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# *Office of Inspector General*

# *Audit Report*

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## **DOT'S EFFORTS TO REDUCE SPENDING ON MANAGEMENT SUPPORT SERVICES CONTRACTS HAVE BEEN DELAYED**

*Office of the Secretary of Transportation*

*Report Number: ZA-2014-019*  
*Date Issued: January 15, 2014*





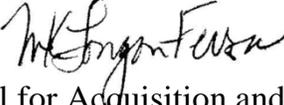
# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **ACTION:** DOT's Efforts To Reduce Spending on  
Management Support Services Contracts Have  
Been Delayed  
Office of the Secretary of Transportation  
Report Number ZA-2014-019

Date: January 15, 2014

From: Mary Kay Langan-Feirson   
Assistant Inspector General for Acquisition and  
Procurement Audits

Reply to  
Attn. of: JA-60

To: Assistant Secretary for Administration  
Assistant Secretary for Budget and Programs  
and Chief Financial Officer

Over the past decade, Federal spending on contracts for professional and technical support services such as engineering, information technology, acquisition planning, and program management quadrupled to approximately \$40 billion—far outpacing the already fast growth in Federal contract spending. According to the Office of Management and Budget (OMB), these management support services contracts frequently create the potential for overreliance on contractors for mission-critical activities, and agencies are twice as likely to purchase these services using high-risk contract types, such as time-and-materials contracts.

In November 2011, as part of its Campaign to Cut Waste, OMB announced a goal to reduce spending on management support services contracts by 15 percent (from fiscal year 2010 spending levels) by the end of fiscal year 2012.<sup>1</sup> OMB also called for the Chief Financial Officer (CFO) and Chief Acquisition Officer (CAO) of each agency to institute internal controls to monitor fiscal year 2012 obligations for management support services under new contracts and orders.

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<sup>1</sup> OMB memorandum, "Reduced Contract Spending for Management Support Services," Nov. 7, 2011. OMB emphasized this initiative is not meant to discourage the use of contractors, and it expects agencies to continue to make good use of the expertise, innovation, and capabilities of contractors for management support activities.

We initiated this audit to evaluate the effectiveness of the Department of Transportation's (DOT) efforts in meeting OMB's goals. Specifically, we (1) determined DOT's spending on management support services contracts for fiscal years 2010 through 2012 and (2) assessed DOT's efforts to meet OMB's goal to reduce management support services contract spending and implement controls for awarding and managing those contracts.

In conducting this audit, we analyzed DOT's management support services spending data,<sup>2</sup> interviewed officials from DOT's Office of the Senior Procurement Executive (OSPE) and Office of the Chief Financial Officer (OCFO), administered surveys to the CFO and Chief of the Contracting Office (COCO)<sup>3</sup> at each DOT Operating Administration, and reviewed applicable OMB directives. We conducted our audit between March 2013 and November 2013 in accordance with generally accepted Government auditing standards. Exhibit A details our scope and methodology.

## RESULTS IN BRIEF

DOT's spending on management support services contracts increased 17 percent from fiscal years 2010 through 2012, from approximately \$1.1 billion to almost \$1.3 billion.<sup>4</sup> Over half of DOT's management support services contract obligations involve high-risk contract types, such as time-and-materials and cost-reimbursement contracts.

Despite increases in management support services contract spending, DOT achieved contract cost savings through implementation of Phase 1 of its strategic sourcing initiative.<sup>5</sup> To reduce overall contract spending, DOT launched a three-phase strategic sourcing initiative in fiscal year 2011. DOT also laid the groundwork for implementing internal controls that could improve its oversight and use of management support services contracts. However, Phases 2 and 3 of the strategic sourcing initiative that focus in part on management support services spending have been delayed, and DOT did not have comprehensive plans and policies for implementing Phases 2 or 3. In addition, DOT's efforts to implement internal controls for managing the Department's management support services contract spending have been similarly delayed. While DOT recently initiated

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<sup>2</sup> To measure progress towards its 15-percent reduction goal, OMB reviewed management support services contract obligations covered by 12 product and service codes reported in the Federal Procurement Data System-Next Generation (FPDS-NG). Agency procurement officials use unique product and service codes—defined in the FPDS-NG Product Service Code Manual—to best identify the products, services, and research and development that they purchase. See exhibit C for more information on these product and service codes.

