this review in accordance with government auditing standards as implemented in the OIG policies and procedures. To accomplish our objectives, we interviewed associated personnel and reviewed AOC documents. Our field work was conducted during the period May 2004 to March 2005, with follow-up work conducted in February 2006.

Improvements Needed in Fire Systems Contracting



Washington, DC 20515

April 6, 2006


Mr. James Cornell
Inspector General
Office of the Inspector General
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Cornell:

This letter is written in response to your Memorandum of March 3, 2006 concerning the Draft Audit Report - Improvements Needed in Fire Protection Systems Contracting. Enclosed, please find AOC's concurrence and status regarding each finding contained in subject draft.

I appreciate the team approach to ensuring the report is not only accurate but reflects our plan to address each finding. I look forward to receiving the final report and to continuing to work together to improve AOC operations.

Sincerely,



Stephen T. Ayers, AIA
Chief Operating Officer

Enclosure

Improvements Needed in Fire Systems Contracting

AOC Response to House of Representative Office of the Inspector General Draft Audit Report on Improvements Needed in Fire Protection Systems Contracting

Finding 1: Concur

Status update:

a) The Fire Protection Engineering Division has completed draft Fire Safety Timeline reports. They are currently under AOC internal review. Estimated finalization date is July 2006.

b) The transfer of active contract/task orders awarded prior to January 2005 is complete. Procurement Division is working with our Financial Management System and Information Technology Division offices to automate a system to track contract and task order deliverables and milestones. Estimated completion date is May 2006.

Finding 2: Concur

Status update for the "Remaining Recommendation": Estimated completion date is October 2006.


Finding 3: Concur

Status update: IL 2005-02, Avoiding Personal Service Contracts, was published and provided to the AOC staff on October 31, 2005. This IL describes the characteristics, inherently governmental functions, and practical actions for AOC personnel to observe in their interactions with contractors. Additionally, the AOC is developing a questionnaire to be completed by contractor personnel who are working on identified at-risk contracts. Any responses that give the appearance of improper interaction between contractor and AOC personnel will be addressed by the Contracting Officer with appropriate AOC or contractor personnel. The target date for implementation of the questionnaire is May 2006.

Office of Inspector General
U.S. House of Representatives
Washington, DC 20515-0990

MEMORANDUM

TO: Alan Hantman
Architect of the Capitol

FROM: James J. Cornell
Inspector General 

DATE: May 25, 2006

SUBJECT: Audit Report - Improvements Needed in Fire Protection Systems Contracting
(Report No. 06-AOC-03)

This is our final report on the Architect of the Capitol (AOC) contracting process for fire protection systems. The objective of this audit was to evaluate the effectiveness of the AOC's contracting process for fire protection systems in the House Office Buildings, Library of Congress (LOC), and the Capitol Power Plant. As a result of our work, we found that improvements are needed in fire protection systems contracting. In our March 3, 2006 draft report, we made specific recommendations for corrective actions.

In your April 3, 2006 response, your office concurred with our findings and recommendations. Your management response is incorporated in this final report and included in its entirety as an appendix. The corrective actions taken and planned by your office are appropriate and, when fully implemented, should adequately respond to the recommendations. Further, the milestone dates provided for implementing corrective actions appear reasonable.

We appreciate the courtesy and cooperation extended to us by your staff. If you have any questions or require additional information regarding this report, please call me or Ken Eichelman at (202) 226-1250.

cc: Speaker of the House
Majority Leader of the House
Minority Leader of the House
Chairman, Committee on House Administration
Ranking Member, Committee on House Administration
Members, Committee on House Administration