



**AUDIT OF THE DRUG ENFORCEMENT ADMINISTRATION'S  
LANGUAGE SERVICES CONTRACT WITH  
SOS INTERNATIONAL, LTD.  
CONTRACT NUMBER DJDEA-05-C-0020  
DALLAS FIELD DIVISION**

U.S. Department of Justice  
Office of the Inspector General  
Audit Division

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**EXECUTIVE SUMMARY**

The ability to translate, understand, and document conversations conducted in languages other than English is an important factor in the success of the Drug Enforcement Administration's (DEA) law enforcement activities. One method the DEA has used to accomplish this is to contract for linguistic services, including monitoring, translating, and transcribing recordings obtained from consensual and non-consensual (Title III) telephonic intercepts, listening devices, and other media.<sup>1</sup>

The linguistic services contracts awarded by the DEA are a type of indefinite delivery-indefinite quantity (ID/IQ) contracts with fixed hourly rates administered by individual task orders. This type of contract is used to acquire services when the exact times or exact quantities of future deliveries are not known at the time of the contract award. The awarded contract provides for the issuance of task orders to contractors for the performance of required services that are identified during the period of the contract.

As of September 23, 2010, the DEA reported there were seven linguistic services contracts with a total value of \$277.9 million.<sup>2</sup> For this audit, we selected contract number DJDEA-05-C-0020. The contract was awarded to SOS International, Ltd. (SOSi) beginning May 1, 2005, for language related services to support the DEA Dallas Field Division. The

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<sup>1</sup> The Wiretap Act, 18 U.S.C. §§ 2510-2522, regulates the collection of actual content of wire and electronic communications. The Wiretap Act was first passed as Title III of the Omnibus Crime Control and Safe Streets Act of 1968 and is generally known as "Title III". Title III wire taps are "court ordered nonconsensual intercepts."

<sup>2</sup> The information on overall dollar values was provided by DEA headquarters on September 23, 2010. However, in reviewing the contract file, we found the Dallas contract value had increased to \$24,139,574, based on modification number 12, May 7, 2009. This increases the total value of all contracts to \$278,246,897.

contract consisted of a 1-year base period and four 1-year option periods.<sup>3</sup> We selected the SOSi contract with the Dallas Field Division based on risks identified from prior audit work.

## **OIG Audit Approach**

This Office of the Inspector General (OIG) audit reviewed SOSi's performance and the DEA's administration of the ID/IQ contract with fixed hourly rates for linguistic services provided to the DEA Dallas Field Division during the period of May 1, 2005, through October 31, 2010. The objectives of the audit were to: (1) determine whether SOSi provided goods and services in accordance with the contract and government requirements; (2) determine whether costs billed under the contract were accurate; and (3) assess the adequacy of the DEA's procedures for monitoring SOSi's billings and performance.

We conducted our audit work at the DEA Office of Acquisition Management, the Dallas Field Division, and in SOSi's operations offices in Reston, Virginia. We interviewed acquisition, administration, and operations staff from the DEA and SOSi. We reviewed documentation of linguists' qualifications and security access, reported hours of performance, SOSi billings, and quality control activities.

We performed sample testing of SOSi's compliance with critical contract requirements regarding language proficiency, timeliness and hours of performance requirements, and billing. We also reviewed the DEA's contract administration and monitoring activities related to these contract requirements. Finally, we reviewed SOSi's Quality Control Plan and the DEA's monitoring of activities related to SOSi's implementation of the Quality Control Plan.

## **Results in Brief**

We were able to determine the invoices we tested were accurate due to consistent and reliable reports of linguist's hours worked as maintained by the Contracting Officer's Technical Representative (COTR) and the SOSi Site Supervisor. However, we found that: the DEA needs to improve the monitoring of the contract; SOSi linguists were sometimes assigned to the contract without adequate documentation of their qualifications; approvals

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<sup>3</sup> Modification No. 13 of Contract DJDEA-05-C-0020 extended the end date 6 months beyond the original end date from April 30, 2010, to October 31, 2010. The total duration of the contract was 5 years and 6 months.

for access to DEA Sensitive information were missing or had expired; and the COTR needed to improve delegated contract administration. Further, we concluded the DEA Office of Acquisition Management Contracting Officer also needs to improve the oversight of the COTR's administration of the contract. The remaining sections of this Executive Summary provide further details and descriptions of our most significant audit findings.

## **Contractor Compliance with Contract Requirements**

To test the contractor's compliance with key requirements of the contract, we judgmentally selected 13 items we believe present the greatest risk to noncompliance with laws, regulations, and guidelines, and would provide fair insight into the contractor's overall compliance with contract requirements. We concluded that the contractor failed to fully comply with 4 of the 13 contract requirements, and the DEA did not adequately monitor the contractor to ensure performance of all contract requirements. These findings are discussed in detail below.

### *Administrative and Financial Performance*

To evaluate SOSi's compliance with the billing rates and hours worked, we judgmentally selected and tested a sample of three task orders from each of the performance periods (base period plus four option periods) totaling 15 task orders. The task orders varied in the quantities of invoices associated with them, from as few as 1 to over a dozen, with well over 100 invoices in the 15 task orders tested.

We determined through our review that for the selected task orders the time and attendance records were correct for the performance periods covered by the invoices, and the invoices accurately listed hours worked, billing rates, and total charges. There were no discrepancies in any of the invoices tested.

### *Monthly Administrative Reports*

The government requires contractors to produce Monthly Administrative Reports, even if there are no active task orders, which are to include at a minimum: (1) a financial statement, (2) personnel status, (3) security packages information, and (4) miscellaneous comments. We obtained all of the Monthly Administrative Reports available in the contract file and we found that only the first 5 required reports had been submitted out of an expected 66 over the 5.5 years of the contract. Three of the five reports submitted covered periods greater than 1 month ranging from 34 to 49 days.

Both the COTR and the SOSi Site Supervisor stated that the Monthly Administrative Reports were discontinued at the request of the COTR because they were redundant with daily and weekly discussions with the SOSi Site Supervisor. SOSi management also stated that they no longer produced the reports because the DEA no longer requested this information.

By failing to produce or provide Monthly Administrative Reports, SOSi has not complied with one of the terms of the contract, and historical information concerning the performance of the contractor was not recorded and is therefore not available for future reference. The COTR did not effectively monitor this requirement of the contract by not ensuring the reports were completed and maintained in the contract file. Furthermore, both the contractor and the COTR did not comply with documented procedures for modification of the contract since it was not approved by the Contracting Officer. We did not find any evidence that the Contracting Officer was aware the reports had been discontinued.

#### *Language Proficiency Certifications*

To evaluate SOSi's compliance with the language proficiency requirements established by the contract, we requested proof of language proficiency testing of all linguists who were assigned to the contract. Upon review of the language proficiency certificates we determined that 33.3 percent of the linguists worked after their certifications had exceeded the 5-year time limit established by the contract. As a result, SOSi billed the DEA for approximately \$750,304 for linguists without valid language certifications. Additionally, we were unable to locate any supporting documentation for one individual for which SOSi billed the DEA approximately \$183,840.

The total hours worked after certification expiration or without certification resulted in a total cost to the DEA of approximately \$934,144. Therefore, we are questioning \$934,144 for hours billed for linguists who worked without current language certification.

#### **Contractor Compliance with Quality Control Plan Requirements**

To assure adequate quality control, and to assure reliability and effective contract performance, the contract requires the contractor to provide a Quality Control Plan that is incorporated into the contract. We found that SOSi failed to comply with 7 of 12 Quality Control Plan requirements that we evaluated. For example, SOSi failed to: (1) hold and

document regular meetings with the COTR, and (2) perform worksite inspections.

### *Regular Meetings Between SOSi and the COTR*

According to the SOSi Quality Control Plan, the Site Supervisor is expected to meet regularly with the COTR to discuss issues, obstacles, and problems. Additionally, Performance Evaluation Meetings are required at least every 6 months during the contract performance period. The contractor is required to prepare written meeting minutes of all Performance Evaluation Meetings, to be signed by the COTR. Both the COTR and the Site Supervisor stated they met daily, weekly, and any other time as deemed necessary; however, there were no meeting minutes or other records of the discussions or meetings. Therefore, the contractor and the COTR violated the terms of the contract by not maintaining records of those meetings. As a result, historical information concerning discussions, decisions, and other issues was not recorded and therefore is not available for future reference.

### *Contractor Worksite Inspections*

At least once every 3-6 months, at unscheduled intervals, SOSi was to send a three-member inspection team to each worksite to review work produced by the SOSi contract management and administrative staff. The inspections were generally expected to be completed in 1 week, but would last as long as necessary. SOSi management stated it was a management decision to not complete these inspections.

SOSi benefitted financially by avoiding the cost of sending an inspection team to Dallas, Texas. With a three-member team, SOSi saved an average of approximately \$1,500 per person per inspection. The total amount that SOSi saved by not performing the required inspections is estimated to be at least \$45,000 ( $\$1,500 \times 3 \text{ persons} \times 10 \text{ trips}$ ). Since the contract bid would necessarily factor in the cost of these inspections, we believe SOSi should reduce the cost of the contract and reimburse the DEA for the \$45,000 avoided.

## **Monitoring Contractor Performance**

### *Contracting Officer Monitoring of COTR, Contract, and Contractor*

According to the Federal Acquisition Regulation, Subpart 1.6; 1.602-2, the Contracting Officer is responsible for ensuring compliance with the terms of the contract. The Contracting Officer may appoint individuals selected by program offices to act as authorized representatives in the monitoring and administration of a contract. Such officials shall be designated as Contracting Officer's Technical Representatives (COTR's).

Based on the requirements as stated in the Acquisition Workforce Management Program, and the noncompliance issues identified in the following sections, we determined that the Contracting Officer needs to maintain a more significant level of communication with the COTR in overseeing the administration of the contract and the contractor.