<sup>3</sup> COCOs are responsible for implementing internal controls and monitoring obligations under new contracts and orders at their Operating Administrations.

<sup>4</sup> Based on DOT's management support services contract spending on 12 product and service codes of interest to OMB.

<sup>5</sup> Strategic sourcing is a collaborative and structured process of analyzing an organization's procurement spending and using the information to make decisions about acquiring commodities and services more efficiently and effectively.

actions that could provide a foundation for improving the Department’s use of management support services contracts, such as revising its “Acquisition Oversight and Risk Management Policy,” it has not implemented OMB’s suggested internal controls, according to all 11 Operating Administrations’ CFOs and COOs we surveyed. Since the Department spends over \$1 billion annually on management support services, deferring efforts to focus on management support services contracts has delayed potential opportunities to reduce spending and better manage these contracts.

We are making recommendations to help DOT identify opportunities to control spending and improve management of its management support services contracts.

## **DOT’S MANAGEMENT SUPPORT SERVICES CONTRACT SPENDING HAS INCREASED**

DOT’s spending on management support services contracts increased from approximately \$1.1 billion in fiscal year 2010 to nearly \$1.3 billion in fiscal year 2012—an overall increase of 17 percent (see table 1). Over this 3-year period, management support services contract spending represented about a quarter (\$3.5 billion) of the Department’s total service contract obligations (\$14.4 billion<sup>6</sup>).

***Table 1. DOT’s Management Support Services Contract Spending, Fiscal Years 2010 Through 2012***

<b>Fiscal year</b>	<b>Spending on management support services contracts</b>	<b>Percent change from fiscal year 2010 spending</b>
2010	\$1.104 billion	N/A
2011	\$1.166 billion	+5.62%
2012	\$1.293 billion	+17.12%

Source: OIG analysis of DOT’s FPDS-NG data on the 12 product and service codes of interest to OMB.

DOT officials responsible for monitoring the agency’s implementation of the OMB savings initiative acknowledged that their spending on these particular management support services contracts increased during this period. DOT officials provided us their computations of this increase, which were comparable to ours.

Additionally, 59 percent of DOT’s management support services contract obligations involve high-risk contract types, such as time-and-materials and cost-

<sup>6</sup> The \$14.4 billion includes spending on the 12 product and service codes of interest to OMB (which amounted to \$3.5 billion) and all other services purchased by DOT.

reimbursement contracts, which pose a risk of overspending because they provide no direct incentive for contractors to control costs.

## **DOT ACHIEVED SOME COST SAVINGS THROUGH ITS STRATEGIC SOURCING INITIATIVE AND HAS LAID THE GROUNDWORK FOR IMPLEMENTING INTERNAL CONTROLS**

Despite increases in management support services contract spending, DOT's strategic sourcing initiative has realized some contract cost savings in other areas. DOT has also taken steps to lay a foundation that could improve the Department's oversight and use of management support services contracts. However, deferring efforts to focus on management support services contracts has delayed potential opportunities to reduce spending and better manage these contracts.

### **DOT's Strategic Sourcing Initiative Targets Overall Contract Spending**

To reduce overall spending on contracts, including management support services contracts, DOT launched a three-phased strategic sourcing initiative in fiscal year 2011, which the Department plans to implement over a period of several years (see table 2). DOT reported to OMB that it completed Phase 1 in December 2012 and that its focus on near-term cost reduction opportunities saved the Department \$201 million in fiscal year 2012.<sup>7</sup>

Both Phases 2 and 3 of the initiative focus in part on management support services spending. Although DOT started Phase 2 in calendar year 2013, at the time of our review DOT had not yet started the part of Phase 2 that focuses on management support services. DOT also has not yet established a start date for Phase 3. In addition, DOT did not have comprehensive plans and policies for implementing Phases 2 or 3 of its strategic sourcing initiative. For example, roles and responsibilities for the OSPE and OCFO have not been assigned, and approaches for achieving each phase have not been identified. As a result, it is unclear what actions DOT will take to find opportunities for reducing its management support services spending or what targets and milestones it will aim to achieve.

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<sup>7</sup> We did not validate this figure, as DOT's Phase 1 near-term cost reductions were not within the scope of our audit.

