

# Audit Report

IMPLEMENTATION REVIEW OF  
CORRECTIVE ACTION PLAN

*REVIEW OF GSA'S UNIVERSITY FOR PEOPLE  
NATIONAL CAPITAL REGION  
REPORT NUMBER A050250/O/W/F06017  
DATED AUGUST 28, 2006*

REPORT NUMBER A100083/O/W

April 16, 2010

**Office of Inspector General  
General Services Administration**



**Office of Audits**

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U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

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Date: April 16, 2010

Reply to  
Attn of:

*Marija A. Reinert for*

Barbara E. Bouldin  
Regional Inspector General for Auditing  
National Capital Region Field Audit Office, Office of Inspector General (JA-W)

Subject: Implementation Review of Corrective Action Plan

*Review of GSA's University for People National Capital Region  
Report Number A050250/OW/F06017 Dated August 28, 2006*

Report Number A100083/OW

To: Gail T. Lovelace  
Chief People Officer (CPO)

This report presents the results of the implementation review of the corrective action plan developed in response to the recommendations contained in the *Review of GSA's University for People National Capital Region* (Report Number A050250/OW/F06017).

### **Background**

The University for People (U4P) was established in 1997 as a result of a customer service lab initiative within the National Capital Region (NCR). At the time of our initial review, U4P was an NCR component. On September 15, 2009, U4P was transferred to the Office of the Chief People Officer as part of an agency-wide General Management and Administration reorganization. U4P's mission remained to provide a continuous learning environment, in which employees have the opportunity to develop their talents, think creatively, and set goals that are consistent with personal and agency needs. U4P's current customers are GSA internal organizations. Training courses are provided by vendors under contract with U4P.

On August 28, 2006, our office issued a report presenting the results of our review of procurement practices and contract administration within the U4P. On November 9, 2006 we received an action plan that addressed our recommendations and identified specific steps U4P and the Public Buildings Service Acquisition Management Division<sup>1</sup>

<sup>1</sup> Formerly the Regional Acquisition Management Division.

(WPP) should take to enhance the value U4P brings to the GSA and the federal community. Appendices A and B include the review recommendations and management's action plan, respectively.

### **Objective, Scope, and Methodology**

The objective of the implementation review was to determine whether the corrective actions included in the November 9, 2006 action plan have been fully implemented.

To accomplish the review objective, we:

- Reviewed the original report entitled *Review of GSA's University for People National Capital Region* (Report Number A050250/O/W/F06017 dated August 28, 2006);
- Reviewed the November 9, 2006 action plan and related documentation submitted in response to the original report;
- Held discussions with U4P and WPP officials, as well as Internal Control and Audit Division (BEI) personnel;
- Obtained U4P Memorandum of Agreements for the period March 2009 through January 2010, including associated funding documents (IX documents);
- Reviewed U4P's internal Reported Income Spreadsheet for the period October 2009 to January 2010 and Training Course Spreadsheet for the period October 2009 through March 2010;
- Requested Blanket Purchase Agreement (BPA)-level acquisition plans from WPP;
- Tested the addition of a manual link between U4P funding documents and task orders in the Financial Management Information System for all task orders included in U4P's Reported Income Spreadsheet for the period October 2009 through January 2010; and
- Analyzed 20 U4P task orders awarded March 2009 through January 2010 with a total value of \$1,341,769.

We conducted this review between January and March 2010.

## **Results of Review**

We found that management did not complete all of the corrective actions included in its action plan. The exceptions we identified are related to procurement support provided by WPP.

**Original Recommendation #2 – Develops and maintains acquisition plans to support its business plan.**

**Action Plan Action to be Taken – Ensure appropriate purchase specific acquisition plans at time of purchase.**

We found that U4P, supported by WPP, has not fully implemented this action. The General Services Administration Acquisition Manual Subpart 507.104(c)(1) states, “When awarding...a BPA for a specific requirement and agency, an acquisition plan will be developed for the base contract. The resulting orders should be covered by and reference the same acquisition plan.” The 20 task orders we sampled were issued against 5 distinct BPAs; however, WPP did not provide an acquisition plan for 4 of the 5 BPAs.

**Original Recommendation #3 – Obtains appropriate procurement support and institutes the formal controls necessary to properly administer the resulting contracts. Vendor documentation and reporting requirements are elements of control that should be considered in the acquisition plan.**

**Action Plan Action to be Taken – Ensure Task Orders specify: course name, date, location, and period of performance.**

Some of the task orders in our sample did not contain all the required information. All 20 of the task orders were dated and included a course name; however, the period of performance was missing on 2 task orders and the course location was absent from 8 task orders.

