
Office of Inspector General

Audit Report

VOLPE DID NOT FULLY COMPLY WITH FEDERAL REQUIREMENTS WHEN PLANNING AND ADMINISTERING ITS V-TRIPS CONTRACT

Office of the Assistant Secretary for Research and Technology
Volpe National Transportation Center

Report Number: ZA-2015-040

Date Issued: April 8, 2015





Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Volpe Did Not Fully Comply With
Federal Requirements When Planning and
Administering Its V-TRIPS Contract
Report Number ZA-2015-040

Date: April 8, 2015

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

Reply to
Attn. of: JA-60

To: Assistant Secretary for Research and Technology

The Volpe National Transportation Center (Volpe) is a Federal, fee-for-service organization within the U.S. Department of Transportation (DOT). Volpe is a component of the Office of the Secretary of Transportation's (OST) Office of the Assistant Secretary for Research and Technology (OST-R)¹ and is staffed by approximately 550 Federal employees and 400 on-site contractors. Each year, Volpe spends approximately \$260 million² to perform a wide range of transportation-related systems research and applications development for DOT and other Federal and non-Federal sponsors. In carrying out this mission, the Center uses Volpe's Transportation Information Project Support (V-TRIPS) contract—a 5-year, \$234-million, multi-award service contract—to provide information technology (IT) support services.

Our past reviews of large, multiple-award support contracts found that DOT agencies have not always ensured adequate competition or provided sufficient contractor oversight.³ Accordingly, we initiated this audit to determine whether Volpe (1) awarded the V-TRIPS contract under competitive procedures and provided each awardee fair opportunities for subsequent task orders and (2) administers and oversees the contract in accordance with Federal and DOT

¹ Formerly the Research and Innovative Technology Administration.

² Volpe programs are funded through its working capital fund on a full cost-reimbursable basis. The Center receives no direct appropriations.

³ *FAA's Contracting Practices Are Insufficient To Effectively Manage Its Systems Engineering 2020 Contracts* (OIG Report Number ZA-2012-082), Mar. 28, 2012; *Transportation Technology Innovation and Demonstration Program (TTID)* (OIG Report Number MH-2010-030), Dec. 8, 2009. OIG reports are available on our Web site at: <http://www.oig.dot.gov>.

acquisition regulations. After we began our audit, Volpe officials informed us that they intended to replace V-TRIPS with a follow-on contract and would issue the request for proposal by the end of 2014. As a result, we divided our audit of V-TRIPS into two phases to accelerate our reporting of issues that Volpe can consider when awarding its follow-on contract. At a later date, we will issue a second report that focuses specifically on Volpe's accounting practices for the V-TRIPS contract.

We conducted our work in accordance with generally accepted Government auditing standards. To conduct our work, we interviewed representatives from Volpe, OST, and the two contractors performing nearly all of the V-TRIPS work. We also reviewed the V-TRIPS base contract, task order solicitation and award documentation, acquisition planning documents, and contractor staffing reports, as well as the Federal Acquisition Regulation (FAR) and Federal accounting standards. Exhibit A provides additional details on our scope and methodology.

RESULTS IN BRIEF

Volpe awarded the multi-award V-TRIPS contract under competitive procedures and obtained required approval from the former Deputy Secretary. However, Volpe did not complete several acquisition planning procedures as required by the FAR. Specifically, the Center did not document its market research, fully define its work requirements before awarding V-TRIPS task orders, or justify use of restrictive education and experience requirements. The FAR requires these procedures to ensure that contracts produce the most effective and economical outcomes. Volpe also excluded the winner of the first task order (valued at \$110 million) from bidding on any subsequent task orders in an effort to ensure task orders were awarded to more than one contractor. While the FAR allows for certain competition restrictions,⁴ Volpe did not provide a valid justification or seek proper approval for this exclusion. As a result, Volpe did not allow fair opportunity for all contractors to compete for V-TRIPS task orders. Moreover, despite recommendations from DOT's former Under Secretary for Policy, Volpe did not seek greater involvement from Department stakeholders when planning and awarding the base contract for V-TRIPS, which limited the Center's access to departmental expertise. The Department has since taken steps intended to improve its oversight of major acquisitions, such as requiring greater involvement by OST and establishing the Acquisition Strategy Review Board.⁵ These steps aim to provide greater scrutiny over large contracts, such as the planned follow-on to V-TRIPS.

