

**Management Advisory
Report: Review of FEMA
Region IV Strategic
Source IDIQ Contract for
Office Supplies**





OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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MEMORANDUM FOR: Gracia Szczech
Regional Administrator, Region IV
Federal Emergency Management Agency

Thomas M. Salmon

FROM: Thomas M. Salmon
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Office of Emergency Management Oversight

SUBJECT: *Management Advisory Report: Review of FEMA Region IV Strategic Source IDIQ Contract for Office Supplies*

In August 2016, the Mission Support Division Director, Federal Emergency Management Agency (FEMA) Region IV, received emails concerning the possible mismanagement of a Department of Homeland Security (DHS) Strategic Source Indefinite Delivery/Indefinite Quantity (IDIQ) Contract. These concerns included contract funds cancellation, possible fund code misuse, and contract oversight conflicts for office supplies from Office Depot. To address these concerns, FEMA Region IV requested that OIG conduct a limited review of the Division's IDIQ process. Although we did not identify any potential fraud or misuse issues, we did identify the need for staff to receive additional training concerning IDIQ contracts. This report identifies actions the Mission Support Director, Region IV-FEMA can take to enhance the program's effectiveness.

Background

The Mission Support Division in FEMA Region IV provides human capital, financial, communications/computer, safety, security, facility management, and contracting support for the day-to-day operations for the region. IDIQ contracts provide for an indefinite quantity of services for a fixed time. IDIQ contracts are used when General Services Administration cannot determine, above a specified minimum, the precise quantities of supplies or services that the government will require during the contract period. IDIQs help streamline the contract process and speed service delivery. For example, IDIQ contracts may include office supplies, Facilities Maintenance and Management, and Seismic/Structural Engineering.



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The Contracting Officer (CO) is responsible for entering into, administering, and terminating contracts. Additionally, the CO may make related determinations and findings, and to the Project Officer (PO), who the CO designates, in writing, to assist in administering specific aspects, such as the technical performance of the contract.

The Federal Acquisition Regulation (FAR) authorizes the CO to obtain written assurance from responsible fiscal authority that adequate funds are available. In accordance with FEMA guidance, FEMA budget officers are responsible for ensuring that adequate funds are available.

Results of Review

Based on our review of the contract process and supporting documentation for this IDIQ contract, we believe the CO and PO performed their duties according to Federal statutes, program guidance, and the IDIQ contract. In addition, there does not appear to be any internal control issues related to the segregation of duties over contract purchases and receipt of goods.

Staff Needs Additional IDIQ Training

At the request of the Mission Support Division Director, we reviewed emails sent between assigned members of the IDIQ contract team. In the emails, the Budget Officer raised concerns about the use of contract funds by the CO and the PO. Based on our review, we determined that staff needs additional training on the scope and processes related to IDIQ contracts. However, we are also concerned that the emails sent by the Budget Officer were unprofessional and showed a lack of clarity concerning the roles and responsibilities.

For example, some of the emails expressed the following concerns:

- (1) Cancellation of funds;
- (2) Misuse of fund codes; and
- (3) PO objectivity to administer the contract's technical performance.

Our assessment of these emails and additional interviews with the Mission Support staff established that the current Budget Officer might not fully understand the government's policies and procedures concerning the use and implementation of an IDIQ contract.



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Conclusion

Although we determined that the contract process and supporting documentation and internal controls appeared adequate, we did note that the Mission Support Division should provide additional training on IDIQ contracts. We conducted this limited review based on a request for assistance from FEMA Region IV; however, we may conduct a more comprehensive review of FEMA's contracts and supporting processes in the future.

Management Comments and OIG Analysis

On September 9, 2016, we discussed the results of our contract review with the FEMA Region IV Deputy Regional Administrator and the CO for this IDIQ contract. In addition, we discussed with the Mission Support Division Director the results of our review of email correspondence between the Budget Officer and Mission Support staff. We advised the Mission Support Division Director to provide staff with additional training on the roles and responsibilities related to an IDIQ contract. FEMA officials generally agreed with our findings and planned to take action to address this issue.

Objective, Scope, and Methodology

In August 2016, we received a request from the Mission Support Division Director, FEMA-Region IV to review concerns regarding the budget obligations and purchases related to an IDIQ contract valued at more than \$13,000. FEMA Region IV decided to use an IDIQ contract because of a partnership between DHS and the General Services Administration to purchase office supplies from Office Depot. We conducted our fieldwork in Atlanta, Georgia, during the week of September 5, 2016.

We reviewed the IDIQ contract provisions, ordering and receiving files, and expenditure records. We also reviewed policies, procedures, Federal regulations; Appropriations Law; the FAR; and FEMA contract guidance. At the request of the Mission Support Division Director, we reviewed all email correspondence among Mission Support Division staff related to the IDIQ contract. In addition, we interviewed FEMA officials with knowledge of the IDIQ contract, and ordering and receiving duties related to this IDIQ contract.

DHS Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. We conducted this review under the authority of the *Inspector General Act of 1978*, as amended, and according to the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.



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Please call me with any questions or your staff may contact Paul Wood, Acting Deputy Assistant Inspector General, Office of Emergency Management Oversight at (202) 254-4100, or Nigel R. Gardner, Audit Manager at (202) 254-4385.

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