
Office of Inspector General
Audit Report

Turner-Fairbank Highway Research Center
Acquisition Process

Report Number: MA-1999-095

Date Issued: May 5, 1999





Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: **INFORMATION:** Report on Turner-Fairbank Highway
Research Center Acquisition Process, FHWA
MA-1000-095

Date: May 5, 1999

From: 
Lawrence H. Weintrob
Assistant Inspector General for Auditing

Reply to
Attn of: JA-40

To: Federal Highway Administrator

This report presents the results of our audit of the acquisition process at the Turner-Fairbank Highway Research Center (Center). We identified systemic weaknesses in the Center's internal controls for monitoring interagency agreements and contracts. A synopsis of our report follows this memorandum.

This audit was requested by the Chairman, Subcommittee on Transportation and Related Agencies, House Committee on Appropriations, because of concerns regarding weaknesses in the award and administration of contracts at the Center. During the audit, a Federal Highway Administration (FHWA) official, who had worked at the Center, resigned while under investigation. This official ultimately pled guilty to conspiracy, bribery, and money laundering associated with soliciting and receiving cash and money orders from Government contractors. Also, as a result of the investigation of that issue, two contractors pled guilty to submitting false claims and conspiring with the FHWA official.

An FHWA internal review of contracting activities at the Center, completed in October 1998, disclosed weaknesses similar to those we identified. The results of our audit, the FHWA review, and the fraud which occurred underscore the need for improved internal controls at the Center.

In response to our draft report, FHWA generally agreed with our findings and recommendations. However, FHWA did not identify specific corrective actions it plans to take in response to our recommendations. Please reply in accordance with Department of Transportation Order 8000.1C on the specific actions taken or planned to address the recommendations and target dates for completion of these actions. We would appreciate your written response within 30 calendar days.

We appreciate the courtesies and cooperation of FHWA representatives. If you have any questions concerning this report, please call me at (202) 366-1992 or Tom Howard, Deputy Assistant Inspector General for Maritime and Departmental Programs at (202) 366-5630.

Attachment

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***Turner-Fairbank Highway Research Center
Acquisition Process***

Federal Highway Administration

Report No. MA-1999-095

May 5, 1999

Objective

The objective of this audit was to evaluate the Center's policies, procedures, and practices for awarding and monitoring interagency agreements and contracts. These interagency agreements and contracts are used to acquire advanced research and development in such areas as safety, intelligent transportation systems, pavements, and structural technologies. For 10 interagency agreements and 33 contracts with a total value of \$51 million, we reviewed (1) requirements or need for work, (2) statements of work, (3) award practices, and (4) delivery of products and services.

Results-in-Brief

We identified systemic weaknesses in the Center's internal controls for monitoring interagency agreements and contracts. During the period covered by our review, the Center had technical responsibility for \$259 million in acquisitions which were primarily authorized by the Intermodal Surface Transportation Efficiency Act of 1991. Almost 60 percent of the acquisitions were accomplished through interagency agreements and contracts. The remainder were accomplished through grants, cooperative agreements, small business set-asides, allocations to states, purchase orders, and other small purchases.

The Federal Acquisition Regulation (FAR) and the Transportation Acquisition Manual (Manual) do not prescribe specific requirements on how interagency agreements are to be administered. Therefore, the weaknesses we identified in interagency agreements are not attributable to FHWA's noncompliance with specific requirements. However, they represent weaknesses in FHWA's internal controls that create vulnerabilities to waste and abuse. The weaknesses in contract administration were primarily due to departures from applicable guidance or specific requirements in the contract.

The absence of sound internal controls creates a vulnerability to waste and abuse and may contribute to the perpetration of fraud. As a result of a prior investigation by the Office of Inspector General (OIG) and the Federal Bureau

of Investigation, one Center employee and two contractors pled guilty to conspiracy, bribery, and money laundering. The Center employee admitted receiving \$150,000 in cash and money orders from Government contractors and was sentenced to 37 months incarceration, 3 years supervised release, and fined \$5,000. Although we can not attribute this fraud specifically to internal control weaknesses we identified, improved internal controls will reduce the risk of fraud and better safeguard Government assets.

Because of the fraud identified by the OIG investigation, we contacted 56 Federal agencies and contractors to determine if representatives of FHWA or the Center had suggested or directed that subcontracts be awarded to specific companies or organizations. None of the Federal agencies and contractors indicated that inappropriate influence had occurred in the award of subcontracts.