⁴ FAR 6.302 and 16.505.

⁵ In 2013, the Department formed the Acquisition Strategy Review Board (ASRB) to review the strategic value of proposed acquisitions valued at more than \$20 million. Board members include the Senior Procurement Executive, Deputy Chief Financial Officer, and Deputy Chief Information Officer.

Volpe does not fully comply with Federal requirements for effectively overseeing the V-TRIPS contract. First, Volpe does not have a central system for maintaining and timely locating V-TRIPS' extensive contract files, as required by the FAR. Rather than centralizing the contract files, Volpe officials have been storing contract-related documents for V-TRIPS in a variety of places, including hard copy storage, a shared network, individual hard drives, and email archives. As a result, Volpe had difficulty locating contract documents during our audit. In one case, Volpe could not locate data to support survey results used to help justify about \$780,000 in award fees paid to the contractor in 2012. Second, contrary to Federal accounting standards, Volpe uses two different methods for allocating V-TRIPS resource costs (such as Government-provided space, utilities, and computers used by contractors) among the various task orders. Finally, Volpe paid 92 percent of the total available fees for task order 1, even though the Center has not developed measurable performance targets. Consequently, it is unknown whether the award fees were effective in motivating the contractor to achieve exceptional performance, as required by the FAR.

We are making a number of recommendations to improve Volpe's acquisition planning, award, and administration for future task orders and for the follow-on contract.

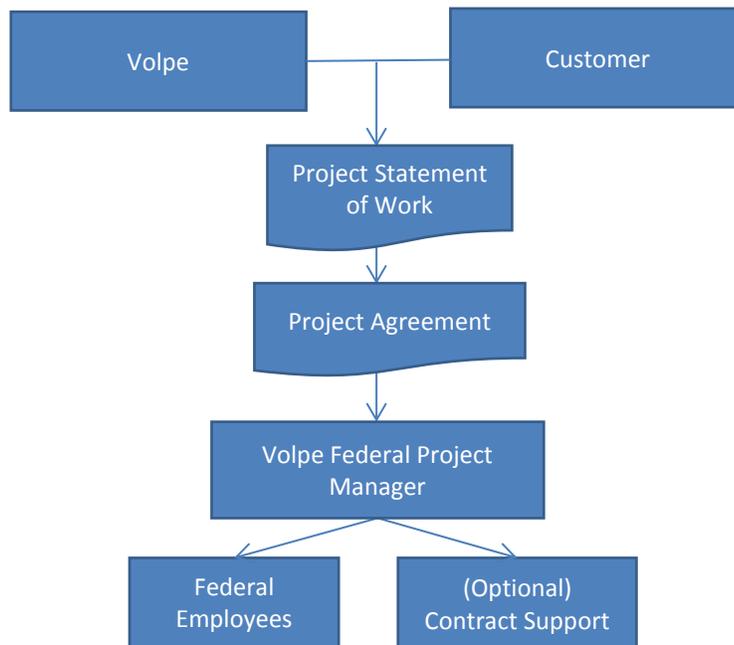
BACKGROUND

V-TRIPS is a 5-year, indefinite delivery/indefinite quantity,⁶ multi-award contract. In 2010, Volpe awarded the base contract to five contractors, with approximately 98 percent of funding and associated project work going to SGT Inc. (task order 1, valued at about \$110 million) and CSC (task orders 2 through 4, with a combined value of about \$92 million).

