



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

RECOVERY

## RECOVERY OVERSIGHT ADVISORY

Bureau of Indian Affairs Architect-Engineer Multiple Award  
Indefinite-Delivery Contract CBM00070015

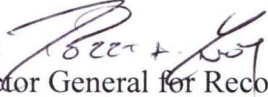


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INSPECTOR GENERAL**  
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**FEB 03 2011**

Memorandum

To: Chris Henderson  
Senior Advisor to the Secretary for Economic Recovery and Stimulus

From: Robert A. Knox   
Assistant Inspector General for Recovery Oversight

Subject: Recovery Oversight Advisory – Bureau of Indian Affairs Architect-Engineer  
Multiple Award Indefinite-Delivery Contract CBM00070015  
Report No. RO-J-BIA-127-2010

This advisory, regarding the issuance, fair opportunity, and cost of delivery orders under Bureau of Indian Affairs (BIA) Architect-Engineer Multiple Award Indefinite-Delivery Contract (IDC) CBM00070015 by the BIA Eastern Regional Supervisory Contract Specialist, is part of our ongoing effort to oversee and ensure the accountability of funding appropriated to the U.S. Department of the Interior (DOI) in the American Recovery and Reinvestment Act of 2009 (ARRA). We make a number of recommendations intended to ensure compliance with the Department's policy and OMB guidance.

**Background**

On May 1, 2007, through a Multiple Award IDC vehicle, the BIA Albuquerque Acquisition Office awarded IDC CBM00070015 to PAI of Kentucky (PAIK) for road and bridge location, surveying, mapping, soil investigation, project scoping report, and road design, as well as bridge design and foundation investigation, for the 12 BIA National Regional Offices. The initial IDC period began May 1, 2007, and continued through April 30, 2008, with four 1-year option periods. To date, the IDC has been modified seven times, with the last modification extending the period of performance through April 30, 2011.

**Findings**

The BIA Eastern Regional Supervisory Contract Specialist issued four Delivery Orders (D/O) to PAIK. Two of the D/Os were funded by the Recovery Act—RA001510038 (\$125,594) and RA00150040 (\$142,185)—but each of the D/Os was issued without authority. IDC Section C.6.2. states that the Administrative Contracting Officer shall issue all D/Os, and Section G.4.a. identifies the Administrative Contracting Officer as the contracting specialist in the Southwest Regional Office. Including modifications 0004 and 0005, only the contracting specialists in the Southwest, Pacific, and Eastern Oklahoma Regional Offices may issue D/Os against the IDC. Nowhere in this contract is authority extended to the Eastern Region.

In addition, we determined that the D/Os, which totaled \$267,779, were issued to PAIK without affording other IDC holders a fair opportunity. The Supervisory Contract Specialist was interviewed and stated that once vendors are awarded IDCs, there is no requirement to compete the issuance of D/Os amongst the IDC holders. We disagree, and note that in accordance with FAR 16.505(b)(1)(i), “the contracting officer must provide each awardee a fair opportunity to be considered for each order exceeding \$3,000 issued under multiple delivery-order contracts or multiple task-order contracts...”

Finally, the Supervisory Contract Specialist stated that he did not negotiate the task order or require an Independent Government Cost Estimate (IGCE) to determine that the price was fair and reasonable. He explained that price negotiations were not conducted because the hourly rates were established by the IDC. Based on a review of the IDC, the Supervisory Contract Specialist was partially correct. Section B.1.c. states that “the Labor Rates, computer-aided design and drafting per hour costs and/or civil engineering automated library per hour costs shall not be a point of negotiation on individual Delivery Orders.” However, section B.1.c. further states that “the only portion of the Delivery Order(s) that are to be negotiated shall be specific labor mix, total labor hours required to accomplish the Delivery Order, any travel costs and materials costs as appropriate.” In addition, Section H.6. stipulates that “the contract price for production and delivery, designs, and specifications shall not exceed 6 percent of the [IGCE] or Government Programmed Funding whichever is less for construction of the public works or utilities.” Therefore, the Supervisory Contract Specialist should have negotiated specific labor mixes, total labor hours required to accomplish the Delivery Order, and any travel costs and materials costs as appropriate.

## **Recommendations**

We recommend BIA:

1. Conduct training for contracting professionals on proper use of IDCs. Only Contracting Officers/Specialists granted authority in the contract may issue delivery orders and obligate U.S. Government funds.
2. Conduct training for contracting professionals to ensure they understand their responsibilities to obtain a fair and reasonable price by negotiating the appropriate labor mix and labor hours required for full contract performance.
3. Ensure that a reconciliation of all delivery orders issued under IDC CBM00070015 is conducted and reported to the Administrative Contracting Officer in the BIA Southwest Regional Office. Evaluate if any currently awarded D/Os were awarded without authority, and determine appropriate action, such as ratification and/or termination for convenience.

Please provide a written response to this advisory within 30 days of receipt detailing the corrective actions BIA will implement to meet our recommendations, as well as targeted completion dates and title(s) of the official(s) responsible for implementation. We will post this advisory on our Web site ([www.doioig.gov/recovery/](http://www.doioig.gov/recovery/)) and [Recovery.gov](http://Recovery.gov). Information contained in this advisory may also be included in our semiannual reports to Congress. We performed our work in accordance with the applicable Quality Standards adopted by the Council of the Inspectors General on Integrity and Efficiency. Please contact me if you have any questions.

cc: Deputy Secretary, U.S. Department of the Interior  
Director, Office of Executive Secretariat and Regulatory Affairs  
Assistant Secretary for Policy, Management and Budget  
Director, Office of Acquisition and Property Management  
Acting Director, Office of Financial Management  
Assistant Secretary - Indian Affairs  
Departmental GAO/OIG Audit Liaison  
Audit Liaison, Office of the Secretary  
Audit Liaison, Indian Affairs  
Recovery Coordinator, Assistant Secretary, Indian Affairs

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U.S. Department of the Interior  
Office of Inspector General  
Mail Stop 4428 MIB  
1849 C Street, NW  
Washington, D.C. 20240

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Washington Metro Area

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