An FHWA internal review of contracting activities at the Center, completed in October 1998, disclosed weaknesses similar to those we identified. The results of our audit, the FHWA review, and the fraud which occurred underscore the need for improved internal controls at the Center.

The weaknesses we identified are as follows:

- Four interagency agreements were increased by \$2.2 million without changes to the original work requirements or documentation that the original work requirements were incorrectly priced. For example, one agreement was modified three times for \$300,000. The first modification increased the original agreement by \$200,000 with no new work requirement while the last two modifications for \$50,000 each required the Federal servicing agency to “provide for additional technical support in the form of telephone and written correspondence” Without an additional statement of work, it is difficult to determine why the Center is agreeing to the increase.
- Four interagency agreements did not have support for private sector estimates that were used to help justify acquisitions from Federal agencies. Although cost comparisons concluded that private sector sources would be 52 percent higher than the Federal agencies, we found no documentation for the private source estimates. Although not required, documentation showing that the private sector estimates were based on quotes or market data would help ensure they are valid and that the decision to use a Federal agency was justified.

- In four interagency agreements, Determinations and Findings were not prepared for modifications which significantly increased funding. Determinations and Findings are documents that justify the use of a procurement method such as an interagency agreement as being in the best interest of the Government. The four agreements were modified for \$2.4 million, or a 64 percent increase over the original agreements. The funding for one agreement increased from \$88,100 to \$788,100, or almost 800 percent. Although not required for modifications, Determinations and Findings would provide assurance that use of an agreement continues to be in the Center's best interest.
- In four interagency agreements and seven contracts, modifications totaling \$2.8 million, were not signed until after their effective dates. For example, one modification for \$300,000 was not signed until 103 days after the effective date. The untimely action on these modifications allowed the Federal agencies and contractors to perform reimbursable work for the Center without an amended written agreement on the scope of work to be performed.
- On two contracts, the contractors had Government property, valued at over \$1.2 million, in their possession that was not accounted for or controlled as required by the FAR. For example, FHWA provided 165 items of Government-owned property to one contractor but a listing of the items showed that FHWA had only assigned a value to 62 items. The remaining 103 items that were not valued included computers, printers, and video cameras. Accountability is required to prevent and minimize the loss of Government property.
- In seven agreements and nine contracts, the Federal servicing agencies or contractors were not submitting required progress reports¹ or the reports did not contain specific information. Progress reports provide essential information such as project status and expenditure data for the contracting officer and contracting officer's technical representative (COTR) to use in monitoring project status and costs.
- For 9 interagency agreements and 18 contracts, the contracting officers and COTRs either did not receive invoices or the invoices received were too general for adequate review. Invoices, particularly with sufficient detail, provide contracting officers and COTRs a basis for ensuring claimed costs are allowable and reasonable.

¹ One interagency agreement did not require the submission of progress reports.

Recommendations

We recommend that FHWA:

1. Establish additional policy and guidance to significantly strengthen internal controls over interagency agreements. As a minimum, these controls should require:
 - Statements of work for modifications that provide additional funding.
 - Support for private sector estimates included in Determinations and Findings.
 - Determinations and Findings for all modifications that significantly affect an agreement's funding.
 - Signing modifications on or before effective dates and including "shall not exceed" clauses.
 - Servicing agencies to submit progress reports that conform with reporting formats typically included in contracts.
 - Contracting officers and COTRs to review progress reports and use them in managing interagency agreements.
 - Servicing agencies to submit detailed invoices to FHWA contracting officers and COTRs for review.

2. Strengthen controls for contracts. These controls should address:
 - Signing modifications on or before effective dates.
 - Establishing controls in compliance with the FAR to account for Government-owned property in the possession of contractors.
 - Requiring contractors to provide progress reports in accordance with contract requirements.
 - Requiring contracting officers and COTRs to review progress reports and manage contracts based on the reports.
 - Requiring contractors to submit detailed invoices to contracting officers and COTRs for review.
 - Requiring contracting officers and COTRs to perform adequate reviews of those invoices.

Management Comments

FHWA stated they are generally in agreement with the findings and recommendations contained in the report, and appreciate the opportunities the

report points out for strengthening their internal processes. FHWA acknowledged that a number of the findings in the report were corroborated by those of the internal FHWA management review of the Center's procurement process. FHWA advised that its implementation plan, developed as a part of its internal review, is being revised to fully address each of our recommendations. FHWA also advised that it completed an internal review of the interagency agreement process and is finalizing a report and recommendations.