Volpe and its sponsors jointly identify and develop project requirements, which are subsequently funded through agreements. As illustrated by figure 1, the process begins when the sponsor and Volpe establish basic project needs and required funding in an interagency or other agreement. Volpe then works with the sponsor to further refine a statement of work that includes the project's general scope, level of effort, preliminary budget, deliverables, and period of performance. Upon approval of the project agreement by the Volpe Center Director, Volpe assigns the project to a project manager and associated staff. The Volpe project managers may also use contractor staff—whether through V-TRIPS or a different acquisition—as needed.

⁶ An indefinite delivery/indefinite quantity contract allows an agency to order an undefined amount of goods or services when they are needed. Rather than defining the amount and timing of the delivery at contract award, the agency has the flexibility to award task orders for the goods or services later in the contract's period of performance.

Figure 1. Volpe's Process for Initiating Project Work



Source: Volpe

VOLPE DID NOT FULLY COMPLY WITH FAR REQUIREMENTS FOR ACQUISITION PLANNING AND AWARDING TASK ORDERS

Volpe awarded the multi-award V-TRIPS contract under competitive procedures and obtained required approval from the former Deputy Secretary. However, Volpe did not complete several required acquisition planning procedures. In addition, Volpe excluded the winner of the first V-TRIPS task order from bidding on subsequent work without valid justification or approval in an effort to ensure task orders were awarded to more than one contractor. Moreover, despite recommendations from DOT's former Under Secretary for Policy, Volpe did not seek greater involvement from Department stakeholders when planning and awarding the base contract for V-TRIPS. The Department has since taken steps intended to improve its review of major acquisitions.

Volpe Did Not Carry Out Several Acquisition Planning Procedures

According to the FAR, the purpose of acquisition planning is to ensure that the Government's needs are met in the most effective, economical, and timely manner while at the same time promoting full and open competition. Although V-TRIPS was awarded under competitive procedures with the required approval from the former Deputy Secretary, Volpe did not carry out several required acquisition planning procedures.

First, Volpe did not document market research during acquisition planning. The FAR requires acquisition planners to conduct market research to arrive at the most suitable approach for acquiring supplies and services.⁷ However, Volpe's market research did not include cost-benefit analyses of different approaches, such as using on-site versus off-site contractors, or commercial versus developmental products. In addition, Volpe did not document the market research it conducted before awarding the base V-TRIPS contract. The FAR states that Agencies should document the results of market research in a manner appropriate to the size and complexity of the acquisition.⁸ Similarly, the Government Accountability Office (GAO) reported in October 2014 that documenting market research is an important step to help others understand how the acquisition team collected and analyzed market information.⁹

According to a Volpe official, the Center could have conducted more thorough market research and better documented these steps. Volpe's challenges in ensuring adequate documentation of its market research reflect a DOT-wide problem. GAO found that DOT's guidance on market research¹⁰ did not require documentation of four basic market research elements: (1) methods used, (2) timeframes when these methods were used, (3) analyses of potential sources' capabilities, and (4) conclusions based on these analyses. In response to GAO's findings, DOT is currently updating its guidance to require documentation of these elements.

Second, Volpe did not fully describe the Center's needs before awarding V-TRIPS task orders. According to the FAR,¹¹ an agency shall fully define its work requirements before awarding a task order so the full cost of the work can be established when the order is placed. However, Volpe used general language to describe the V-TRIPS IT support requirements in order to maintain flexibility in meeting its sponsors' needs. While indefinite delivery/indefinite quantity contracts allow for significant flexibility at the contract level, task orders need to be fully defined before being awarded. As a result, after awarding the first task order, Volpe directed SGT Inc. to fully define task order 1 work plans and activities for 32 projects, at a total cost of \$784,000 in the first year.

⁷ FAR 10.000.

⁸ FAR 10.002.