### *COTR Responsibilities*

To assign a COTR to a contract, the Office of Acquisition Management Contracting Officer issues a memorandum of Delegation of Contracting Officer's Technical Representative. The memorandum provides a detailed description of the COTR's authority and responsibilities and is signed by the COTR.

In this instance, the COTR had two primary functions: (1) ensure compliance with the terms and conditions of the contract by monitoring the activities of the contractor, and (2) ensure invoices were complete and accurate by verifying hours worked, pay rates applied, and total charges to ensure the government received the services for which it contracted. The administrative duties associated with compliance to the contract include attending meetings, reviewing reports, verifying security clearances, verifying linguistic language certifications, reviewing performance evaluations, and documenting communications with the contractor and Contracting Officer.

As a result of the contractor not fully performing the requirements of the contract and Quality Control Plan as discussed previously, we determined that the COTR needs to improve monitoring and control over the contract. However, as mentioned previously, we determined the time and attendance records were correct and the invoices accurately listed hours worked, billing rates, and total charges. Also, we determined through our interviews with DEA Dallas Field Division officials and Special Agents that the

DEA was satisfied with SOSi personnel and did not have any concerns regarding SOSi's performance under the contract.

### *Semiannual Contractor Performance Reports*

Based on the length of the contract (5.5 years), we calculated that the COTR should have processed 11 semiannual Contractor Performance Reports. We reviewed the contract file at the DEA headquarters, and found six contractor performance reports. The first two were submitted within 1 month of the end of the respective reporting period, but those contractor performance reports that followed were excessively late or not found. The last contractor performance report submitted was for a 1-year period rather than a 6-month period, and was nearly 1 year late.

The COTR stated that to complete a semiannual performance review on the National Institute of Health's Contractor Performance System, you must be "invited" to the system by the Contract Specialist located at DEA Headquarters, and notified that the performance review will need to be accomplished. However, the contract specifically states that if unable to access the electronic system, the Contractor Performance Report form is located in Section J of the contract as attachment J-A-1. The six reports that were submitted were for periods where the COTR was invited to complete a performance report. As a result of the COTR failing to comply with the contract in regard to submitting semiannual contractor reports, historical information concerning the performance of the contractor was not recorded and is therefore not available for future reference.

### *Performance Evaluation Meetings*

The COTR was required to hold performance evaluation meetings with the contractor at least once every 6 months, or more often if the COTR or contractor requested, to discuss problems that arose during the contract performance and to discuss the performance of the contract employees. These performance evaluation meetings were to be held weekly during the contract initiation period. Additionally, the contractor was responsible for preparing minutes of these meetings, and the COTR was required to approve the minutes. The COTR was required to maintain a file of all correspondence between the COTR and the Contracting Officer and contractor, including memoranda for the record of any unwritten actions or decisions. This file is considered a segment of the official contract file.

According to the COTR, there were no performance evaluation meetings held because they communicate daily and weekly and resolve any issues or problems as they occur, so there is no need for a 6-month

meeting. Since there were no meetings, there were no minutes of performance evaluation meetings. Furthermore, there were no meeting minutes or other documentation of communications or decisions for any meetings. As a result, the COTR failed to meet the terms of the contract concerning holding of performance evaluation meetings, and failed to carry out the responsibilities of documenting actions and decisions as outlined in the Memorandum of Delegation of COTR.

### *Contractor Quality Control Plan*

SOSi was required under the terms and conditions of the contract to develop a Quality Control Plan that established and maintained well documented quality control procedures that ensured the production and deliverance of acceptable performance and materials.

We reviewed the contract file but the Quality Control Plan was not included and the COTR was unaware it existed. Upon request, the SOSi Site Supervisor produced a copy of the Quality Control Plan for the COTR and the OIG. Since the COTR had not previously seen a copy of the Quality Control Plan, we concluded the COTR had never read or studied its contents, and therefore could not have enforced it.

As a component of our evaluation of the DEA's and SOSi's quality control monitoring activities, we reviewed SOSi's Quality Control Plan and determined that the plan met requirements established by the contract, and provides the procedures to effectively monitor and control performance. SOSi's compliance with the requirements of the Quality Control Plan are discussed in detail in section *Contractor Compliance With Quality Control Plan Requirements*.

### *Security Background Investigations*

#### Approval for Access to DEA Sensitive Information

The DEA is responsible for conducting a background investigation on all contractor personnel assigned to the contract, and contractor personnel must be approved in writing by the DEA Office of Security Programs for access to DEA Sensitive information. An employee cannot be assigned to perform services for the DEA until the contractor has been notified in writing by the COTR that the individual has been approved by the DEA Office of Security Programs.

Of the linguists tested there were 22 instances involving 20 of the linguists in which personnel worked without approved access to DEA Sensitive

information. Additionally, of the 51 access approval forms received, 17 (33.3 percent) were missing signatures or other information. Based on this information, we have determined that the DEA violated its own security procedures as documented in the contract and DEA policy DEA-2852.204.84.<sup>4</sup> As a result, the DEA security could be improved through contractor compliance with this requirement.

### Security Background Investigation Updates

The contract provides extensive information on the requirements for background investigations prior to access to DEA Sensitive information. However, the only information we could find in the contract on updates or reinvestigations of background information concerned changes in marital status. The contractor is responsible for notifying the COTR in writing prior to, or immediately thereafter, if a contractor employee has a change in marital status. According to SOSi management, these updates were not done, and the reason provided was that the DEA did not specifically request them. As a result, the DEA security could be improved through contractor compliance with this requirement.

### Continuous Learning Points

According to the Acquisition Workforce Management Program, acquisition professionals are required to earn continuous learning points to maintain their certification. All Contracting Officer's, regardless of GS series, warranted above the micro purchase threshold are required to earn 80 continuous learning points of skills currency training every 2 years to maintain FAC-C. The DEA provided training records for the Contracting Officer for this contract, and according to the records, the continuous learning points requirements were met.

To maintain a FAC-COTR certification, certified professionals are required to earn 40 continuous learning points of skills currency training every 2 years beginning the first fiscal year following the effective date of certification. We requested records from the DEA to support the COTR's completion of the continuous learning points requirements, but none were provided. Therefore we concluded that the COTR did not acquire the required continuous learning points.

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<sup>4</sup> *DEA-2852.204.84 PUBLIC TRUST POSITIONS – SECURITY REQUIREMENTS FOR ACCESS TO DEA SENSITIVE INFORMATION/U.S. CITIZENSHIP OR PERMANENT RESIDENT ALIEN STATUS REQUIRED*, August 2010.

## Conclusion and Recommendations

Through our testing and evaluation, we concluded that many of the requirements of Contract DJDEA-05-C-0020 and the Quality Control Plan were not fully accomplished. Failure to meet these requirements may create a risk to the DEA of fraud, waste, and abuse. Fortunately, the COTR maintained exceptional records of time and attendance. As a result, we were able to verify the number of hours worked by SOSi employees, verify hourly billing rates, and confirm the accuracy of invoices. There were no dollar related discrepancies in any of the invoices tested. We also concluded that the contract goals were achieved and the expenditures tested were in accordance with the contract. However, many requirements of the contract were not completed and the DEA Dallas Field Division did not adequately monitor the contract and contractor.

Significant findings include the following: (1) SOSi failed to prepare and submit Monthly Administrative Reports, (2) language proficiency certifications were not always provided or were sometimes expired, (3) regular meetings with the COTR and SOSi were not documented, (4) contractor site visits were not performed, (5) semiannual contractor performance reports were not submitted, (6) authorizations to access DEA Sensitive information were missing or expired, (7) contractor performance evaluation meetings were not held, and (8) modifications to the requirements of the contract were not approved by the Contracting Officer.

Due to these concerns, we make 10 recommendations to assist the DEA in monitoring contractor compliance with the terms and conditions of the contract and ensuring the efficiency and effectiveness of the contract. For example, we recommend that the DEA:

1. Implement procedures to ensure requirements for periodic background reinvestigation are tracked and accomplished timely, and approvals for access to DEA Sensitive information are completed and current, and files are maintained.
2. Implement procedures to ensure linguists have been properly certified, that certifications are kept current, and only certified linguists work under the contract.
3. Ensure that for future contracts, the contractor's Quality Control Plan is included in the contract file and disseminated to appropriate personnel, the plan requirements are periodically reviewed and updated, and the plan requirements are accomplished by the contractor.

4. Implement procedures to ensure Monthly Administrative Reports and Semiannual Contractor Performance Reports are completed, submitted timely, and maintained in the contract file.
5. Implement procedures to ensure the COTR meets the Department of Justice's requirements for continuous learning points.
6. Implement procedures to ensure the Contracting Officer fully monitors the activities of the COTR, contract administration, and contractor performance and the COTR monitors all aspects of contract performance and all contractor activities, and reports regularly to the Contracting Officer.
7. Implement procedures to ensure modifications to the contract are properly documented, authorized, and maintained in the contract file.

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**INTRODUCTION**

**Background**

The mission of the Drug Enforcement Administration (DEA) is to enforce the laws and regulations governing controlled substances and to bring to the criminal and civil justice system those individuals and organizations involved in the growing, manufacture, or distribution of controlled substances appearing in or destined for illicit traffic in the United States. While technology plays a major role in the DEA's efforts, the ability to translate, understand, and document conversations conducted in languages other than English is an important factor in the success of the DEA's law enforcement activities. One method the DEA has used to accomplish this is to contract for linguistic services, including monitoring, translating, and transcribing recordings obtained from consensual and non-consensual (Title III) telephonic intercepts, listening devices, and other media.<sup>1</sup>

The linguistic services contracts awarded by the DEA are indefinite delivery-indefinite quantity (ID/IQ) contracts with fixed hourly rates administered by individual task orders. This type of contract is used to acquire services when the exact times or exact quantities of future deliveries are not known at the time of the contract award. The awarded contract provides for the issuance of task orders to contractors for the performance of required services that are identified during the period of the contract.