Office of Inspector General Comments

Although FHWA generally agreed with our findings and recommendations, it did not identify specific corrective actions it plans to take in response to our recommendations. Therefore, this report is considered unresolved. Please reply in accordance with Department of Transportation Order 8000.1C on the specific actions taken or planned to address the recommendations and target dates for completion of these actions. We would appreciate your written response within 30 calendar days. FHWA's progress in implementing corrective actions are also subject to follow-up provisions of Department of Transportation Order 8000.1C.

SCOPE AND METHODOLOGY

Our audit covered active interagency agreements and contracts funded from October 1, 1995, through June 16, 1998. During this period, the Center had technical² responsibility for \$259 million in acquisitions, including 49 active interagency agreements funded for \$30 million and 235 active contracts funded for \$118 million. These acquisitions were primarily authorized by the Intermodal Surface Transportation Efficiency Act of 1991. Interagency agreements and contracts amounted for almost 60 percent of the total acquisitions. The remaining \$111 million in acquisitions consisted of grants, cooperative agreements, small business set-asides, allocations to states, purchase orders, and other small purchases.

We reviewed 10 interagency agreements and 33 contracts with a total value of \$51 million. Almost all interagency agreements and contracts we reviewed were cost reimbursable procurements. Three of the 33 contracts were sole source. Except for the three sole source contracts, each interagency agreement and contract had obligations of \$250,000 or more during any year of the review period.

To evaluate FHWA's policies, procedures, and practices for awarding and monitoring interagency agreements and contracts, we reviewed official contract files located at FHWA's Office of Acquisition Management and files located at the Center. Further, we interviewed contracting officers in FHWA Headquarters and COTRs at the Center. Because of the fraud identified by the OIG investigation, we contacted 56 Federal agencies and contractors to determine if representatives of FHWA or the Center had suggested or directed that subcontracts be awarded to specific companies or organizations. This audit was conducted from June through November 1998, in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States.

FINDINGS AND RECOMMENDATIONS

SYSTEMIC WEAKNESSES IN FHWA'S CONTROLS OVER INTERAGENCY AGREEMENTS

Background. The Economy Act authorizes agencies to enter into interagency agreements to obtain supplies or services. An interagency agreement is the procedure by which a Federal agency needing supplies or services (requesting agency) obtains them from another Federal agency (servicing agency).

² The Center's Contracting Officer's Technical Representatives have responsibility for monitoring technical requirements of interagency agreements and contracts.

The FAR and the Manual require the requesting agency (FHWA) to prepare Determinations and Findings that the (1) use of an interagency acquisition is in the best interest of the Government and (2) supplies or services cannot be obtained as conveniently or economically by contracting with a private source. However, the FAR and the Manual do not prescribe specific requirements on how interagency agreements are to be administered. For example, according to the FAR and the Manual, the Determination and Finding for the original agreement will be approved by the contracting officer. However, neither the FAR nor the Manual requires Determinations and Findings for modifications to the agreements. In addition, existing guidance does not address policies and procedures relating to progress reports and invoices.

Our review showed systemic weaknesses in the Center's internal controls for monitoring interagency agreements. Improved controls can help FHWA ensure that it receives products at fair and reasonable prices. Our review of 10 interagency agreements showed the following.

Insufficient (Or No) Justification for Modifications. Once requirements are defined, agreements are reached, and costs are defined the costs of an agreement should only increase significantly if requirements increase. However, four agreements we reviewed were modified a total of \$2,162,128, or a 66 percent increase over the original agreements without a new statement of work (SOW) or documentation that the original work requirements were incorrectly priced.

As a result, the servicing agency was not required to provide a specific deliverable justifying the additional funding. When funding is added to an interagency agreement with no new SOW or a requirement for unspecified technical support, it is difficult to determine why the requesting agency is agreeing to an increase. In addition, there is no basis to ensure it ultimately gets what it pays for.

The following chart summarizes the four agreements which were modified to provide additional funding with no new SOW:

Agreement Number	Total Agreement Amount	Modifications with no new SOW
93-Y-00145	\$888,100	\$300,000
95-Y-00051	\$3,288,128	\$1,412,128
94-Y-00084	\$1,275,000	\$250,000
94-Y-00057	\$1,465,930	\$200,000
Totals	\$6,917,158	\$2,162,128

For example:

- Agreement Number 93-Y-00145 was modified three times for \$300,000 with no new SOW. The first modification increased the original agreement by \$200,000 with no new SOW. The last two modifications for \$50,000 each had no new SOW beyond requiring the servicing agency to “provide for additional technical support in the form of telephone and written correspondence intermittently throughout FY 1997.”
- Agreement Number 95-Y-00051 was modified twice for a total increase of \$1,412,128. The first modification provided additional funding of \$300,000 with no new SOW. The second modification for \$1,112,128 also had no new SOW beyond requiring the servicing agency to “provide technical support to FHWA for refinements to the basic...system and more extensive tests.”