⁹ GAO report, *Market Research: Better Documentation Needed to Inform Future Procurements at Selected Agencies* (GAO-15-8), Oct. 9, 2014.

¹⁰ DOT's Market Research Guide, Acquisition Policy DOT Dash 2010-11.

¹¹ FAR 16.505.

Third, Volpe did not tailor its task order requirements for the multi-award approach. For multiple-award contracts, the FAR¹² requires that agencies clearly describe the services to be performed and the basis upon which the task orders will be awarded. However, after awarding the V-TRIPS base contract, Volpe made a minimal effort to divide the large body of requirements into smaller, distinct task orders that clearly describe needed services. For example, in two task orders awarded to different contractors, Volpe used nearly identical descriptions of the required IT support services. As a result, Volpe could assign this work to either task order without providing a clear basis for its decision, such as how assigning certain work to one contractor may provide better value to the Government.

Finally, Volpe used restrictive education and experience requirements without justification. The FAR requires agencies acquiring IT services to use restrictive requirements only as necessary.¹³ However, Volpe did not justify its use of restrictive education and experience requirements. For example, rather than requiring specific IT qualifications and skills, Volpe required V-TRIPS contractor staff to meet standards for education (such as Master's degrees) and years of service—without written justification for why these requirements were necessary to perform the services that Volpe needed.

Volpe Unfairly Excluded One Successful Awardee From Bidding on All Other Task Orders

According to the FAR, an agency must give every awardee under multi-award contracts a fair opportunity to be considered for task order awards exceeding \$3,000—unless a statutory exception applies, such as the urgency of the procurement or limited capability of awardees. For contracts over \$62.5 million, the FAR requires an agency to provide justification for exceptions and to obtain approval from the Agency's senior procurement executive.¹⁴

However, Volpe excluded the successful offeror of the first task order (valued at \$110 million) from bidding on any subsequent task orders (with an expected total value of approximately \$124 million). According to a Volpe official, the Center made this decision to ensure task orders were awarded to more than one contractor and to increase competition. However, Volpe did not provide a valid justification or seek proper approval from DOT's Senior Procurement Executive for this exclusion, as the FAR requires.

As a result of our review, the V-TRIPS contracting officer removed this exclusion from the base contract in October 2014. All five V-TRIPS contractors now have the opportunity to compete for remaining contract work valued at up to

¹² FAR 16.505.

¹³ FAR 39.104.

¹⁴ FAR 6.304 and 16.505.

\$27.6 million. This increase in task order competition could reduce or avoid future costs associated with limited competition, potentially yielding a better value to the Government and putting the \$27.6 million remaining on the V-TRIPS contract to better use.

The Department Has Taken Steps To Increase Oversight of Future Acquisitions

In 2013, the Department took steps to increase its oversight of planned acquisitions. The follow-on contract after V-TRIPS will be assessed under this new process. Specifically, the Department established the Acquisition Strategy Review Board (ASRB) to place more emphasis on senior management review of major contract actions. Board members include the Senior Procurement Executive, Deputy Chief Information Officer (CIO), and Deputy Chief Financial Officer. According to DOT's Senior Procurement Executive, the ASRB will provide a cross-cutting review of acquisition plans to ensure procurements add strategic value for the Department. In particular, the ASRB seeks to minimize the use of high-risk contracts, enhance contract planning and competition, and increase awareness of sourcing opportunities to enhance productivity and reduce costs.

These actions are intended to increase OST's involvement in acquisition planning, which has been limited in the past. For example, Volpe did not submit the original V-TRIPS contract acquisition plan to the Departmental CIO for review—despite DOT's then Under Secretary for Policy's recommendation to do so because of the contract's high value. Volpe stated that it did not seek the CIO's input because the procurement did not qualify as a major system acquisition as defined by the Transportation Acquisition Manual (TAM).¹⁵ In addition, Volpe did not have Operating Administration representation on its technical evaluation team to select contractors for the V-TRIPS contract, which the former Under Secretary had also recommended because the contract supports many DOT organizations. Volpe stated that it had complied with the Center's Acquisition Handbook by establishing a technical evaluation team with the requisite expertise comprised of Volpe personnel.¹⁶ Volpe's decision not to follow the Under Secretary's recommendations limited the Center's access to departmental expertise.