## **Conclusion**

As a result of our analyses and testing, we determined that U4P’s implementation of the corrective action plan was incomplete. As discussed above, deficiencies remain for two of the four recommendations. Accordingly, a revised action plan should be submitted to the Internal Control and Audit Division (BEI) within 30 days. In developing the revised action plan, U4P should ensure that WPP is informed of the audit-specific requirements for U4P procurements.

### **Internal Controls**

The scope of this review was limited to an assessment of whether appropriate corrective action, as stated in the November 9, 2006 action plan, was taken by management. Thus, our assessment and evaluation of internal controls was limited to the issues identified in the original report and discussed in the Results of Review section. If you have any questions regarding this review, please contact Audit Manager Marisa A. Roinestad at (202) 260-6490.

### **Management Response**

The Office of the Chief People Officer concurred that the corrective actions included in management's action plan were not fully implemented. Management's response is included as Appendix C.

# APPENDIX A

## REPORT NUMBER A050250/O/W/F06017 RECOMMENDATIONS

### ***A050250/O/W/F06017 Recommendations***

On August 28, 2006, the Office of Inspector General recommended that the Acting Regional Administrator for GSA's National Capital Region ensure that U4P:

1. Develop a formal business plan that includes a description of the business, its potential customers, marketing, competition, operating procedures, personnel, funding source and income projections.
2. Develop and maintain acquisition plans to supports its business plan.
3. Obtain appropriate procurement support and institute the formal controls necessary to properly administer the resulting contracts. Vendor documentation and reporting requirements are elements of control that should be considered in the acquisition plan.
4. Establish appropriate fund and account controls to ensure compliance with applicable appropriation law and facilitates program management. A completed course database could help administer the MOAs. Also, open data fields within Pegasys could be used to identify and capture financial events by MOA and by curriculum.

## APPENDIX B

## ACTION PLAN – REPORT NUMBER A050250/O/W/F06017

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GSA National Capital Region

November 9, 2006

MEMORANDUM FOR ANDREW PATCHAN  
 ACTING ASSISTANT INSPECTOR GENERAL  
 FOR AUDITING (JA-W)

FROM:

*Annie Everett*  
 ANNIE W. EVERETT  
 ACTING REGIONAL ADMINISTRATOR (WA)

SUBJECT:

Review of GSA's University for People,  
 National Capital Region  
 Audit Report Number A050250/O/W/F06017

We have reviewed the audit report entitled "Review of GSA's University for People, National Capital Region" which was submitted to my office on August 28<sup>th</sup>, 2006. We concur with the four recommendations made in the report and have been working towards implementation of these items. We believe that full realization of these recommendations will strengthen the University for People (U4P) program and will further enhance the value this program brings to GSA and the federal community. We appreciate your assistance in highlighting these opportunities for improvement.

Specific actions that have been taken or are underway in response to the audit report's recommendations include:

- 1) Business Plan – A formal business plan has been developed and will serve as a roadmap for the University for People for fiscal year 2007. A copy of the plan is attached as Appendix A. You will see that the plan incorporates actions, based on the findings of this report, which ensure the continued focus on improvement through 2007; specifically in the areas of financial and acquisition management. This plan will be utilized throughout FY07, and will serve as the basis for building future years' plans.
- 2) Acquisition Plans – Acquisition services for the U4P are now being provided by the Public Buildings Service's (PBS) Regional Acquisition Management Division (WPP). The U4P staff is very excited to work with this office and is benefiting from their expertise. Collaboratively, these two offices have established a macro level acquisition management strategy to serve as a guidepost for future procurements. The WPP leadership and staff have also committed to work with the U4P in preparing individual, purchase specific, acquisition plans and ensuring FAR compliant procurements for future contracting needs. The macro acquisition strategy is attached as Appendix B.

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11/09/2006 16:54 FAX

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-2-

3) Appropriate procurement support – As we indicated in our response to the draft report, the U4P has been receiving acquisition support from WPP since April 2006. The WPP staff has recommended utilizing two specific procurement methods for future requirements: multiple award Blanket Purchase Agreements (BPA) and/or multiple award Indefinite Delivery/Indefinite Quantity Contracts (ID/IQ). These methods/vehicles will enable the U4P to meet client needs while facilitating competition within the educational vendor community. Further, this approach will afford the opportunity, through WPP, to issue individual task orders against the BPA or ID/IQ. Each task order will specify the following information: the name of the course, date, location and period of performance.

