



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

RECOVERY

RECOVERY OVERSIGHT ADVISORY

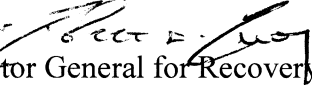
Follow-up on U.S. Geological Survey (USGS) Indefinite-Delivery/
Indefinite-Quality (IDIQ) Contract 08ERCN0017, et al.



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SEP 28 2010

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 - Follow-up on U.S. Geological Survey (USGS)
Indefinite-Delivery/Indefinite-Quantity (IDIQ) Contract 08ERCN0017, et al.
(ROO-ROA-GSV-7001-2010-1)

This advisory informs you of our recent findings regarding the USGS IDIQ contracts for water monitoring equipment purchased by the USGS Hydrological Instrumentation Facility (HIF). This review is part of our ongoing efforts 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 (Recovery Act).

Please provide a written response to this advisory within 30 days of receipt detailing the corrective actions USGS will implement to meet our recommendations, as well as targeted completion dates and the title(s) of the official(s) responsible for implementation.

We will post this advisory on our Web site (www.doioig.gov/recovery/) and on Recovery.gov. Information contained in this advisory may also be included in our semiannual report to the Congress. Please do not hesitate to contact me if you have any questions.

Background and Findings

On February 4, 2010, the Recovery Oversight Office (ROO) published an advisory (ROO-ROA-GSV-7001-2010) regarding the award of nine IDIQ contracts based upon USGS solicitation number 07ERSS0017. The advisory identified that on June 13, 2008, nine vendors were awarded IDIQ contracts to fulfill 84 line item requirements for specialized components of water monitoring equipment for the USGS HIF. No vendors bid on the same line item contracts for the same equipment. The advisory further reflected that on May 20, 2009, and June 4, 2009, the IDIQ contracts were deemed a Recovery Act project because \$14.6 million of Recovery Act funds were obligated in six of the nine IDIQ contracts to buy additional equipment.

Our review of the contracts addressed concerns that USGS's approach did not foster maximum competition, which is a Recovery Act goal. The February 4, 2010 advisory provided several recommendations for USGS to address, including that sole source justifications should be issued for these awards. We noted that if equipment specifications were unique to specific vendors, and the circumstances fit one of the seven Federal Acquisition Regulation (FAR) exceptions, USGS should have issued either sole source agreements or documented proper justifications.

On March 5, 2010, we received USGS's response, which documented their partial non-concurrence and complete non-concurrence to recommendations one, three, and four. Their response indicated that the IDIQ awards sourced the HIF more strategically and reduced the acquisition workload. USGS's response further stated that the awards were fully competed, multiple vendors were solicited, and vendors were not provided any preference. USGS indicated they had not provided any preference to vendors and no company submitted competing proposals for the 84 pieces of equipment.

We reviewed the solicitations and awards to ascertain whether vendors may have colluded in order to win certain awards. We found no evidence to indicate multiple vendors were interested in bidding on the same line items. USGS initially explained that, based on market research, they believed multiple vendors would submit proposals for the 84 line items. USGS based that belief on the contact with vendors that had previously taken place at trade shows and demonstrations. Only nine vendors submitted proposals, which were based on clustered, sequential contract line item numbers (CLINs).

We obtained information that indicated individual vendors were specifically asked by HIF personnel to bid on only certain line items. Three of the nine vendors were randomly contacted to determine why they only bid on specific items. Two vendors stated they were contacted by the HIF and asked to provide price quotes on specific line items.

We found indications that the original solicitation called for specific part numbers and/or characteristics that could only be met by a specific vendor. The original solicitation clearly identified 16 of 84 CLINs by their designated HIF stock number, and the specifications for several other CLINs were compared to the vendor's product description and found to be almost identical.

Finally, restrictive solicitation requirements, in conjunction with conversations with HIF personnel, may have undermined the goal to increase competition. Our findings are based on our review of pertinent documents and interviews conducted with program, acquisition, and industry personnel.

Recommendations

On July 22, 2010, our office discussed the findings of this advisory with the USGS Procurement Chief and USGS Recovery Coordinator. USGS revised their previous response and agreed to the following recommendations:

1. Prepare sole source justifications for each of the current and prospective delivery orders executed under the nine IDIQ awards and obtain approval from the proper authority. USGS will amend solicitation number 07ERSS0017 to identify the IDIQ awards as sole source awards.
2. Implement the requirements of FAR 5.705 and Section 1554 for the Recovery Act-related delivery orders. USGS agreed to amend the coding within the Federal Procurement Data System – Next Generation (FPDS-NG) to reflect the awards as sole source.

3. Conduct future procurements of similar nature in compliance with Federal procurement policy. USGS recognizes the need for procurement training at the program office level and has requested that the OIG provide training.

cc: Deputy Secretary, Department of the Interior
Assistant Secretary – Policy, Management, and Budget
Director, Office of Acquisition and Property Management
Acting Director, Office of Financial Management
Director, U.S. Geological Survey
U.S. Geological Survey Audit Liaison
Departmental GAO/OIG Audit Liaison
Audit Liaison, Office of the Secretary
Recovery Coordinator, U.S. Geological Survey

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