¹⁵ TAM 1234.

¹⁶ H4200.1A, Aug. 30, 2007.

VOLPE DOES NOT ADMINISTER AND OVERSEE V-TRIPS IN FULL COMPLIANCE WITH FEDERAL ACQUISITION REGULATIONS AND ACCOUNTING STANDARDS

Volpe does not fully comply with Federal requirements for effectively administering and overseeing the V-TRIPS contract. In particular, Volpe (1) lacks a central system for maintaining and locating its extensive V-TRIPS contract files; (2) uses two different methods to allocate Government resource costs to V-TRIPS projects; and (3) has not developed measurable performance targets for determining contractor award fees.

Volpe Does Not Have a Central System for Maintaining and Locating V-TRIPS Contract Files

In the 5 years since Volpe began its acquisition planning for V-TRIPS, thousands of official contract documents have been created and maintained. Despite this extensive documentation, Volpe does not have a central system for locating or maintaining its V-TRIPS contract files. The FAR requires Agencies to maintain files containing the records of all contractual actions.¹⁷ In addition, the FAR states that if contract files or file segments are decentralized, a locator system should be established to ensure the ability to promptly locate contract files. According to the FAR, the purpose of centralizing contract files or maintaining an effective locator system is to ensure primary users have ready access to documents supporting their contracting actions and decisions, and to support reviews, investigations, and congressional inquiries.

Rather than centralizing the contract files, Volpe officials have been storing contract-related documents for V-TRIPS in a variety of places, including hard copy storage, a shared network, individual hard drives, and email archives. Because V-TRIPS contract files were not maintained in a central location, Volpe had difficulty locating certain documents during our audit. For example, Volpe officials could not locate data to support the survey results used in part to justify about \$780,000 in award fees paid to the contractor in 2012. It also took several weeks for Volpe officials to locate contract modifications that were not readily available in the V-TRIPS contract file.

¹⁷ FAR 4.801(a).

When briefed on our findings, the DOT Senior Procurement Executive noted that contract file maintenance is a problem facing the entire Department. Our prior work also identified similar problems at the Federal Aviation Administration, Maritime Administration, and OST.¹⁸

Volpe Does Not Comply With Federal Accounting Standards for Consistency in How It Allocates Resource Costs

Volpe provides its on-site V-TRIPS contractors with a variety of Government resources, including space, utilities, computers, and supplies. Volpe uses two different methodologies to allocate these resource costs among its sponsors, who are responsible for paying their share of IT services acquired through V-TRIPS. However, according to Federal accounting standards,¹⁹ Agencies should follow consistent methodologies for assigning Government resource costs to ensure that these costs are reasonably allocated among sponsors.

To allocate its estimated resource costs for V-TRIPS task order 1, Volpe uses its User Accountability System (UAS), which measures work completed in labor hours and allocates all costs to the associated projects and ultimately to the sponsors of those projects. For task orders 2 through 4, the contracting officer's representatives (COR) developed their own methods for allocating Government resource costs. Specifically, the CORs allocate resource costs in regular installments based on an annual estimate rather than on actual labor hours. A Volpe official stated that in the rush to issue a multi-award contract as directed by the former Deputy Secretary, the Center only used UAS for task order 1. According to Volpe's Chiefs of Budget, Finance, and Accounting, the Center made a conscious decision not to use UAS for the other task orders, which were not as large.

When we brought this issue to Volpe's attention, officials stated that for the V-TRIPS follow-on contract, they will conduct a cost-benefit analysis and adopt a single approach for cost recovery.