**Table 2. DOT's Strategic Sourcing Initiative**

Phase	Focus	Cost reduction opportunities	Status
Phase 1	Near-term cost reduction opportunities	<ul style="list-style-type: none"> <li>• Printers and managed printing</li> <li>• Personal computing devices</li> <li>• Peripherals and office equipment</li> <li>• Servers, storage, network devices</li> <li>• Enterprise postal solutions</li> </ul>	Completed December 2012
Phase 2	Areas that require more time for analysis and implementation of cost-reduction strategies	<ul style="list-style-type: none"> <li>• Management support services</li> <li>• Furniture</li> <li>• Cellular services</li> <li>• Software and maintenance</li> </ul>	To begin in calendar year 2013
Phase 3	Complex categories that require a long-term approach	<ul style="list-style-type: none"> <li>• Engineering services</li> <li>• Program management support services</li> <li>• Administrative support services</li> <li>• Custodial services</li> </ul>	No specified date

Source: DOT

Since DOT spends over a billion dollars a year on management support services, deferring efforts to focus on management support services contracts has delayed potential opportunities to reduce spending and better manage these contracts. To illustrate, if the Department aimed to reduce its management support services spending by OMB's goal of 15 percent, it could potentially save as much as \$150 million each year on these types of contracts.

### **Recent Actions Could Provide a Foundation for Effective Internal Controls for Management Support Services Contracts**

While DOT recently initiated actions that could provide a foundation for improving the Department's use of management support services contracts, it has not implemented OMB's suggested internal controls. In its November 2011 memorandum, OMB requires agency CFOs and CAOs to institute appropriate internal controls to monitor the obligation of fiscal year 2012 funds for management support services under new contracts, new orders, or options under existing contracts. The OMB memorandum also suggests six examples of controls to reduce agency spending on management support services contracts (see exhibit B). For example, OMB suggests that agency heads provide direction to program offices by conveying expectations for reduced spending on management support services, and that program offices identify specific actions for management support services contracts that will be expiring or entering into option periods. However, our survey of each Operating Administration's CFO and COCO determined that the Department has not implemented any of these internal controls.

Although DOT has not implemented the specific internal controls suggested by OMB, the Department recently took action to improve internal controls for its overall contracting function, which could serve as a foundation for improving the Department's oversight and use of management support services contracts. Notably, in September 2013, DOT's Deputy Secretary issued its updated "Acquisition Oversight and Risk Management Policy," which became effective on October 1, 2013.<sup>8</sup> The policy requires the Senior Procurement Executive—in consultation with DOT's Acquisition Strategy Review Board, which includes the Deputy CFO and Deputy Chief Information Officer—to review and approve acquisition plans and supporting documents that meet any of the following three criteria:

1. procurements with an estimated value greater than \$20 million over the life of the contract;
2. high-risk type contracts or orders with an estimated value over \$10 million; or
3. acquisitions that are identified as (a) significant because of their cross-agency impact, (b) critical because of their role in mission accomplishment, or (c) required to comply with Presidential initiatives.

Applying the policy's executive review process to its management support services contracts could help improve DOT's acquisition of such services. According to the revised policy, this review process will result in several benefits. These include providing a Departmental review of business and acquisition approaches used by the Operating Administrations to meet DOT's mission requirements and program objectives. It would also ensure that Federal and Departmental initiatives are addressed—such as ensuring consideration of strategic sourcing within DOT, emphasizing acquisition planning, using the appropriate contract type, and promoting competition.

## **CONCLUSION**

With the increased reliance on high-risk management support services contracts—which currently total approximately \$40 billion across the Government—it is critical that agencies attempt to reduce spending and effectively monitor obligations on these types of contracts. While DOT has reduced some contract spending and laid the groundwork for implementing revised internal controls, its spending on management support services contracts has increased. Until DOT effectively implements its strategic sourcing initiative and additional internal controls, DOT will likely continue to miss opportunities to better manage and

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<sup>8</sup> This policy is applicable to all DOT organizations, personnel, and investments, with the exception of the Federal Aviation Administration, which has independent authority for acquisition and personnel matters.

oversee management support services contracts, which could lead to significant savings.