Contract administration will be performed jointly by the Regional Acquisition Management Division and the University for People. Specifically, the WPP division will identify an employee(s) to serve as the Contracting Officer's Representative (COR) and the U4P will designate an employee(s) to serve as the Contracting Officer's Technical Representative (COTR). The U4P employees serving as the COTRs will complete appropriate COTR training no later than December 31, 2006. Additionally, the U4P representatives will no longer sign and/or negotiate a Master Training Agreement, or similar document(s), with any training vendor. All negotiations and contractual documents will be managed and completed by the WPP division.

4) Fund and accounting controls – Significant work has occurred, and will be continuing, to strengthen the area of funds and accounting control. As discussed previously, the U4P and regional budget staff have been working with GSA's Office of Finance to automate data collection and submission, utilizing the "Pegasys" system. The Office of Finance has identified and documented the process they will utilize for recognizing and posting income; allowing a more direct and formal reconciliation of the receipt, obligation and expense of U4P income. The U4P has also begun working with the NCR Regional Counsel's office to establish a revised, standardized MOU. This new format will ensure documentation of information necessary to allow proper administration and reconciliation with the financial and acquisition processes. All FY07 MOU's will utilize the new format. Additionally, the U4P has requested assistance from NCR's regional IT staff in developing database capabilities and appropriate automation tools to further strengthen the U4P data collection, analysis and tracking.

11/09/2006 18:54 FAX

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-3-

The U4P understands the importance of strong financial controls and sound acquisition practices. We appreciate the IG's assistance in identifying opportunities to further enhance our capabilities in these areas. We feel confident that our partnerships with the GSA, Office of Finance and the NCR, Regional Acquisition Management Division will bring significant improvement in these areas. We further understand the concern that inadequate documentation may potentially add risk(s) to the processes U4P utilizes, and ultimately to the program itself. We agree that although no specific violations were identified, more complete and formal documentation is needed. The new MOU formats will ensure the correct information is gathered initially, and the use of automated tools for tracking the services delivered will assist throughout execution to ensure that appropriate year funding is obligated. We agree that with the new documentation requirements, the U4P will have more capability to appropriately document compliance with the "bona fide" needs rule.

We are committed to continuing to strengthen the U4P's operational procedures; ensuring this program will continue helping employees receive valuable training. Thank you again for assisting us with the review of this very important program.

CC: Ralph Boldt, Audit Follow Up & Evaluation Branch (BECA)  
Paul J. Malatino, Regional Inspector General for Auditing (JA-W)

11/09/2006 16:54 FAX

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**ACTION PLAN**  
**Audit A050250/O/W/F06017**  
**University for People**

**Designated Responding Official: Ann Everett, Acting Regional Administrator**  
**Contact Person: Tamela Riggs, Acting Deputy Regional Administrator**  
**Telephone Number: 202-708-9100**  
**Date: November 9, 2006**

Report Number/Title	Recommendation Number	Proposed Completion Date
A050250/O/W/F06017 University for People	1	11/9/06

**Recommendation:**

Develops a formal business plan that includes a description of the business, its potential customers, marketing, competition, operating procedures, personnel, funding source and income projections.

<u>Action to be Taken</u>	<u>Supporting Documentation to be sent to BECA</u>	<u>Documentation will be Sent</u>
Establish FY06 Business Plan	U4P Business plan	11/9/06

Report Number/Title	Recommendation Number	Proposed Completion Date
A050250/O/W/F06017 University for People	2	11/9/06

**Recommendation:**

Develops and maintains acquisition plans to support its business plan.

11/09/2006 16:54 FAX

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<u>Action to be Taken</u>	<u>Supporting Documentation to be sent to BECA</u>	<u>Documentation will be Sent</u>
Establish FY06 Macro Acquisition Plan	U4P Macro Acquisition Plan	11/9/06
Ensure Appropriate Purchase Specific Acquisition Plans At Time of Purchase	N/A	N/A

<u>Report Number/Title</u>	<u>Recommendation Number</u>	<u>Proposed Completion Date</u>
A050250/O/W/F06017 University for People	3	12/31/06

**Recommendation:**

Obtains appropriate procurement support and institutes the formal controls necessary to properly administer the resulting contracts. Vendors documentation and reporting requirements are elements of control that should be considered in the acquisition plan.