¹⁸ *FAA Needs to Improve ATCOTS Contract Management To Achieve Its Air Traffic Controller Training Goals* (OIG Report ZA-2014-018), Dec. 18, 2013; *MARAD Has Taken Steps to Develop a Port Infrastructure Development Program But Is Challenged in Managing Its Current Port Projects* (OIG Report CR-2013-117), Aug. 2, 2013; *Weaknesses in Program and Contract Management Contribute to ERAM Delays and Put Other NextGen Initiatives At Risk* (OIG Report AV-2012-179), Sep. 13, 2012; *Weaknesses in the Office of the Secretary's Acquisition Function Limit Its Capacity to Support DOT's Mission* (OIG Report ZA-2011-119), May 25, 2011.

¹⁹ Statement of Federal Financial Accounting Standards Number 4: Managerial Cost Accounting Standards and Concepts, Jun. 30, 2013.

Volpe Has Not Developed Measurable Performance Targets for Determining Contractor Award Fees

Between May 2011 and April 2014, SGT Inc. earned 92 percent of the available award fees for task order 1.²⁰ Award fees are intended to motivate the contractor for excellent performance in key areas that support the Government’s desired acquisition outcomes—including cost, schedule, and performance goals. However, contrary to the FAR²¹ and Office of Management and Budget (OMB) guidance,²² Volpe lacked clearly defined and measurable performance targets for determining the amount of award fees to pay the contractor.

Specifically, the performance targets for the V-TRIPS task order 1 award fee did not clearly define the performance standards for the “excellent performance” required to earn the fee. However, OMB states that each rating category (such as satisfactory, above satisfactory, and excellent) should be defined in terms of cost, schedule, and performance results. For example, Volpe’s award fee evaluation plan states that a rating of “very good” requires the contractor’s performance to be “fully responsive” and requires the contractor to fulfill task order requirements in a “timely, efficient and cost effective manner.” However, Volpe does not define the terms “fully responsive,” “timely,” “efficient,” or “cost effective”—such as by quantifying the length of time that would be considered “timely.”

These rating standards resulted in subjective interpretations of the contractor’s performance. For example, one rating official rated the contractor’s performance as “excellent” because the contractor’s products “always met expectations.” Ultimately, SGT Inc. was rated “excellent” in 10 of the 12 ratings between May 2011 and April 2014 and “very good” in the remaining 2 ratings—receiving 92 percent of the total available award fees. (See exhibit B for more details on the award fees.) Without measurable performance targets, Volpe cannot demonstrate whether the millions of dollars in award fees paid to the contractor were effective in motivating the contractor to achieve excellent performance, as required by the FAR.

We found similar weaknesses regarding award fee performance targets in our 2008 audit report on the V-TRIPS predecessor, the Transportation Information Project Support (TRIPS) contract.²³ In 2010, we reviewed cost-plus-award-fee contracting practices at six DOT Operating Administrations and OST and found

²⁰ Task order 1 is the only cost-plus-award-fee task order for V-TRIPS. The other task orders are cost-plus-fixed-fee.

²¹ FAR 16.4.

²² OMB Memorandum for Chief Acquisition Officers and Senior Procurement Executives Regarding Appropriate Use of Incentive Contracts, Dec. 4, 2007.

²³ *Interim Report on Award-Fee Criteria for the Transportation Information Project Support Contract* (OIG Report Number FI-2008-070), Aug. 14, 2008.

that contracting staff did not justify the “satisfactory” or “excellent” performance ratings given to contractors.²⁴

CONCLUSION

Our past work has shown that it can be challenging for Agencies to ensure fair opportunities to compete for task orders or provide sufficient contractor oversight for large, multiple-award contracts, such as the \$234-million V-TRIPS contract. Volpe has made efforts to provide fair opportunity to all contractors to compete for future V-TRIPS task orders, and the Department has taken steps to increase its oversight of planned acquisitions, such as the V-TRIPS follow-on contract. However, Volpe could do more to improve its contracting practices in the areas of acquisition planning, contract file maintenance, resource cost methodologies, and award fee management. Improvements in these areas would help Volpe acquire IT services in the most effective, economical, and timely manner and ensure that the V-TRIPS contract provides the best value to its DOT and other sponsors. Efforts to strengthen these practices will also prove valuable as Volpe prepares to award the V-TRIPS follow-on contract. We will continue to monitor Volpe’s efforts to improve these areas.