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As shown in Exhibit 1, as of September 23, 2010, the DEA reported there were seven contracts with a total value of \$277.9 million.<sup>2</sup> We selected the SOS International, Ltd (SOSi) contract DJDEA-05-C-0020, which began May 1, 2005, for language related services with the Dallas Field Division based on risks identified from prior audit work.

**Exhibit 1: Open DEA Linguistic Services Contracts as of September 23, 2010<sup>3</sup>**

| CONTRACT NUMBER | LOCATION      | OVERALL VALUE         |
|-----------------|---------------|-----------------------|
| DJDEA-05-C-0020 | Dallas        | \$ 23,796,895         |
| DJDEA-08-C-0047 | El Paso       | 30,545,340            |
| DJDEA-05-C-0021 | Houston       | 24,400,024            |
| DJDEA-05-C-0019 | New York      | 89,438,860            |
| DJDEA-06-C-0026 | San Francisco | 39,174,600            |
| DJDEA-07-C-0019 | Seattle       | 28,172,744            |
| DJD-09-C-0036   | Los Angeles   | 42,375,755            |
| <b>TOTAL</b>    |               | <b>\$ 277,904,218</b> |

Source: Drug Enforcement Administration

SOS International, Ltd. (SOSi) is a privately owned defense services firm with over 1,200 employees worldwide. It provides a wide range of analytical, training, and consulting services to the U.S. government and private firms in the defense and aerospace industry. It specializes in counterterrorism and counter-drug operations, including linguistic support to U.S. government and commercial clients. The corporate headquarters is located in New York, New York, and the operational headquarters is located in Reston, Virginia.

The DEA's Office of Acquisition Management Contracting Officer designated a Contracting Officer's Technical Representative (COTR) in the DEA Dallas Field Division to act on the Contracting Officer's behalf in the monitoring and administration of the contract. The COTR functions as the "eyes and ears" of the Contracting Officer, actively overseeing the performance of the contractor to assure contract requirements are met. However, the COTR does not have the authority to make legal

<sup>2</sup> The information on overall dollar values was provided by DEA headquarters on September 23, 2010; however, in reviewing the contract file, we found the Dallas contract value had increased to \$24,139,574, based on modification number 12, May 7, 2009. This increases the total value of all contracts to \$278,246,897.

<sup>3</sup> Differences in totals throughout the report are due to rounding (the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded).

interpretations of the contract, impose tasks that are not in the contract, supervise contract employees, or waive contract requirements.

### Dallas Field Division Linguistic Services Contract

As previously noted, for this audit we selected contract number DJDEA-05-C-0020 which began May 1, 2005, for language-related services to support the DEA Dallas Field Division. The DEA Dallas Field Division has one Contracting Officer who is authorized to approve task orders initiated by the COTR under this contract.

The contract established minimum and maximum dollar amounts and hourly rates for linguistic services to be provided by SOSi for the base year and four 1-year option periods.<sup>4</sup> The contract performance periods were established by the contract as shown in Exhibit 2.

**Exhibit 2: DEA Linguistic Services Contract Periods of Performance**

| CONTRACT YEAR     | PERIOD OF PERFORMANCE          |
|-------------------|--------------------------------|
| Base Year         | May 1, 2005 – April 30, 2006   |
| Option Year I     | May 1, 2006 – April 30, 2007   |
| Option Year II    | May 1, 2007 – April 30, 2008   |
| Option Year III   | May 1, 2008 – April 30, 2009   |
| Option Year IV    | May 1, 2009 – April 30, 2010   |
| 6-month Extension | May 1, 2010 – October 31, 2010 |

Source: Drug Enforcement Administration

The contract identified more than 100 languages for which SOSi may be required to provide qualified linguists. However, the invoices indicate the Dallas Field Division’s primary need was for Spanish certified linguists. The contract also stated that SOSi shall be prepared to provide intercept activities 24 hours per day and 7 days per week. When the DEA determines a requirement for a wiretap, the appropriate authorizing paperwork is prepared, and upon approval, the COTR initiates a task order, which obligates contract funds. The COTR coordinates with the contractor to ensure the appropriate personnel are in place.

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<sup>4</sup> Modification No.13 of Contract DJDEA-05-C-0020 extended the end date 6 months beyond the original end date from April 30, 2010, to October 31, 2010. The total duration of the contract was 5 years and 6 months.

Exhibit 3 shows the total task orders and expenditures by period. The DEA executed 235 task orders with a cumulative value exceeding \$5.55 million.

**Exhibit 3. Task Order Expenditures by Period**

| PERIOD OF TASK ORDER | EXECUTED TASK ORDERS | TOTAL COST OF TASK ORDERS |
|----------------------|----------------------|---------------------------|
| Base Period          | 37                   | \$ 730,964                |
| Option Period I      | 40                   | 821,531                   |
| Option Period II     | 37                   | 764,322                   |
| Option Period III    | 51                   | 1,180,199                 |
| Option Period IV     | 46                   | 1,199,069                 |
| Option IV Extension  | 24                   | 856,332                   |
| <b>TOTALS</b>        | <b>235</b>           | <b>\$ 5,552,417</b>       |

Source: Drug Enforcement Administration

**Prior Audits and Reviews**

We researched prior audits for both the contractor and DEA, but did not find any previous reports on the contractor. We identified two Office of the Inspector General (OIG) reports concerning linguist contracts between other contractors and the DEA.

The first report was released in August 2002, entitled *The Administration of Contracts and Agreements for Linguistic Services by the Drug Enforcement Administration*. The findings are summarized as follows:

1. Contractors for linguistic services were not authorized by the contract or exceeded the contract amounts.
2. Contractors were paid for linguistic services performed outside of the allowable performance period of the delivery orders.
3. Contractors were paid for hours not supported by the attendance records.
4. Contractors were paid for overtime that was either not authorized or not properly approved.
5. Contracting Officer's Technical Representative (COTRs) did not provide adequate oversight of the contracts.

In summary, there was a need for stronger monitoring by the COTR resulting in excessive charges, unsupported hours, and unauthorized expenditures.

The second prior report was an audit of the DEA El Paso Field Division's linguistic services contract DJDEA-08-C-0047. The audit report was released in December 2010 with the following findings:

1. Contractor submitted invoices for services outside contracted performance periods.
2. Contractor was unable to provide the required proficiency certifications for all linguists assigned to the contract.
3. Invoiced hours exceeded recorded hours worked.
4. The DEA Contracting Officer failed to effectively oversee the COTR's performance of delegated administrative responsibilities.
5. The COTR was not monitoring contractor compliance with the established requirements of task orders and the contract.

In summary, the Contracting Officer's and the COTR's failure to properly monitor the contract resulted in excessive charges, unsupported hours, unauthorized expenditures, and missing or expired certifications and background checks. These are essentially repeat findings from the 2002 audit.

### **OIG Audit Approach**

We conducted this audit in response to the President's call for federal agencies to eliminate waste and maximize the value achieved from their contracts by reviewing existing contracts to identify waste and inefficiencies.<sup>5</sup> This OIG audit reviewed SOSi's performance and the DEA's administration of the ID/IQ contract DJDEA-05-C-0020 for linguistic services for the DEA Dallas Field Division during the period of May 1, 2005, through October 31, 2010.

The objectives of the audit were to: (1) determine whether SOSi provided goods and services in accordance with the contract and government requirements; (2) determine whether costs billed under the contract were accurate; and (3) assess the adequacy of the DEA's procedures for monitoring SOSi's billings and performance.

We conducted our audit work in the DEA Office of Acquisition Management and the Dallas Field Division offices and in SOSi's operations offices in Reston, Virginia. We interviewed acquisition, administration, and

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<sup>5</sup> Government Contracting Presidential Memoranda dated March 4, 2009.

operations staff from the DEA and SOSi. We reviewed documentation of linguist's qualifications and security access, reported hours of performance, SOSi billings, and quality control activities.

We performed sample testing of SOSi's compliance with critical contract requirements regarding language proficiency, hours of performance requirements, and billing. We also reviewed the DEA's contract administration and monitoring activities related to these contract requirements. Finally, we reviewed SOSi's Quality Control Plan and the DEA's monitoring of activities related to SOSi's implementation of the Quality Control Plan. See Appendix I for complete details of *Objectives, Scope, and Methodology*.

## **FINDINGS AND RECOMMENDATIONS**

### **1. CONTRACTOR COMPLIANCE WITH CONTRACT PERFORMANCE REQUIREMENTS**

We determined the most critical aspects of the contract to test, and we found that SOSi was generally in compliance with the contract requirements including: an automated task order entry and tracking system, invoices submitted monthly, accurate time and attendance records, fully executed task orders, and accurate billings. However, we found that SOSi did not provide all the information required on invoices, language proficiency tests were sometimes missing or expired, the COTR had not reviewed the contractor's Quality Control Plan, and Monthly Administrative Reports were not done. In our judgment, these items create an increased risk of noncompliance of contract requirements. Details of these discrepancies and selected items are provided in the following section.

Contract Number DJDEA-05-C-0020, issued by the DEA Office of Acquisition Management, contains service specifications, deliverables, time constraints, and reporting requirements. To determine whether or not SOSi provided goods and services in accordance with contract and government requirements, we focused on SOSi's financial performance including billing and tracking of time and attendance, and contract requirements including Monthly Administrative Reports, linguist language certifications, SOSi's submission and implementation of a Quality Control Plan, invoice content requirements, and linguist status updates for access approval to DEA Sensitive information.

To test the contractor's compliance with key requirements of the contract, we judgmentally selected 13 items we believe present the greatest risk in noncompliance with laws, regulations, and guidelines, and would provide fair insight into the contractor's overall compliance with contract requirements. Exhibit 4 lists the contract requirements we reviewed and our determination of compliance. Most of the items were evaluated by visual inspection and observation in the course of testing other parameters. However, items 2, 7, 12, and 13 were specifically tested using judgmental samples as described in various sections throughout this report. Exhibit 4 is a summary of the results of our observations and tests.