## **RECOMMENDATIONS**

We recommend that the Office of the Senior Procurement Executive and Office of the Chief Financial Officer jointly take the following actions:

1. Develop a Departmentwide policy and comprehensive implementation plan to help DOT focus on its management support services spending and better manage its management support services contracts in Phases 2 and 3 of the Department's strategic sourcing initiative. At a minimum, this implementation plan should (a) contain targets and milestones for reducing and controlling management support services contract spending, (b) identify strategies and approaches to achieve these targets and milestones, and (c) define key stakeholders' roles and responsibilities for meeting these targets and milestones.
2. Implement additional internal controls, such as those cited in the Office of Management and Budget's November 2011 memorandum, to ensure efficient and effective spending on management support services contracts, orders, and options under existing contracts.

## **AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

We provided DOT's OSPE and OCFO with our draft report on November 7, 2013, and received a formal response on December 20, 2013. The response can be found in its entirety in the appendix of this report. The Assistant Secretary for Administration concurred with our two recommendations. However, additional actions are needed to ensure DOT fully meets the intent of recommendation 1. Specifically, we encourage DOT to document the policy that the Acquisition Strategy Review Board (ASRB) intends to use to focus its reviews of management support services contracts. DOT's response to recommendation 1 does not explain how the ASRB process will result in the implementation of a DOT-wide policy for management support services contracts. DOT's new Acquisition Oversight and Risk Management Policy does not focus exclusively on management support services contracts and covers only high-dollar acquisitions. Accordingly, we request that DOT provide us with additional information on how it will specifically address management support services contracts through the ASRB process. Until we receive that information, we consider recommendation 1 open and unresolved.

For recommendation 2, DOT provided planned corrective actions that address the intent of our recommendation and appropriate timeframes for implementation. Accordingly, we consider recommendation 2 resolved but open pending completion of the planned actions.

## **ACTIONS REQUIRED**

In accordance with Department of Transportation Order 8000.1C, we request that DOT provide additional information for recommendation 1 as described above. We request that DOT provide this information within 30 days of this report. Until then, we consider recommendation 1 open and unresolved. We consider recommendation 2 resolved but open pending completion of the planned actions.

We appreciate the courtesies and cooperation of DOT representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-5225; Tony Wysocki, Program Director, at (202) 493-0223; or Dana Short, Project Manager at (202) 366-2089.

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cc: DOT Senior Procurement Executive  
DOT Audit Liaison (M-1)

## **EXHIBIT A. SCOPE AND METHODOLOGY**

We conducted this audit between March 2013 and November 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.

Our audit objectives were to (1) determine DOT's spending on management support services contracts for fiscal years 2010 through 2012 and (2) assess DOT's efforts to meet OMB's goal to reduce management support services contract spending and implement controls for awarding and managing those contracts. Our audit scope included DOT's Office of the Secretary, Office of the Senior Procurement Executive, the Office of the Chief Financial Officer, and all Operating Administrations.

To address our objectives, we obtained and analyzed OMB memorandums and applicable DOT guidance related to management support services contracts. We also developed and administered surveys to the CFO and COCO of all 11 Operating Administrations regarding their controls for planning and managing spending on management support services contracts (100 percent of the CFOs and COCOs responded). We then analyzed the survey responses and followed up with agency officials to verify their responses.

To further identify actions DOT has taken to reduce management support services contracts, we reviewed all Strategic Acquisition Council meeting minutes from September 2010 to May 2013 and the Administrative Savings Team meeting minutes from June to November 2012.

We also interviewed officials from DOT's Office of the Senior Procurement Executive; DOT's Office of the Chief Financial Officer; Chief of the Contracting Office, and the CFO's of the three Operating Administrations that obligated almost 90 percent of the Department's management support services obligations for fiscal years 2010 through 2012: the Federal Aviation Administration (FAA), the Research and Innovative Technology Administration/Volpe Center, and the Federal Transit Administration.

To measure DOT's management support services contract spending for fiscal years 2010 through 2012, we analyzed DOT's certified FPDS-NG data on the 12 product service codes of interest to OMB. To estimate potential savings, we calculated the amount that DOT would need to reduce its management support services spending to achieve OMB's 15-percent reduction goal. We performed this calculation using DOT's spending on management support services during fiscal

years 2010 through 2012 on the 12 product and service codes of interest to OMB, which totaled approximately \$1 billion annually. FAA had a significant data error in FPDS, which FAA officials stated had been corrected by April 2, 2013. Therefore, we extracted FAA's FPDS data on April 30, 2013.