RECOMMENDATIONS

We recommend that the Assistant Secretary, Office of the Assistant Secretary of Transportation for Research and Technology, ensure that Volpe take the following actions for the upcoming V-TRIPS follow-on contract:

1. Include a fair opportunity to compete for all task orders in accordance with the FAR. In the event that a competition exclusion affecting fair opportunity can be justified, Volpe should document the justification for the exclusion and ensure it is approved in accordance with the FAR.
2. Perform thorough acquisition planning, to include defining clear requirements, and conducting and documenting thorough market research (e.g., compare benefits and cost of on-site vs. off-site contractors and commercial vs. developmental products).
3. Establish internal controls to ensure that contracting officials develop, utilize, and maintain a central system for contract files in accordance with the FAR.
4. Conduct a cost-benefit analysis and adopt a single method for allocating Government resource costs.

²⁴ *Improvements in Cost-Plus Award-Fee Processes are Needed To Ensure Millions Paid in Fees are Justified* (OIG Report ZA-2010-092), Aug. 25, 2010.

5. If cost-plus-award-fee task orders are used, define the performance targets for earning award fees, establish measurable standards for meeting the targets for each rating level, and document and maintain justifications for award fee payments.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

We provided Volpe with our draft report on February 18, 2015, and received its response on March 19, 2015, which is included as an appendix to this report. Volpe concurred with all five recommendations as written and stated that it intends to implement them by December 31, 2015. Accordingly, we consider all recommendations resolved but open pending completion of the planned actions.

We appreciate the courtesies and cooperation of Volpe representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-5225 or Darren Murphy, Program Director, at (206) 220-6503.

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cc: Volpe Director (V-100)
Volpe Audit Liaison (V-140)
OST-R Audit Liaison (RTC-1)
DOT Audit Liaison (M-1)

EXHIBIT A. SCOPE AND METHODOLOGY

We conducted our work from February 2014 through February 2015 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.

To conduct our work, we interviewed the Volpe Director of Acquisitions, Chief Financial Officer, Chief Budget Officer, Chief Accounting Officer, V-TRIPS contracting officers and CORs, and representatives from the two contractors performing almost all of the V-TRIPS work (SGT Inc. and CSC). We also interviewed the DOT Senior Procurement Executive (current and former), the Associate Director of Policy, Oversight and Business Strategies under the DOT Office of the Senior Procurement Executive, the Associate Director for Financial Reporting and CFO Audits under the DOT Office of Financial Management at OST, and the Assistant Secretary of OST-R. Additionally, we reviewed the V-TRIPS contract files and related documentation, Delphi data, and relevant criteria, such as the FAR, Federal accounting standards, and OMB guidance.

To determine whether Volpe awarded the base V-TRIPS contract under competitive procedures, we assessed the V-TRIPS base contract, acquisition planning documents, statement of work, base contract pre-award documentation, and technical evaluation team documentation. To determine if all contractors had a fair opportunity to be considered for each V-TRIPS task order, we reviewed the task order solicitation documentation. If there were exceptions to fair opportunity, we determined if the exception was adequately justified and documented in accordance with the FAR.