**Exhibit 4. Contractor Compliance with Contract Requirements**

| ITEM | REQUIREMENT   | COMPLIED WITH |
|------|---|---------------|
| 1    | Government Holidays billable only if scheduled and worked                           | Yes           |
| 2    | Language proficiency testing within past 5 years                                    | <b>No</b>     |
| 3    | Contractor will provide a Quality Control Plan (Exhibit J-E-4 of contract)          | Yes           |
| 4    | Contractor will use DEA's tape recording equipment (T2S2 & JSI Voice Box Software)  | Yes           |
| 5    | SOSi Site Supervisor will prepare and provide monthly personnel schedule to COTR    | Yes           |
| 6    | SOSi Site Supervisor will maintain time and attendance records                      | Yes           |
| 7    | Contractor to provide to COTR and Contracting Officer Monthly Administrative Report | <b>No</b>     |
| 8    | Performance Evaluation Meetings every 6 months with COTR and SOSi                   | <b>No</b>     |
| 9    | Fully executed task orders required for all work by SOSi                            | Yes           |
| 10   | Task order shall contain all minimum relevant information                           | Yes           |
| 11   | Contractor shall furnish automated task order entry and tracking system             | Yes           |
| 12   | Contractor will submit invoices monthly   | Yes           |
| 13   | Invoices will include items listed in contract and FAR                              | <b>No</b>     |

Source: Contract DJDEA-05-C-0020 and the Office of the Inspector General

We concluded that the contractor failed to comply with 4 of the 13 contract requirements, and the DEA did not adequately monitor the contractor to ensure performance of all contract requirements. The following subsections provide additional explanations and details concerning compliance with contract requirements.

**Administrative and Financial Performance**

In accordance with the terms and conditions of the Dallas Field Division's linguistic services contract, SOSi is allowed 72 hours from the time of receipt of an executed task order to provide the required number of qualified linguists to perform the services required by the task order. The contract also specifies the maximum number of hours and billing rates for personnel with specific contract line item numbers (CLINs), which differentiate between various personnel types, such as supervisors and linguists.

To evaluate SOSi's compliance with the billing rates and hours worked, we judgmentally selected and tested a sample of three task orders from each of the performance periods (base period plus four option periods) totaling 15 task orders. The task orders vary in the quantities of associated invoices from as few as 1 to over a dozen, with in excess of 100 invoices in the 15 task orders tested.

We determined through our review that for the selected task orders, the time and attendance records were correct for the performance periods covered by the invoice, and the invoices accurately listed hours worked, billing rates, and total charges. There were no discrepancies in any of the invoices tested.

### Monthly Administrative Reports

The government requires the contractor to produce Monthly Administrative Reports, even if there are no active task orders, which are to include as a minimum: (1) financial statement, (2) personnel status, (3) security packages information, and (4) miscellaneous comments. We obtained all of the Monthly Administrative Reports available in the contract file, and as shown in Exhibit 5, we found that only the first 5 required reports had been submitted out of an expected 66 over the 5.5 years of the contract. We also found that three of the five reports exceeded the 1-month reporting period ranging from 34 to 49 days.

**Exhibit 5. Monthly Administrative Reports Summary**

| Contractor Monthly Administrative Reports |                    |                            |
|---|--------------------|----------------------------|
| Report No.                                | Reporting Period   | Number of Days Reported On |
| 1   | 5/1/05 to 6/19/05  | 49                         |
| 2   | 6/20/05 to 7/17/05 | 27                         |
| 3   | 7/18/05 to 8/21/05 | 34                         |
| 4   | 8/18/05 to 9/30/05 | 43                         |
| 5   | 8/1/06 to 8/30/06  | 29                         |

Source: Office of the Inspector General

We asked the COTR why the reports were missing and the COTR indicated that they requested that the reports be discontinued because the reports were redundant because they included daily and weekly discussions with the SOSi Site Supervisor. We asked the SOSi Site Supervisor and the Program Manager to confirm this information, and they both stated that this was accurate. SOSi also stated that they no longer produced the report as a result of it not being requested by the DEA.

By failing to produce or provide Monthly Administrative Reports, SOSi has not complied with one of the terms of the contract, and historical information concerning the performance of the contractor was not recorded and is therefore not available for future reference. The Dallas Field Division COTR did not effectively monitor the requirements of the contract by not ensuring the reports were completed and maintained in the contract file. Furthermore, both the contractor and the DEA violated documented procedures for modification to the contract, which requires prior written approval of the Contracting Officer. We did not identify any evidence that the Contracting Officer was aware the reports had been discontinued.

### **Language Proficiency**

Testing for language proficiency in the source language and in English for the four basic communication skills of listening, reading, writing, and speaking is required by the contract for all levels of SOSi linguists. The contract requires evidence of acceptable results in language proficiency testing be submitted to the COTR for all linguists prior to assignment to a DEA contract. In accordance with the terms and conditions of the contract, the language proficiency testing shall have occurred no more than 5 years in the past.

To evaluate compliance with language certification requirements, we requested SOSi management at the DEA Dallas Field Division to provide a list of all individuals billed under contract DJDEA-05-C-0020. We were provided a list of personnel, and requested certificates for all linguists. However, when we received the certificates, the list of employees had been revised by the SOSi Program Manager who stated that seven of those employees did not work under contract DJDEA-05-C-0020, but had worked under an earlier contract, and the names were provided to the OIG in error. We then requested from the COTR a complete list of all employees billed under the contract to ensure we had included all linguists. The list from the COTR included seven additional personnel that had not been previously included on either list provided by SOSi. The seven individuals were working under the contract from SOSi's Virginia office; therefore, the Site Supervisor in the Dallas Field Division did not have those timesheets and did not include them on the original list provided to the OIG. After further discussions with SOSi management, they confirmed that the list of linguists provided by the COTR was the correct and complete list.

We requested SOSi's Program Manager to provide evidence of timely acceptable proficiency test results for all linguists assigned to the contract during the period of May 1, 2005 through October 31, 2010. We determined

that 33.3 percent of the linguists worked after their certifications had exceeded the 5-year time limit established by the contract. As a result, approximately \$750,304 were billed to the DEA for hours worked by linguists without valid language certifications.

**Exhibit 6. Evaluation of Linguists Language Qualifications<sup>6</sup>**

| LINGUIST ID NUMBER | DATE OF PROFICIENCY TEST | PROFICIENCY EXPIRATION DATE | AMOUNT CHARGED TO CONTRACT |
|--------------------|--------------------------|-----------------------------|----------------------------|
| 2                  | 7/21/04                  | 7/21/09                     | \$ 119,127                 |
| 5                  | 7/21/04                  | 7/21/09                     | 83,949                     |
| 6                  | 7/21/04                  | 7/21/09                     | 68,966                     |
| 10                 | 7/21/04                  | 7/21/09                     | 78,256                     |
| 11                 | 7/21/04                  | 7/21/09                     | 65,607                     |
| 15                 | 7/21/04                  | 7/21/09                     | 86,205                     |
| 19                 | 3/7/05                   | 3/7/10                      | 45,258                     |
| 24                 | 4/9/05                   | 4/9/10                      | 8,383                      |
| 26                 | 3/15/05                  | 3/15/10                     | 39,595                     |
| 27                 | 7/21/04                  | 7/21/09                     | 72,146                     |
| 29                 | 1/10/05                  | 1/10/10                     | 49,597                     |
| 31                 | 7/21/04                  | 7/21/09                     | 14,048                     |
| 37                 | 1/27/05                  | 1/27/10                     | 19,166                     |
| <b>TOTALS</b>      |                          |                             | <b>\$ 750,304</b>          |

Source: Office of the Inspector General, Drug Enforcement Administration, and SOS International

As illustrated in Exhibit 7, we also found one individual for which no certification was provided. That individual worked under the contract and the DEA was billed approximately \$183,840. The hours covered three different pay rates between April 2, 2007 and October 31, 2010.

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<sup>6</sup> Differences in totals throughout the report are due to rounding (the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded).

## Exhibit 7. Linguist Without Language Certification

| LINGUIST ID NUMBER | PERIODS WORKED FOR EACH PAY RATE | AMOUNT CHARGED TO CONTRACT |
|--------------------|----------------------------------|----------------------------|
| 9                  | 4/2/07 to 5/26/08                | \$ 78,284                  |
|                    | 5/27/08 to 5/5/09                | 9,256                      |
|                    | 5/6/09 to 10/31/10               | 96,300                     |
| <b>TOTALS</b>      |                                  | <b>\$ 183,840</b>          |

Source: Office of the Inspector General, Drug Enforcement Administration, and SOS International

The hours worked after certification expiration or without certification resulted in a cost to the DEA of approximately \$934,144. Therefore, we are questioning \$934,144 for hours billed for linguists that worked without a current language certification.

### Contractor Quality Control Plan

SOSi was required under the terms and conditions of the contract to develop a Quality Control Plan that established and maintained well documented quality control procedures that ensured the production and deliverance of acceptable performance and materials. SOSi was solely responsible for providing quality work and providing evidence that controls were in place. The plan was required to be incorporated into the contract as an attachment, and any changes to the Quality Control Plan had to be approved by the Contracting Officer.

We reviewed the contract file but the Quality Control Plan was not included and the COTR was unaware it existed. Upon request, the SOSi Site Supervisor produced a copy of the Quality Control Plan for the COTR and the OIG.

As a component of our evaluation of the DEA's and SOSi's quality control monitoring activities, we reviewed SOSi's Quality Control Plan and determined that the plan met requirements established by the contract. Specifically, we noted the plan identified the positions and job titles of individuals assigned to inspect linguists' work, included a method to identify and correct any deficiencies that occur, described procedures to be used to ensure the accuracy of transcripts and translations, and included a description of procedures to review intercepted calls and ensure the accuracy and completeness of the summaries of intercepted calls.

Based on our review of the Quality Control Plan, we determined that the plan met the requirements specified in the contract, and provided the

procedures to effectively monitor and control performance. SOSi's compliance to the requirements of the Quality Control Plan is discussed in detail in Section 2, *Contractor Compliance With Quality Control Plan Requirements*.