Lack of Support For Private Sector Estimates. Determinations and Findings, prepared for original agreements and modifications, contained unsupported cost comparisons that were used to help justify acquisitions from servicing agencies rather than private sources. For four agreements the COTRs, who prepared the cost comparisons, indicated the private sector estimates were based on their institutional knowledge and experience rather than collecting market research or seeking cost proposals from private sources. As a result, there was no support such as costs for comparable services or quoted prices to ensure the private source estimates represent valid market data.

The unsupported private sector estimates were used to determine that the use of the servicing agency was in the best interest of the Government. Specifically, for four agreements, the comparisons indicated that private sources were 52 percent higher than the cost estimates for the servicing agencies. Although not required, documentation showing that the private sector estimates were based on quotes or market data would help ensure they are valid and that the decision to use a Federal agency is justified.

The cost comparisons for the four agreements are shown in the following chart:

Agreement Number	Servicing Agency	Private Source Unsupported Costs
93-Y-00145	\$100,000	\$383,258
95-Y-00051	\$1,326,000	\$2,125,824
94-Y-00084	\$850,000	\$1,189,801
92-Y-30078	\$1,500,000	\$2,050,157
Totals	\$3,776,000	\$5,749,040

No Determinations and Findings For Modifications. Determinations and Findings were not prepared for four modifications which significantly increased funding. Determinations and Findings are required for original agreements to provide assurance that the agreements are in the best interest of the Government. Although there is no requirement to prepare Determinations and Findings for modifications, they would provide assurance that the use of an agreement continues to be in the best interest of the Government when funding increases significantly.

For example, we identified four agreements that increased by \$2.4 million, or 64 percent, without revised Determinations and Findings. The funding for one agreement was increased by almost 800 percent without a Determination and Finding that the interagency agreement continued to be in the best interest of the Government.

The following chart identifies the amount of the modifications for each of the four agreements:

Agreement Number	Original Agreement Amount	Modifications Not Covered by Determinations and Findings
93-Y-00145	\$88,100	\$700,000
95-Y-00051	\$1,326,000	\$850,000
94-Y-00084	\$850,000	\$425,000
92-Y-30078	\$1,500,000	\$450,000
Totals	\$3,764,100	\$2,425,000

Modifications Not Signed Until After Effective Dates. In four agreements, seven modifications for additional funding totaling \$1.2 million were not signed until 40 to 303 days after the effective dates. Although obligational limitations were in place to prevent payments in excess of the agreements, there were no controls to limit the Center’s liability under the agreement. The untimely action on these modifications allowed servicing agencies to incur reimbursable costs without a written amended agreement on the scope of work to be performed. For example, in:

- Agreement Number 93-Y-00145, a modification for \$50,000 was signed on July 1, 1997, 303 days after the effective date of September 1, 1996.
- Agreement Number 95-Y-00051, a modification for \$300,000 was signed on December 13, 1996, 103 days after the effective date of September 1, 1996.

Servicing Agencies Not Providing Adequate Progress Reports. In four agreements, progress reports were not submitted by servicing agencies. These progress reports were not submitted because they were either (1) not required, or (2) required but the servicing agency did not comply with the reporting requirement. When asked why progress reports were not submitted the COTRs typically indicated they were in constant communication with servicing agency personnel through site visits, telephone, and E-mail and did not need written progress reports.

Also, contracting officers did not enforce progress reporting requirements. When progress reports were required and submitted for three other agreements, specific information such as a comparison of current and cumulative actual expenditures by tasks to planned expenditures was not required. More specific information would better enable the contracting officer and the COTR to:

- Determine whether the project is progressing according to the terms of the agreement.
- Predict cost overruns and time extensions and take measures to prevent them or otherwise assure they are reasonable.