While we did not audit FPDS-NG, we performed various checks to assess the reliability of DOT's FPDS-NG contract data for fiscal years 2010 through 2012 on the 12 product and service codes of interest to OMB. In addition, we interviewed DOT officials responsible for the agency's FPDS-NG data to understand the data limitations related to our audit. We determined that FPDS-NG data was sufficiently reliable for the purpose of this audit for the following reasons:

- From our universe of DOT's FPDS-NG contracts covered by the 12 product and service codes of interest to OMB, we randomly selected and verified 60 contracts by comparing them to Delphi, DOT's official accounting management system. This verification provided sufficient confirmation of the contracts' existence. We also compared the product and service codes from this universe to those that DOT reported in its Service Contract Inventory Report to OMB for fiscal years 2010 through 2012, which confirmed that DOT did not omit codes related to this audit.
- Our use of FPDS-NG is consistent with OMB's guidance to agencies for reducing spending on management support services contracts. Specifically OMB directed agencies to use FPDS-NG to identify covered contracts and the size of the reduction required to achieve the 15-percent spending reduction.
- Finally, we verified DOT's calculation of its increase in management support services spending on the 12 product and service codes of interest to OMB by independently performing the same calculation. Our calculation verified that DOT's calculation was reasonably accurate. We performed our verification using FPDS-NG data for fiscal years 2010, 2011, and 2012, which DOT certified as accurate at the end of each fiscal year. According to DOT's certification, over these 3 years, the product and service codes were 98-percent accurate on average and the dollars obligated were 99-percent accurate on average. We assessed the actions DOT has taken related to management support services contracts against OMB criteria and best practices, such as its (1) memorandum, Reduced Contract Spending for Management Support Services, November 7, 2011; (2) memorandum, Service Contract Inventories, November 5, 2010; and (3) memorandum, Conducting Acquisition Assessments under OMB Circular A-123, May 21, 2008.

## **Exhibit A. Scope and Methodology**

To gain insight on OMB's methodology used to compute the reduction in management support services spending for the Department, we spoke with officials at the Office of Federal Procurement Policy.

## **EXHIBIT B. OMB'S EXAMPLES OF CONTROLS FOR MANAGING AND MONITORING OBLIGATIONS FOR MANAGEMENT SUPPORT SERVICES CONTRACTS**

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- 1 Direction from the agency head or other senior ranking official to program offices conveying expectations for reduced spending on management support services.

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  - 2 A requirement for programs that are the primary users of management support services to identify to the agency's CFO Office specific planned actions for the upcoming fiscal quarter on their largest management support contracts that will be expiring or entering into option periods and actions taken in the prior fiscal quarter against planned contract actions.

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  - 3 A direction for components or programs to include justifications with their contract requisitions for management support services to establish that the requested work is essential.

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  - 4 An instruction for officials with budget authority at the program level to obtain higher level approval before a requisition for management support services is submitted to the contracting office.

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  - 5 A requirement that contracting officers not take action on requisitions for management support services that would obligate FY2012 funding unless the requisition includes justifications and/or higher level approvals.

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  - 6 The identification of one or more oversight officials who regularly monitor component spend rates and actions taken, and resolve disagreements between components regarding the relative importance of resource requests for management support services.
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Source: OMB memorandum, Reduced contract spending for management support services, Attachment 2, Nov. 7, 2011.

## **EXHIBIT C. TWELVE PRODUCT AND SERVICE CODES OF INTEREST TO OMB**

According to the U.S. General Services Administration, which oversees FPDS-NG, agency procurement officials are to use unique product and service codes defined in the FPDS-NG Product Service Code Manual to best identify the products, services, and research and development that they purchase. The 12 codes of interest to OMB under its savings initiative are shown below.

<b>Product and Service Code</b>	<b>Description</b>
D302	ADP systems development services
D307	Automated information system services
D310	ADP back-up and security services
D314	ADP acquisition support services
R408	Program management/support services
R413	Specification development services
R414	Systems engineering services
R421	Technical assistance
R423	Intelligence services
R425	Engineering and technical services
R497	Personal services
R707	Management services/Contract and procurement support

Source: OMB memorandum, Reduced contract spending for management support services, Attachment 1, Nov. 7, 2011.