## **Invoice Requirements**

The contract specified items that must be included in every invoice, in addition to items required by the Federal Acquisition Regulation (FAR), Subpart 52.2, 52.232-25. We did not find any significant discrepancies on the invoices. However, we noted that the contract required the tax identification number (TIN), and 5 of the 10 invoices reviewed did not include the TIN. It may be appropriate to modify this requirement on future contracts and find an alternative method of acquiring the TIN, such as on the application or the award document.

## **Security Background Investigation Updates**

The contract requires that all personnel assigned to the contract must be approved in writing for access to DEA Sensitive information. Additionally, the DEA is responsible for conducting all background investigations on all contractor personnel to be assigned to the contract. Also, the contractor is responsible for notifying the COTR in writing prior to, or immediately thereafter, if a contractor employee has a change in marital status.

In discussions with SOSi management, we inquired whether or not the required security updates were being accomplished. According to SOSi management, these updates were not done, and the reason provided was that the DEA did not specifically request them. In our judgment, it is imperative that the contractor comply with all requirements of the contract and the Quality Control Plan without specific prompting to minimize risk and ensure quality, reliability, and efficiency in the performance of the contract.

## **2. CONTRACTOR COMPLIANCE WITH QUALITY CONTROL PLAN REQUIREMENTS**

To assure adequate quality control, and to promote reliability and effective contract performance, the contract DJDEA-05-C-0020 requires the contractor to provide and implement a Quality Control Plan. We found that SOSi provided a Quality Control Plan, but did not comply with 7 of 12 Quality Control Plan requirements that were evaluated. Specifically, SOSi failed to: (1) provide security background updates, (2) complete semiannual employee performance reviews, (3) prepare and submit Monthly Administrative Reports, (4) hold and document regular meetings with the COTR, (5) provide Weekly Error Rate Reports, (6) report Acceptable Quality Levels (AQLs), and (7) perform worksite inspections. Overall, in our judgment, these items present the greatest risk to noncompliance with the Quality Control Plan and contract, which could potentially lead to fraud, waste, and abuse.

SOSi was required under the terms and conditions of the contract to develop and implement a Quality Control Plan that established and maintained well documented quality control procedures that ensured the production and deliverance of acceptable performance and materials. The contract also provided the DEA the right to review and evaluate the effectiveness of the established quality controls.

To evaluate the DEA's and SOSi's quality control monitoring activities, we reviewed SOSi's Quality Control Plan and, as mentioned in Finding 1, determined that the plan met content requirements established by the contract. We also reviewed the specific requirements established in the Quality Control Plan and judgmentally selected a sample of 12 requirements we believe were the most important in monitoring the contract or had the greatest effect on monitoring the contract. Overall, in our judgment, these items presented the greatest risk to noncompliance with laws, regulations, and guidelines, and would provide fair insight into the contractor's overall compliance with the Quality Control Plan.

Exhibit 8 provides the requirements tested for compliance and our determination as to whether or not the contractor sufficiently performed and complied with the requirements. As a result of our evaluation, we determined that SOSi did not comply with 7 of the 12 requirements identified.

## Exhibit 8. Evaluation of SOSi's Quality Control Plan

| Item | Requirements  | Complied With? |
|------|---|----------------|
| 1    | Regular Security Updates  | No             |
| 2    | Semiannual Performance Reviews on SOSi employees                              | No             |
| 3    | Monthly Administrative Reports (Contract Manager to COTR)                     | No             |
| 4    | Regular meetings with COTR  | No             |
| 5    | Refresher and remedial training by SOSi for its employees                     | Yes            |
| 6    | Tracking system for labor hours & expenses (employee, case, task order, CLIN) | Yes            |
| 7    | Statistical Data on Employee Performance                                      | Yes            |
| 8    | Weekly Reports on Error Rates   | No             |
| 9    | Requirements Document (Site Supervisor to COTR)                               | Yes            |
| 10   | Criterion of Data Source Files on Voice Box (T2S2)                            | Yes            |
| 11   | Acceptable Quality Levels (AQL) Reporting                                     | No             |
| 12   | Worksite Inspection every 3-6 months  | No             |

Source: Office of the Inspector General and SOS International Quality Control Plan

The following sections detail our findings concerning the seven items of noncompliance noted in Exhibit 8.

### Security Background Investigation Updates

The SOSi Quality Control Plan states that all personnel, once hired would undergo a continuous review process that included regular security updates. We spoke with SOSi management and inquired whether or not the required security updates were being accomplished. According to SOSi management, these updates were not done, and the reason provided was that the DEA did not specifically request them. We find this response to be inadequate and believe this failure to meet the security update requirements creates a risk for the DEA.

### Semiannual Linguist Performance Reviews

According to the SOSi Quality Control Plan, once every six months, the Site Supervisor completes a SOSi Employee Appraisal Form for each SOSi employee assigned to the contract. SOSi provided the OIG with one performance review from 2007, for a Shift Supervisor covering nearly an entire year (January 1, 2007 through December 20, 2007). Contractor employee performance reviews were discontinued in 2007, and there was no indication that the Contracting Officer approved this change. In addition,

SOSi management provided no explanation as to why the reviews were not done or discontinued in violation of the Quality Control Plan. However, the SOSi Director of Human Resources stated that they were implementing a web-based program for future performance reviews.

### **Monthly Administrative Reports**

As discussed previously in Finding 1, the COTR did not effectively monitor the requirements of the contract by not ensuring the Monthly Administrative Reports were completed and maintained in the contract file. Furthermore, both the contractor and the DEA violated documented procedures for modification to the contract, which requires prior written approval of the Contracting Officer.

### **Meetings Between SOSi and COTR**

According to the SOSi Quality Control Plan, the Site Supervisor is expected to meet regularly with the COTR to discuss issues, obstacles, and problems. Additionally, Performance Evaluation Meetings were required at least every 6 months during the contract performance period. The contractor was required to prepare written meeting minutes of all Performance Evaluation Meetings, to be signed by the COTR. Both the COTR and the Site Supervisor stated they met daily, weekly, and any other time as deemed necessary; however, there were no meeting minutes or other records of the discussions.

Although there were no supporting documents to justify the ratings of the contractor in the Contractor Performance Reviews, and there are no historical records of overall contractor performance, in our interviews with the DEA Special Agents, they all praised the linguists and the supervisors and expressed satisfaction with SOSi's performance. Based on this information, we conclude that the communication was present and the DEA was satisfied with SOSi's performance related to translation and transcription.

### **Weekly Reports on Error Rates**

The SOSi Quality Control Plan states that the Site Supervisor is responsible for performing detailed statistical analysis, tracking error rates of call summaries and transcriptions, and maintaining accurate records. During our fieldwork at the DEA Dallas Field Division, the Site Supervisor provided spreadsheets from 2007 that tracked linguist productivity. However, there were no documents provided reporting error rates, as required, and no indication that error rates had ever been tracked and recorded.

In interviews with the COTR and DEA Special Agents, all the comments we received concerning the linguists' performance were positive and there were rarely any errors to report. This testimonial evidence, though consistent from each interviewee, is not supported by any statistical data. Additionally, the failure to track, record, maintain, and distribute the Weekly Error Rate Reports is directly adverse to the requirement of the Quality Control Plan, and there is no indication of prior written approval from the Contracting Officer. As a result, historical information concerning error rates for call summaries and transcriptions was not recorded and therefore is not available for future reference.

### **Acceptable Quality Levels**

SOSi established in the Quality Control Plan its minimum Acceptable Quality Levels for the major areas under contract performance. They are: 100 percent for providing at least the number of qualified personnel required under the contract, 98 percent for accurately completing call summaries during live monitoring as well as for transcriptions and translations, and 98 percent for adhering to the cost and schedule parameters.

We asked SOSi management where these statistics were located and who was responsible for tracking them, but they stated they did not know. There was no documentation or other evidence provided that demonstrated these parameters were tracked and reported to the DEA. As a result, historical information concerning the quality levels of the defined parameters in the Quality Control Plan was not recorded and therefore is not available for future reference.

### **Contractor Site Visits**

According to the Quality Control Plan, at least once every 3-6 months, at unscheduled intervals, SOSi was required to send an inspection team to each worksite to review work produced by the SOSi contract management and administrative staff. The team was to consist of the SOSi Contracts Manager, an outside consultant, and a SOSi Field Manager from another Title III worksite. The inspections were generally expected to be completed in a week, but would last as long as necessary.

We did not find any reports of these inspections or any documentation to support that these inspections were done. SOSi management was unable to explain why the inspections were not done and stated it was a decision made by "upper" management.

In the previously mentioned instances of failure to comply with the Quality Control Plan requirements, the result has been primarily the loss of important historical and statistical data or increased risk of fraud, waste, or abuse. However, in this case SOSi benefitted financially by avoiding the additional cost of sending an inspection team to Dallas, Texas. We estimated that the average trip would be a minimum of 1 week based on SOSi's statement that the inspections were generally expected to be completed in a week, but would last as long as necessary. The per diem and room expense for 1 week is estimated at approximately \$1,000 based on the current General Services Administration per diem table for Dallas, Texas and the airfare averages approximately \$500 for a round trip based on auditor inquiry of available air fares as of April 2011. This shows that SOSi saved an average of approximately \$1,500 per person per inspection trip that did not take place. With a 5.5-year contract, and inspections at least every 3-6 months, we calculate a minimum of 10 trips were required by the inspection team for the life of the contract. With three members on the inspection team, the total cost of inspections for the life of the contract is estimated to be at least \$45,000 ( $\$1,500 \times 3 \text{ persons} \times 10 \text{ trips}$ ).

As a result of SOSi's failure to perform inspections in accordance with the Quality Control Plan, which is required by the contract, we consider the unspent \$45,000 as unused funds that should be put to better use. We are recommending that the DEA remedy the unused \$45,000 as funds to better use and request payment in that amount from SOSi.