Contracting Officers And COTRs Not Reviewing Invoices. For six agreements we reviewed, contracting officers and COTRs did not receive invoices showing costs incurred by the servicing agency. For three other agreements, invoices were received but they were too general for adequate review by the COTRs. The agreements did not require the servicing agencies to furnish detailed invoices because the Center relied on the integrity of servicing agencies' accounting and financial information systems. These invoices were not used to make cash payments to the servicing agencies because the transfer of funds had already been made. However, sufficiently detailed invoices provide contracting officers and COTRs a basis for ensuring that FHWA's funds are properly spent.

WEAKNESSES IN FHWA'S CONTROLS OVER CONTRACTS

Background. FHWA's contracts for research at the Center were generally cost reimbursement type contracts. Contracting officers are responsible for ensuring that both the Government's and the contractor's obligations and responsibilities are performed at a fair and reasonable price. COTRs are responsible for monitoring, inspecting, and accepting the supplies and services on behalf of the Government. Our review of 33 contracts showed the following:

Modifications Not Signed Until After Effective Dates. In 7 contracts, 12 modifications totaling \$1.6 million were signed from 4 to 90 days after the effective dates. Each contract included “shall not exceed” price limitations as part of the contract in addition to obligational limitations to prevent payments in excess of the contracts. Modifications are made to contracts to change basic contractual provisions, such as funding, scope of work, or length of contract. The untimely action on the contract modifications allowed contractors to incur reimbursable costs for work performed without an amended written agreement on the scope of work.

For example, Modification Number 18 of Contract Number 94-C-00003 extended the contract from June 15, 1998, to July 31, 1998, and added \$269,963 to pay for work performed during this interim 46 day period. This modification was signed on July 31, 1998, but effective on June 15, 1998. FHWA contract officials could not provide a specific reason for the delay in signing the modification or why the effective date was before the date the modification was signed.

Government Property Not Controlled As Required. On two contracts, contracting officers had not established controls to account for \$1.2 million of Government property in the possession of contractors. For example, FHWA furnished 165 items of Government-owned property to the contractor for Contract Number 96-C-00013. A listing of the 165 items showed that 62 items were valued at \$445,000. However, FHWA did not assign a dollar value to the remaining 103 items, as required by FAR, Part 45, Section 505-2. These 103 items included many sensitive and valuable items, such as computers, printers, and video cameras.

The contracting officer for this contract acknowledged that FHWA had not (1) established unit prices for the 103 items, (2) reviewed the contractor’s property control system, nor (3) required the contractor to submit annual schedules of Government property, all requirements of the contract. Controls over Government-owned property are necessary to maintain proper accountability and to prevent or minimize loss or damage.

Progress Reports Not Submitted or Adequate. Although the contracts we reviewed required that progress reports be submitted to contracting officers and COTRs, six contractors did not comply with the requirement. In one of the six contracts (Contract Number 96-C-00027), the contracting officer eventually noticed the contractor had not submitted quarterly progress reports and reminded the contractor of the requirement. The contractor then submitted to the contracting officer a 20-month progress report for the missing time (May 1, 1996 to December 31, 1997) and progress reports thereafter. However, the COTR never

requested any progress reports because he believed they were not necessary to monitor the contract.

In another three contracts, the contractors did not comply with specific reporting requirements. The contracts required but the contractors did not submit a tabulation of the planned, actual, and cumulative person-hours expended by the personnel identified in the staffing of the contract.

In another contract (Contract Number 94-C-00207), when detailed information was included in the monthly progress reports, both the contracting officer and the COTR stated they had not sufficiently reviewed the progress reports to evaluate the status of the contractor's progress. The progress reports indicated impending cost overruns on three task orders that eventually totaled nearly \$500,000. As a result, this contract had to be modified to provide additional funds for most of the additional costs incurred. If the contracting officer and the COTR had sufficiently reviewed these reports, the impending cost overruns may have been identified and action could have been taken to determine if anything could be done to prevent or reduce the amount of the overrun.

Invoices Not Provided or Too General. In nine contracts, contracting officers did not forward contractors' invoices to COTRs for review. Contractors usually submitted invoices to contracting officers, who then decided whether to forward the invoices to the COTRs. While some contracting officers forwarded invoices to COTRs, other contracting officers believed COTRs did not need to receive or review invoices. These different practices occurred because FHWA has no policy for providing or forwarding invoices to COTRs.

The Office of the Secretary's COTR Handbook states "In all instances in which a request for payment is received, the Government team (usually the contracting officer and COTR) must review and approve the invoice before the finance office pays. In a cost reimbursable environment, the COTR is the person who provides the technical expertise in establishing the reasonableness of the invoice." To establish reasonableness, COTRs should receive and review invoices as part of FHWA's contract reviewing process.