<u>Action to be Taken</u>	<u>Supporting Documentation to be sent to BECA</u>	<u>Documentation will be Sent</u>
Obtain Procurement Support through the NCR, PBS, Acquisition Management Division (WPP)	N/A	N/A
Implement Multiple Award Blanket Purchase Agreements (BPA) and/or Multiple Award Indefinite Delivery/Indefinite Quantity Contracts (ID/IQ).	N/A	N/A
Ensure Task Orders specify: course name, date, location, and period of performance.	N/A	N/A
Identify WPP employee(s) to serve as Contracting Officer's Representative (COR). Designate U4P employee(s) to serve as Contracting Officer's Technical Representative (COTR). - U4P employees serving as the COTRs will complete appropriate COTR training	N/A	12/31/06

11/09/2006 18:54 FAX

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Report Number/Title	Recommendation Number	Proposed Completion Date
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A050250/O/W/F06017 University for People	4	12/4/06
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**Recommendation:**

Establishes appropriate fund and accounting controls to ensure compliance with applicable appropriation law and facilities program management. A completed course database could help administer the Memoranda of Agreement. Also, open data fields within Pegasys could be used to identify and capture financial events by MOA and by curriculum.

<u>Action to be Taken</u>	<u>Supporting Documentation to be sent to BECA</u>	<u>Documentation will be Sent</u>
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Establish Revised MOU to Ensure Documentation Appropriate to Facilitate Administration and Reconciliation With Financial and Acquisition Processes.	Revised MOU	12/4/06
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GSA's Office of Finance identify Improved process for recognizing and posting income; allowing more direct and formal reconciliation of the receipt, obligation and expense of U4P income.	Documented Procedures	12/4/06
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# APPENDIX C

## MANAGEMENT RESPONSE



Office of the Chief People Officer

April 13, 2010

MEMORANDUM FOR BARBARA E. BOLDIN  
REGIONAL INSPECTOR GENERAL FOR AUDITING  
NATIONAL CAPITAL REGION (JA-W)

FROM: *for* GAIL T. LOVELACE *G. Lovelace*  
CHIEF PEOPLE OFFICER (C)

SUBJECT: Implementation Review of Corrective Action Plan –  
Review of GSA's University for People, National Capital  
Region, Report Number: A100083/O/W

We have reviewed the draft report of the implementation review of the corrective action plan developed in response to the recommendations contained in the Review of the GSA's University for People (U4P) National Capital Region (Report Number A1000083/O/W). We appreciate your review and follow up concerning the U4P operations.

Your report identified two action plan actions that were not fully implemented concerning your Original Recommendations #2 and #3. The Original Recommendations and Action Plan Actions that were not fully implemented are identified below:

**Original Recommendation #2** – Develops and maintains acquisition plans to support its business plan. Action Plan Action – Ensure appropriate purchase specific acquisition plans at the time of purchase.

**Original Recommendation #3** – Obtains appropriate procurement support and institutes the formal controls necessary to properly administer the resulting contracts. Vendor documentation and reporting requirements are elements of control that should be considered in the acquisition plan. Action Plan Action – Ensure Task Orders specify: course name, date location, and period of performance.

Going forward, the U4P staff in concert with the responsible contracting office will develop and place an Acquisition plan in the file of each base contract in accordance with the General Services Administration Acquisition Manual Subpart 507.104(c)(1).

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2

Additionally, the U4P staff will make certain that each Task Order contains all of the required information, specifically, the course name, date, location, and period of performance.

The U4P staff understands the importance of sound and consistent acquisition practices. We appreciate the Office of Inspector General's assistance provided in the follow up review. We are confident that these actions will successfully resolve the issues identified and ensure our complete compliance with acquisition policy.

We are very committed to strengthening operational procedures and work practices within the U4P. If you have any questions or need additional information, please contact Kim Sasajima, Acting Director, Office of Human Capital Management, at 202-501-0521, or [Kim.Sasajima@gsa.gov](mailto:Kim.Sasajima@gsa.gov). We thank you again for assisting us with follow up review of this very important program.

# APPENDIX D

## REPORT DISTRIBUTION

Chief People Officer (CPO)  
Acting Regional Administrator, National Capital Region (WA)  
University for People (WAD)  
Internal Control and Audit Division (BEI)  
Assistant Inspector General for Auditing (JA)  
Director, Audit Planning, Policy, and Operations (JAO)  
Director, Administrative and Data Systems (JAS)  
Special Agent In-Charge (JI-W)  
Office of the Chief Financial Officer (B)  
Office of Inspector General (J)