**EXHIBIT D. MAJOR CONTRIBUTORS TO THIS REPORT**

<b><u>Name</u></b>	<b><u>Title</u></b>
Anthony Wysocki	Program Director
Dana Short	Project Manager
Angela Hailes	Analyst
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Kathryn Novicky	Analyst
Karen Sloan	Writer-Editor
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Fritz Swartzbaugh	Associate Counsel

## APPENDIX. AGENCY COMMENTS



**U.S. Department of  
Transportation**  
Office of the Secretary  
of Transportation

**Assistant Secretary  
for Administration**

1200 New Jersey Ave., SE  
Washington, DC 20590

**December 20, 2013**

**MEMORANDUM TO:** Mary Kay Langan-Feirson  
Assistant Inspector General for Acquisition and  
Procurement Audits

**FROM:** Brodi Fontenot   
Assistant Secretary for Administration

**SUBJECT:** Department of Transportation's (DOT) Response to Office of  
Inspector General (OIG) Draft Report: DOT's Efforts To  
Reduce Spending on Management Support Services Contracts  
Have Been Delayed

The Department of Transportation (DOT) is committed to achieving reductions in management support services spending. DOT has made significant progress in establishing the formal governance mechanisms required to effectively oversee its portfolio through the Acquisition Strategy Review Board (ASRB) approval of proposed acquisition strategies within defined criteria; and, implementation of the Department's Strategic Sourcing program. The Secretary's recently established "3E" (Efficiency, Effective, and Economic) program will also provide opportunities for additional efforts with the goal of improving the effectiveness of our services and programs. All of these steps will contribute to the Department's ability to understand how its investments in support services can more efficiently contribute to the mission.

In response to the Administration's 21st Century Government Initiative, the Secretary tasked the Department with identifying candidates for administrative cost savings. Both career and political staff across the Department generated areas where improvements are needed in order to position DOT to operate more efficiently in the 21st Century. In the area of Smarter Information Technology (IT) Purchasing Initiatives, four information technology commodities were identified as candidates for strategic sourcing:

1. Wireless Services
2. Certification & Accreditation (C&A) Security Support Services
3. Oracle Database Software
4. Cloud Services

The Department will conduct a spend analysis/business value assessment for these commodities/services to determine benefits of moving forward on a Department-wide contract vehicle.

This effort has the potential to reduce overall Department costs for these types of services and positively impact the service contract inventory. Most importantly, the Smarter IT Purchasing Initiative plans to operationalize the strategic sourcing process for IT procurements; increase awareness and use of existing DOT/multi-modal IT contracts; and establish a repeatable process for driving future IT Strategic Sourcing Initiatives. That repeatable process will include key decision points for (Chief Information Officer) CIO Core and Acquisition Strategy Review Board review and approval.

## **RECOMMENDATIONS AND RESPONSES**

**Recommendation 1:** Develop a Department-wide policy and comprehensive implementation plan to help DOT focus on its management support services spending and better manage its management support services contracts in Phase 2 and 3 of the Department's strategic sourcing initiative. At a minimum, this implementation plan should (a) contain targets and milestones for reducing and controlling management support services contract spending, (b) identify strategies and approaches to achieve these targets and milestones, and (c) define key stakeholders' roles and responsibilities for meeting these targets and milestones.

**Response: Concur.** The ASRB process works to develop and maintain a Department-wide policy and comprehensive plan to reduce the number of management support service contracts across DOT. The ASRB works jointly with the DOT Integrated Program Planning & Management process to identify procurements that are considered high risk to include cost reimbursable and management support service contracts.

The Chief Acquisition Officer (CAO) and Chief Financial Officer (CFO) will work jointly to build upon the ASRB process to establish an implementation plan that contains milestones, identifies strategies, and defines key stakeholders' roles and responsibilities. This effort will be completed by June 30, 2014.

**Recommendation 2:** Implement additional internal controls, such as those cited in the Office of Management and Budget's November 2011 memorandum, to ensure efficient and effective spending on management support services contracts, orders, and options under existing contracts.

**Response: Concur.** The CFO and CAO will work together to institute appropriate internal controls to manage and monitor obligations of funds for management support services under

new contracts, new orders, or options under existing contracts. Consideration is being given to developing an additional agenda item at the Acquisition Strategy Review Board meetings specifically focused on these enhanced internal controls. This effort will be completed by June 30, 2014.