### **3. MONITORING OF CONTRACTOR PERFORMANCE**

We determined that the DEA effectively tracked the linguists' hours, the invoices tested were error free, and the linguistic services were provided per the contract and the task orders. However, the DEA Office of Acquisition Management Contracting Officer needs to improve monitoring the COTR's performance of the delegated contract administration activities. Also, neither the Contracting Officer, nor the COTR had established an effective method to monitor, evaluate, and report SOSi's performance over the life of the contract. As a result, the DEA did not have assurance that SOSi complied with the contract requirements and has little historical information to evaluate the contractor's performance, other than hours worked, dollars spent, and comments from DEA Special Agents. We found:

- (1) linguist certifications were missing or expired,
- (2) unapproved access to DEA Sensitive information,
- (3) monthly administration reports were discontinued,
- (4) Semiannual Contractor Performance Reports were missing,
- (5) Semiannual Contractor Performance Meetings were not held,
- (6) modifications to the contract were done without authorization,
- (7) security clearance and access forms were missing and incomplete,
- (8) meetings between the contractor and the COTR were not documented, and
- (9) the COTR did not acquire required continuous learning points.

To assess the adequacy of the DEA's procedures for monitoring SOSi's performance, we reviewed documentation of SOSi's compliance with critical contract requirements and interviewed DEA Dallas Field Division and Office of Acquisition Management officials regarding the methods used to monitor SOSi's performance as it relates to compliance with critical contract requirements.

#### **Contracting Officer Monitoring of COTR**

The Department of Justice, Justice Management Division, implemented the Acquisition Workforce Management Program (AWMP) effective June 28, 2007. The AWMP establishes the criteria for appointing, terminating, reviewing, and certifying the acquisition workforce Department-wide. The FAR, Subpart 1.6; 1.602-2, states that the Contracting Officers are responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships. Contracting Officers may appoint individuals selected by

program offices to act as authorized representatives in the monitoring and administration of a contract. Such officials shall be designated as Contracting Officer's Technical Representatives (COTR's).

The AWMP defines the COTR as an individual who has been assigned, in writing, by the Contracting Officer to assist in the technical monitoring or administration of a contract. The COTR functions as the "eyes and ears" of the Contracting Officer, monitoring technical performance and reporting any potential or actual problems to the contracting officer. It is imperative that the COTR stay in close communication with the Contracting Officer, relaying any information that may affect contractual commitments and requirements. The COTR does not have the authority to make commitments including, but not limited to, awarding contracts or making changes that affect price, quality, quantity, or other terms and conditions of the contract.

According to the Contracting Officer for contract DJDEA-05-C-0020, the Contracting Officer's responsibilities include: administration of contract bidding, approving contract modifications, resolution of day-to-day issues in the field, and is the point of contact for the COTR for answering questions and problem resolution. The COTR monitors the contract as described in the Designation of COTR Letter, and the Contracting Officer gets involved if there are questions or concerns. The contractor is responsible for submitting a Monthly Administration Report as described in the contract, and the COTR performs a semiannual performance review.

Based on the requirements as stated in the AWMP, and the noncompliance issues identified in the following sections, we have determined that the Contracting Officer and COTR need to improve administration of the contract.

### **COTR Monitoring of the Contract and Contractor**

As stated previously the COTR functions as the "eyes and ears" of the Contracting Officer, monitoring technical performance, reporting any potential or actual problems to the Contracting Officer, and relaying to the Contracting Officer any information that may affect contractual commitments and requirements. The COTR does not have the authority to make changes that affect price, quality, quantity, or other terms and conditions of the contract.

To assign a COTR to a contract, the Office of Acquisition Management Contracting Officer issues a memorandum of Delegation of Contracting Officer's Technical Representative. The memorandum provides a detailed

description of the COTR's authority and responsibilities and is signed by the COTR. The COTR's responsibilities are summarized as follows:

- Inspect and monitor contract performance to assure technical proficiency and compliance with the technical terms of the contract.
- Establish and provide to the cognizant Contracting Officer, a surveillance plan that will ensure receipt of the quality, quantity, and kinds of supplies or services required by the contract.
- Ensure that the contractor complies with the statement of work and/or other specifications contained in the contract.
- Review and evaluate the contractor's progress relating to expenditures and verify the contractor has satisfactorily completed delivery of all required items under the contract.
- Review contractor invoices and approve or disapprove for payment.
- Recommend any desired changes to the contract to the Contracting Officer and ensure they are formally authorized prior to the implementation.

#### *Administrative Activities and Financial Performance*

Based on the above listed responsibilities, the COTR had two primary functions: (1) ensure compliance with the terms and conditions of the contract by monitoring the activities of the contractor, and (2) ensure invoices were complete and accurate by verifying hours worked, pay rates applied, and total charges to ensure the government received the services for which it contracted. The administrative duties associated with compliance to the contract included meetings, reports, security clearances, linguistic language certifications, performance evaluations, and documented communications with the contractor and Contracting Officer.

In Finding 1, we discussed issues concerning the contractor's failure to meet some of the key requirements of the contract that we believe were the most important in monitoring the contract or had the greatest affect on monitoring the contract. In Finding 2, we discussed issues concerning the contractor's failure to comply with the Quality Control Plan.

Specifically, we found the contractor: (1) failed to prepare and submit Monthly Administrative Reports, (2) language proficiency certifications were not provided or expired, (3) regular security updates were not provided to the DEA, (4) semiannual linguist performance reviews were not completed, (5) regular meetings with the COTR were not documented, (6) weekly error rates were not tracked and reported, (7) Acceptable Quality Levels were not tracked or reported, (8) contractor made undocumented and unauthorized

changes to the Quality Control Plan, and (9) contractor site visit inspections were not performed.

As a result of the failures of the contractor to perform the requirements of the contract and Quality Control Plan, we have determined the COTR needs to improve monitoring and control over the contract and the contractor. Failure to adequately monitor these requirements increases the risk of fraud, waste or abuse by the contractor. However, we determined the time and attendance records we checked were correct and the invoices we verified accurately listed hours worked, billing rates, and total charges. Also, we determined through our interviews with DEA Dallas Field Division officials and DEA Special Agents that the DEA was satisfied with SOSi personnel and did not have any concerns regarding SOSi's performance under the contract.

### **Contractor Meetings and Records of Meetings**

The COTR was required to hold Performance Meetings with the contractor at least once every 6 months, more often if the COTR or contractor requested, to discuss problems that arose during the contract performance and to discuss the performance of the contract employees. These Performance Meetings were to be held weekly during the contract initiation period. Additionally, the contractor was responsible for preparing minutes of these meetings, and the COTR was required to approve the minutes. The COTR was required to maintain a file of all correspondence between the COTR and the Contracting Officer and contractor, including memoranda for the record of any unwritten actions or decisions. This file is considered a segment of the official contract file.

According to the COTR, there were no Performance Meetings held because they communicate daily and weekly and resolved any issues or problems as they occurred, so there was no need for a 6-month meeting. There were no meeting minutes or other documentation of any communications or decisions. As a result, the COTR did not fully comply with the terms of the contract concerning holding Performance Meetings, and did not carry out the responsibilities of documenting actions and decisions as outlined in the Memorandum of Delegation of COTR.

### **Semiannual Contractor Performance Reports**

The contract required the contractor to be rated on its performance under the contract twice a year by the COTR using the National Institute of Health's Contractor Performance System (CPS), which is an electronic method of rating past performance. Contractors must register with the CPS

to activate this process. If for any reason the COTR was unable to access this electronic method, the contractor performance report and the Rating Guidelines were provided as an attachment to the contract.

Based on the length of the contract (5.5 years), we calculated that there were 11 Semiannual Contractor Performance Reports due to have been processed by the COTR. We reviewed the contract file at the DEA headquarters, and found six semiannual contractor performance reports as shown in Exhibit 9. The first two were submitted within 1 month of the end of the respective reporting period, but those that followed were excessively late or not found. The last report to be submitted was for a 1-year rather than a 6-month period, and was nearly a year late.

**Exhibit 9. Contractor Semiannual Performance Reports**

| No. | Reporting Period <sup>7</sup> | Date Submitted | Days Past Period End | Comments           |
|-----|-------------------------------|----------------|----------------------|--------------------|
| 1   | 5/1/05 to 10/31/05            | 11/29/05       | 29                   |                    |
| 2   | 11/1/05 to 4/30/06            | 5/24/06        | 24                   |                    |
| 3   | 5/1/06 to 11/1/06             | 2/1/07         | 92                   |                    |
| 4   | 11/2/06 to 4/30/07            | 1/10/08        | 255                  |                    |
| 5   | 5/1/07 to 10/31/07            | 1/10/08        | 71                   |                    |
| 6   | 11/1/07 to 4/30/08            |                |                      | Not found          |
| 7   | 5/1/08 to 10/31/08            |                |                      | Combined with next |
| 8   | 5/1/08 to 4/30/09             | 3/1/10         | 305                  | Covered 1 year     |
| 9   | 5/1/09 to 10/31/09            |                |                      | Not found          |
| 10  | 11/1/09 to 4/30/10            |                |                      | Not found          |
| 11  | 5/1/10 to 10/31/10            |                |                      | Not found          |

Source: Drug Enforcement Administration and Office of the Inspector General

The COTR stated that to complete a semiannual performance review on CPS, you must be “invited” into the system by the Contract Specialist at headquarters, and are notified that the performance review will need to be accomplished. The six reports that were submitted were for periods where the COTR was invited to complete a performance report.

We are not certain as to why the COTR was not “invited” into the system to complete some of the reviews, but we believe it was incumbent upon the COTR to ensure that the contract requirement was completed.

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<sup>7</sup> The reporting periods were calculated by the OIG based on 6-month review periods beginning 6 months after the start of the base performance period, which began May 1, 2005.