In nine other contracts, contractors submitted invoices that were too general for adequate review. One contract (Contract Number 96-C-00027) was actually modified to relieve the contractor from submitting invoices in accordance with specified billing instructions. Sufficiently detailed invoices provide contracting officers and COTRs a basis for determining whether claimed costs are allowable and reasonable.

FEDERAL AGENCIES AND CONTRACTORS REPORTED NO INAPPROPRIATE INFLUENCE

Because of the fraud identified by the OIG investigation, we contacted 56 Federal agencies and contractors to determine if representatives of FHWA or the Center had suggested or directed that subcontracts be awarded to specific companies or organizations. We did not select for review any interagency agreements or contracts administered by FHWA officials under investigation.

We received written responses or contacted all 56 Federal agencies and contractors and none indicated that inappropriate influence had occurred in the award of subcontracts.

FHWA'S REVIEW OF THE CENTER'S CONTRACTING PROGRAM

Prior to and during our review, FHWA also conducted a review of the contracting program at the Center. The FHWA review was accomplished through interviews with selected FHWA staff and by collecting information from other Federal agencies. In a report completed in October 1998, FHWA identified issues and made recommendations for improvements to the acquisition program. Some of the issues identified were similar to the ones we found. For example:

- The Center's COTRs perceived little need for close monitoring of interagency agreements. The report recommended that guidance be developed to help COTRs determine when special monitoring requirements are necessary, such as special progress reporting or billing information.
- The Center's Division Chiefs had little involvement in and knowledge of individual contract activity in their divisions. The report recommended that contractors be required to add a "status" paragraph to progress reports, summarizing how contract activity is progressing towards achieving the contract objectives.
- Guidance and training options available to COTRs were inadequate. The Center did not maintain a standard operating procedures manual to assist COTRs in performing their jobs. The report recommended the development of an updated COTR "desk top" reference manual to cover selected topics, particularly in the area of contract administration.
- The Center's Division Chiefs, Team Leaders, and COTRs were not held accountable for their contract management responsibilities through FHWA's

performance management system. The report recommended establishing contract management elements in the performance plans for these positions.

RECOMMENDATIONS

We recommend that FHWA:

1. Establish additional policy and guidance to significantly strengthen internal controls over interagency agreements. As a minimum, these controls should require:
 - Statements of work for modifications that provide additional funding.
 - Support for private sector estimates included in Determinations and Findings.
 - Determinations and Findings for all modifications that significantly affect an agreement's funding.
 - Signing modifications on or before effective dates and including "shall not exceed" clauses.
 - Servicing agencies to submit progress reports that conform with reporting formats typically included in contracts.
 - Contracting officers and COTRs to review progress reports and use them in managing interagency agreements.
 - Servicing agencies to submit detailed invoices to FHWA contracting officers and COTRs for review.

2. Strengthen controls for contracts. These controls should address:
 - Signing modifications on or before effective dates.
 - Establishing controls in compliance with the FAR to account for Government-owned property in the possession of contractors.
 - Requiring contractors to provide progress reports in accordance with contract requirements.
 - Requiring contracting officers and COTRs to review progress reports and manage contracts based on the reports.
 - Requiring contractors to submit detailed invoices to contracting officers and COTRs for review.
 - Requiring contracting officers and COTRs to perform adequate reviews of those invoices.

MANAGEMENT COMMENTS

FHWA stated they are generally in agreement with the findings and recommendations contained in the report and appreciate the opportunities the report points out for strengthening their internal processes. FHWA acknowledged that a number of the findings in the report were corroborated by those of the internal FHWA management review of the roles and responsibilities of the Center and acquisition personnel with regard to the procurement process. The implementation plan that was developed as a part of the internal FHWA review is being revised to fully address each recommendation contained in our report. FHWA has completed an internal review of the interagency agreement process and is finalizing a report and recommendations.

OFFICE OF INSPECTOR GENERAL COMMENTS

Although FHWA generally agreed with our findings and recommendations, it did not identify specific corrective actions it plans to take in response to our recommendations. Therefore, this report is considered unresolved. Please reply in accordance with Department of Transportation Order 8000.1C on the specific actions taken or planned to address the recommendations and target dates for completion of these actions. We would appreciate your written response within 30 calendar days. FHWA's progress in implementing corrective actions are also subject to follow-up provisions of Department of Transportation Order 8000.1C.

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