To determine whether Volpe administers and oversees the contract in accordance with Federal and DOT requirements, we evaluated V-TRIPS contract files, Volpe's method of allocating Government resource costs, and contractor staffing reports. To determine whether Volpe evaluated the contractor's performance for the task order 1 award fee in accordance with applicable guidance, we reviewed the performance targets and evaluation criteria; assessed whether scores were adequately supported and award amounts were reasonably justified; and determined whether any cost, schedule, or performance issues were identified and addressed.

EXHIBIT B. AWARD FEES PAID ON V-TRIPS TASK ORDER 1

Table 1 illustrates the award fees paid to SGT Inc. for each of the 12 ratings for task order 1 from May 2011 through April 2014. Award fees are divided into Management and Administration (M&A)²⁵ and Information Technology Support Services (ITSS).²⁶

Table 1. Award Fees Paid on V-TRIPS Task Order 1

| Award Fee Period | Task Description | Rating | Percentage |
|-----------------------|------------------|-----------|------------|
| May –Oct. 2011 | M&A | Excellent | 95% |
| | ITSS | Excellent | 93% |
| Nov. 2011 – Apr. 2012 | M&A | Excellent | 95% |
| | ITSS | Excellent | 95% |
| May – Oct. 2012 | M&A | Excellent | 95% |
| | ITSS | Very Good | 86% |
| Nov. 2012 – Apr. 2013 | M&A | Excellent | 95% |
| | ITSS | Very Good | 89% |
| May – Oct. 2013 | M&A | Excellent | 95% |
| | ITSS | Excellent | 92% |
| Nov. 2013 – Apr. 2014 | M&A | Excellent | 96% |
| | ITSS | Excellent | 93% |
| Total | | | 92% |

Source: OIG analysis of task order 1 award fees.

²⁵ Management and Administration activities include but are not limited to project management, financial management, human resources, staffing, and administrative support.

²⁶ Information Technology Support Services requirements vary widely and include activities such as system analysis, development, operations and maintenance, deployment, and information security; system architectures and framework; facility and operations support; and technology assessments and modernization.

EXHIBIT C. MAJOR CONTRIBUTORS TO THIS REPORT

| <u>Name</u> | <u>Title</u> |
|--------------------|---------------------|
| Darren Murphy | Program Director |
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APPENDIX. AGENCY COMMENTS



U.S. Department of
Transportation

Memorandum

Subject: **Information:** Management Comments – Office of Inspector General (OIG) Draft Report on Volpe’s Transportation Information Project Support Contract Date: March 17, 2015

From: Gregory D. Winfree Assistant Secretary for Research and Technology Reply to Attn. of: R-1

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

The Volpe National Transportation Center (Volpe) awarded the Volpe Transportation Information Project Support (V-TRIPS) contract under competitive procedures and continues to administer and oversee the contract in accordance with Federal and DOT acquisition regulations. Volpe remains fully compliant with Federal Acquisition Regulation (FAR) requirements in its ongoing oversight of this 5-year, \$234 million, multi-award contract in support of its mission.

Volpe has reviewed the OIG’s Draft Report and offers the following comments in response to the findings and recommendations:

- Volpe awarded V-TRIPS under competitive procedures after obtaining approval from the former Deputy Secretary as required under Federal and DOT acquisition regulations.
- Volpe planned and awarded the V-TRIPS base contract after considering recommendations from the former Under Secretary for Policy and utilizing Volpe personnel on technical evaluation teams as required under Federal and DOT acquisition regulations.
- Volpe developed measureable performance metrics for Task Order 1 (given its performance based nature) for determining the amount of award fees to pay under V-TRIPS in accordance with FAR requirements.

Based upon our review of the Draft Report, we agree to implement each of the OIG recommendations, as written, and intend to complete action by December 31, 2015. In fact, Volpe was already in the process of implementing most of these actions, prior to the OIG recommendations.

We appreciate this opportunity to offer additional perspective on the OIG Draft Report. Please contact Atinuke Diver, Volpe Center Audit Liaison at (617) 494-2220 with any questions of if the OIG would like to obtain additional detail about these comments.