Additionally, the contract specifically states that if unable to access the electronic system, the Contractor Performance Reports form is located in Section J of the contract as attachment J-A-1. Therefore, there is no reason for the Semiannual Contractor Performance Reports to have not been completed either electronically or manually. As a result of the COTR failing to comply with the contract in regard to submitting semiannual contractor reports, historical information concerning the performance of the contractor was not recorded and is therefore not available for future reference.

We reviewed the six reports that were submitted, and all of them had the highest ratings of 5, with an overall score of "Outstanding", and the only comments were the definitions for that rating as shown in the instructions for completing the form. The section for additional information provided useful comments concerning key personnel.

### **Performance Evaluation Meetings**

Performance evaluation meetings were required between the DEA COTR and SOSi to resolve problems that arose during the period of the contract. The contract requires that at a minimum, Performance Evaluation Meetings were to be held every 6 months during the performance period, and more frequently as requested by the COTR or contractor. Performance Meetings were required on a weekly basis during the initial contract implementation period. Written meeting minutes were to be prepared by SOSi and approved by the COTR. The COTR was required to maintain a file of all correspondence between the COTR and the Contracting Officer and contractor, including memoranda for the record of any unwritten actions or decisions. This file is considered a segment of the official contract file.

Furthermore, there were no meeting minutes or other documentation of communications or decisions for any meetings. As a result, the COTR failed to meet the terms of the contract concerning holding of performance evaluation meetings, and failed to carry out the responsibilities of documenting actions and decisions as outlined in the Memorandum of Delegation of COTR.

The COTR stated that they have never held these 6-month meetings. There were very few problems or issues, and the few that did occur were resolved verbally on a daily or weekly basis. The DEA Dallas Field Division has been very satisfied with SOSi's performance. The linguists have had an excellent working relationship with the agents, and SOSi management has been flexible when needed.

SOSi's management stated that they did not have the Semiannual Performance Reviews because there have been very few problems over the 10-year relationship with the DEA Dallas Field Division, and they have received an "Outstanding" rating on every performance evaluation that was submitted. Any issues were resolved daily or weekly.

### **Contractor Quality Control Plan**

SOSi was required under the terms and conditions of the contract to develop and implement a Quality Control Plan that established and maintained well documented quality control procedures that ensured the production and deliverance of acceptable performance and materials. We reviewed the contract file but the Quality Control Plan was not included and the COTR was unaware it existed. Upon request, the SOSi Site Supervisor produced a copy of the Quality Control Plan for the COTR and the OIG. Since the COTR had not previously seen a copy of the Quality Control Plan, we concluded the COTR had never read or studied its contents, and therefore could not have enforced it.

### **Security Background Investigations**

#### *Approval for Access to DEA Sensitive Information*

According to the contract, the DEA is responsible for conducting a background investigation on all contractor personnel assigned to the contract, and all contractor personnel must be approved in writing by the DEA Office of Security Programs for access to DEA Sensitive information. A contractor's employee(s) shall not be assigned to perform services for the DEA until the contractor has been notified in writing by the COTR that the individual(s) have been approved by the DEA Office of Security Programs.

To test compliance with the requirements for access to DEA Sensitive information, we evaluated the access approvals for all linguists assigned to work under this contract. For each linguist, we examined the hire date, waiver start and expiration dates if applicable, the final approval date, and hours worked before, during, or after periods of clearance. Exhibit 10 summarizes the results of our testing.

**Exhibit 10. Summary of Access Approvals for DEA Sensitive Information**

| Incidences | Issue   |
|------------|---|
| 8          | No information or paperwork provided                                      |
| 6          | Worked after waiver expired without an extension or final access approval |
| 1          | Worked during gap between waiver expiration and final access approval     |
| 3          | Worked prior to waiver approval   |
| 4          | Worked prior to final access approval (no waiver involved)                |

Source: Drug Enforcement Administration and the Office of the Inspector General

In summary, there were 22 instances involving 20 of the linguists in which personnel worked without documented approved access to DEA Sensitive information. Additionally, of the 51 clearance approval forms received, 17 (33.3 percent) were missing signatures or other information.<sup>8</sup> Based on this information, we have determined that the DEA violated its own security procedures as documented in the contract and DEA policy DEA-2852.204.84.<sup>9</sup>

*Security Background Investigation Updates*

The contract provides extensive information on the requirements for background investigations prior to access to DEA Sensitive information. However, the only information we could find in the contract on updates or reinvestigations of background information concerned changes in marital status.

Access to DEA Sensitive information and other security related issues are generally addressed in the contract in Section H.1, Security Requirements. This section appears to be a replication of the then current version of DEA policy DEA-2852.204.84.

However, the original version of security requirements in the contract is dated May 2004, and that was amended to the November 2005 version in Modification No. 1, which had an effective date of May 1, 2005. Neither the

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<sup>8</sup> There were eight linguists for which documentation of approved access was not received. The 51 approvals that were received were for other individuals, with some having multiple approvals, such as for a waiver and then a final approval.

<sup>9</sup> *DEA-2852.204.84 PUBLIC TRUST POSITIONS – SECURITY REQUIREMENTS FOR ACCESS TO DEA SENSITIVE INFORMATION/U.S. CITIZENSHIP OR PERMANENT RESIDENT ALIEN STATUS REQUIRED*, August 2010.

2004 nor the 2005 version discussed reinvestigation requirements or the length of time access was valid. They both required the SF-86 for the background investigation, but there was no reference to the time periods that appear in the 2010 version. Furthermore, the 2010 version changes the form required for public trust positions from the SF-86, which requires a reinvestigation after 15 years, to the SF-85, which requires reinvestigation after 5 years.

Additionally, when access or security clearances are approved, the DEA currently uses the ISR-8 Memorandum, version August 8, 2007. There is nothing on this form to indicate when the access or clearance expires, when a reinvestigation is needed, or what form (SF-85 or SF-86) was used for the background check. The only exception is that in the case of a waiver, the form has blocks to specify if the waiver is for 6 months or 12 months from the date on the ISR-8. In verifying the access clearances, we noted the use of five versions of authorization and approval forms, as shown in Exhibit 11, the earliest being Form PSR-23, dated January 6, 1994.

The PSR-23 is the only authorization and approval form that actually stated that “when approval for access to DEA Sensitive information, on a need to know basis, has been granted it will continue in effect until cancelled, revoked, or upgraded.” None of the subsequent revisions contained this statement.

**Exhibit 11: Access Clearance Authorization and Approval Forms**

| <b>AUTHORIZATION/<br/>APPROVAL FORM</b> | <b>REVISION<br/>DATE</b> | <b>DISTRIBUTION OF FORMS<br/>FOR 38 LINGUISTS</b> |
|---|--------------------------|---|
| PSR-23                                  | 1/6/1994                 | 6   |
| PSR-8                                   | 11/1995                  | 1   |
| SPR-8                                   | 11/1997                  | 4   |
| ISR-8                                   | 8/2000                   | 26  |
| ISR-8                                   | 8/8/2007                 | 12  |
| ISR-8                                   | 1/19/2011                | 2   |
| <b>TOTAL</b>                            |                          | <b>51</b>   |

Source: Office of the Inspector General and Drug Enforcement Administration

We requested from the DEA Office of Security Programs the criteria for reinvestigation and the supporting documents that define the requirements for the contract period. The response was that they provide access to DEA Sensitive information, and not clearances. The access is good for 5 years for the SF-85 and 15 years for the SF-86, and that this information was usually available in Section H of the contract. It remains unclear exactly what the

criteria was prior to the August 2010 revision to DEA-2852.204.84, and although the contract states clearly the required form for initiating the background checks (SF-86), the final authorization and approval form does not provide information on what form was actually used or limitations to access, except in the case of a waiver, in which blocks are checked to specify a 6-month or 12-month waiver period.

## **Modifications to the Contract**

The COTR does not have the authority to alter the contractor's obligations under the contract, direct changes that fall under the purview of the General Provisions clause entitled "Changes", or modify any of the expressed terms, conditions, specifications, or costs of the agreement. If as a result of technical discussions, it is desirable to alter or change the contract requirements, the Contracting Officer shall execute such changes in writing.

In the previous sections, we identified multiple occurrences in which contract requirements were not complied with as required. In the case of the Monthly Administrative Reports being discontinued, this was an instance in which instructions were given that directly violate the terms of the contract, and no evidence was presented to support authorized modifications to the contract. The other instances of non-compliance with the contract requirements such as missing Contractor Performance Reports, missing or expired language certificates, and missing security access approvals were instances of failure to perform a task or event.

## **Continuous Learning Points**

The Department of Justice Acquisition Workforce Management Program (AWMP) became effective June 28, 2007. One purpose of the plan was to implement a department-wide policy in support of the Federal Acquisition Certification programs in accordance with the Office of Federal Procurement Policy (OFPP).<sup>10</sup> Specifically, it includes the training and certification requirements for the Federal Acquisition Certification in Contracting (FAC-C)

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<sup>10</sup> The Federal Acquisition Certification programs referred to are from the Office of Federal Procurement Policy (OFPP), Policy Letter 05-01, *Developing and Managing the Acquisition Workforce*, and the Office of Management and Budget (OMB) Memos, *The Federal Acquisition Certification in Contracting Program* dated January 20, 2006, *The Federal Acquisition Certification for Program and Project Managers* dated April 25, 2007, and *The Federal Acquisition Certification for Contracting Officer Technical Representatives* dated November 26, 2007.

and Federal Acquisition Certification for Contracting Officer Technical Representatives (FAC-COTR).

According to the AWMP, acquisition professionals are required to earn continuous learning points to maintain their certification. All Contracting Officers, regardless of GS series, warranted above the micro purchase threshold are required to earn 80 continuous learning points of skills currency training every 2 years to maintain FAC-C. The DEA provided training records for the Contracting Officer for this contract, and according to the records, the continuous learning points requirements were met.

To maintain a FAC-COTR certification, certified professionals are required to earn 40 continuous learning points of skills currency training every 2 years beginning the first fiscal year following the effective date of certification. We requested records from the DEA to support the COTR's completion of the continuous learning points requirements, but none were provided. Additionally, the COTR stated that there were no continuing professional education requirements, and they only had to be recertified every 2 years. Therefore we concluded that the COTR did not acquire the required continuous learning points.

### **DEA Contract Administration Plan**

We began our fieldwork with an entrance conference at the DEA headquarters on October 13, 2010. During that visit we asked to see any policies or procedures concerning contract monitoring and control, and the only documents that were provided were the Memorandum of Delegation of COTR and the letter of Roles and Responsibilities of the COTR. Approximately 3 months later the COTR provided us with the DEA *Contract Administration Plan* that documents the process necessary to administer Title III Linguist Services Contracts. The document has an effective date of October 1, 2010, which was approximately 2 weeks prior to the start of the audit.

We asked the Contracting Officer why this document was not presented to the OIG when information concerning monitoring and controlling the contract and contractor was requested. The response was that it was an oversight because the document was still under consideration and had not yet been adopted so it was not considered policy.

We believe that this document appears to be comprehensive and explicit in its requirements; however, we question its value when evidence indicates that requirements in the contract and delegation letters are not followed.

## OVERALL CONCLUSIONS

Through extensive examination of financial information, we determined that the COTR maintained exceptional records of time and attendance. As a result, we were able to verify the number of hours worked by SOSi employees, verify hourly billing rates, and confirm the accuracy of invoices. There were no dollar-related discrepancies in any of the invoices tested.

However, through our testing and evaluation, we concluded that many of the requirements of contract DJDEA-05-C-0020, as well as those of the required contractor Quality Control Plan, were not fully accomplished. Failure to meet these requirements may create a risk to the DEA of fraud, waste, and abuse.

Specifically, we found: (1) SOSi failed to prepare and submit Monthly Administrative Reports, (2) language proficiency certifications were not provided or expired, (3) regular security updates were not provided to the DEA, (4) semiannual linguist performance reviews were not completed by SOSi, (5) regular meetings with the COTR and SOSi were not documented, (6) Weekly Error Rates and Acceptable Quality Levels were not tracked or reported, (7) the contractor did not always comply with the Quality Control Plan, (8) contractor site visit inspections were not performed, (9) semiannual contractor performance reports were not submitted, (10) security authorizations to access to DEA Sensitive information were missing or expired, (11) linguists worked without approved DEA access authorization, (12) contractor performance evaluation meetings were not held, (13) the COTR did not enforce the requirements of the contract and Quality Control Plan, (14) security background reinvestigation requirements were unclear, (15) modifications to the requirements of the contract were not approved by the Contracting Officer, (16) security authorization forms were incomplete, (17) the SOSi Quality Control Plan was missing from the contract file and the COTR had not reviewed it, and (18) the COTR did not earn required continuous learning points.

Due to these conditions, we concluded the COTR needs to improve contract monitoring and the Contracting Officer needs to improve monitoring of the COTR's performance of the delegated contract administration responsibilities. We believe the deficiencies identified create a risk to the DEA for fraud, waste, and abuse. However, we determined through our interviews with DEA Dallas Field Division officials and Special Agents that the DEA was satisfied with SOSi personnel and did not have any concerns regarding SOSi's performance under the contract.

## Recommendations

We recommend that the DEA:

1. Implement procedures to ensure the Contracting Officer fully monitors the activities of the COTR, contract administration, and contractor performance and the COTR monitors all aspects of contract performance and all contractor activities, and reports regularly to the Contracting Officer.
2. Implement procedures to ensure requirements for periodic background reinvestigation are tracked and accomplished timely, and approvals for access to DEA Sensitive information are completed and current, and files are maintained.
3. Implement procedures to ensure linguists have been properly certified, that certifications are kept current, and only certified linguists work under the contract (including \$934,144 dollars in questioned costs).
4. Ensure that for future contracts, the contractor's Quality Control Plan is included in the contract file and disseminated to appropriate personnel, the plan requirements are periodically reviewed and updated, and the plan requirements are accomplished by the contractor (including \$45,000 dollars in funds to better use for undocumented on site inspections).
5. Implement procedures to ensure Monthly Administrative Reports and Semiannual Contractor Performance Reports are completed, submitted timely, and maintained in the contract file.
6. Implement procedures to ensure contractor Site Supervisor and COTR meetings, Semiannual Contractor Performance meetings, and any other meetings between the contractor and DEA are regularly held, documented, and are included in the contract file.
7. Implement procedures to ensure the COTR meets the Department of Justice's requirements for continuous learning points.
8. Implement procedures to ensure all modifications to the contract are properly documented, authorized, and maintained in the contract file.
9. Implement procedures to ensure all forms are completely filled in, properly authorized or approved, and maintained in appropriate files.

10. Evaluate the time required for the COTR to fulfill their requirements and ensure enough time is allocated to accomplish all responsibilities.

## OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted this contract audit 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.

We conducted this audit in response to the President's call for federal agencies to eliminate waste and maximize the value achieved from their contracts by reviewing existing contracts to identify waste and inefficiencies.<sup>11</sup> The objectives of the audit were to: (1) determine whether SOSi provided goods and services in accordance with the contract and government requirements; (2) determine whether costs billed under the contract were accurate; and (3) assess the adequacy of the DEA's procedures for monitoring SOSi's billings and performance.

The audit generally covered, DEA contract number DJDEA-05-C-0020. We tested compliance with what we considered to be the most important requirements of the contract. Unless otherwise stated in our report, the criteria we audited against are contained in the Federal Acquisition Regulation, the contract, and the SOSi Quality Control Plan.

We conducted our audit work in the DEA Office of Acquisition Management and the Dallas Field Division, and in SOSi's operations offices in Reston, Virginia. We interviewed acquisition, administration, and operations staff from the DEA and SOSi. We also reviewed documentation of linguists' qualifications, reported hours of performance, SOSi billing, and quality control activities.

In conducting our audit, we performed sample testing in seven areas: (1) evaluation of contract modifications; (2) completion of key contract requirements; (3) evaluation of linguist's security clearances; (4) accuracy of billing on invoices; (5) content of invoice according to the FAR and the contract; (6) evaluation of linguist's qualifications, and (7) evaluation of

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<sup>11</sup> Government Contracting Presidential Memoranda dated March 4, 2009.

contractor's (SOSi) Quality Control Plan. For testing purposes, we selected samples of task orders issued against the basic contract and associated reports of hours worked, invoices submitted for payment, and proficiency certificates of linguists assigned to the contract. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the contract reviewed, such as dollar amounts or risk. This non-statistical sample design does not allow projection of the test results to all contract expenditures or internal controls and procedures.

We reviewed the contract monitoring activities of the DEA Office of Acquisition Management and the Dallas Field Division. In addition, we reviewed SOSi's Quality Control Plan and the DEA's monitoring of SOSi's implementation of the Quality Control Plan.

**SCHEDULE OF DOLLAR RELATED FINDINGS**

| <b>QUESTIONED COSTS<sup>12</sup></b>                                 | <b>AMOUNT</b>    | <b>PAGE</b> |
|--|------------------|-------------|
| Unsupported costs due to lack of language proficiency certifications | \$934,144        | 12          |
| Total Questioned Costs   | \$934,144        |             |
| <b>FUNDS TO BETTER USE</b>   |                  |             |
| Unspent funds due to failure of SOSi to perform on-site inspections  | \$ 45,000        | 18          |
| Total Funds to Better Use  | \$ 45,000        |             |
| <b>TOTAL DOLLAR-RELATED FINDINGS</b>                                 | <b>\$979,144</b> |             |

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<sup>12</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**Funds to Better Use** are future funds that could be used more efficiently if management took actions to implement and complete audit recommendations.

## DEA Response to the Draft Report



U. S. Department of Justice  
Drug Enforcement Administration

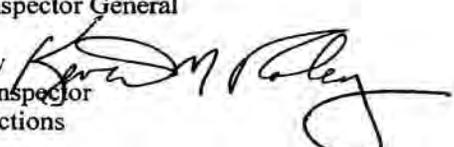
[www.dea.gov](http://www.dea.gov)

Washington, D.C. 20537

OCT 28 2011

## MEMORANDUM

TO: Raymond J. Beaudet  
Assistant Inspector General for Audit  
Office of the Inspector General

FROM: Kevin M. Foley   
Deputy Chief Inspector  
Office of Inspections

SUBJECT: DEA's Response to the OIG's Draft Report: Audit of the Drug Enforcement Administration's Language Services Contract with SOS International, Ltd. Contract No. DJDEA-05-C-0020

The Drug Enforcement Administration (DEA) has reviewed the Department of Justice (DOJ), Office of the Inspector General's (OIG) Draft Audit Report, entitled: Audit of the Drug Enforcement Administration's Language Services Contract with SOS International, Ltd. Contract No. DJDEA-05-C-0020. DEA acknowledges OIG in conducting a review of DEA's efforts to provide linguist services to include monitoring, interpretation, translation, and transcription services for DEA Title III judicial intercepts.

OIG identified recommendations that consisted of administrative errors during the review. DEA concurs with the recommendations and has proactively taken the appropriate steps to implement all of the recommendations.

DEA provides the following response to the OIG's recommendation:

**Recommendation 1: Implement procedures to ensure CO fully monitors Contracting Officer's Representative (COR) activities, contract administration, and contractor performance, and ensure the COR monitors all aspects of contract performance and all contractor activities, and reports regularly to the Contracting Officer.**

**DEA concurs with the recommendation.** The Office of Acquisition and Relocation Management (FA), Acquisition Management Section (FAC), revised the fiscal year (FY) 2010 version of the Linguist Contract Administration Plan to simplify the language and streamline the process to ensure contract administration is adequately performed by the Contracting Officer Representative (COR), Task Monitor (TM), Contract Specialist and

Contracting Officer (CO). The revised plan is easier to read and contains clear instructions for contract administration activities; checks and balances at all levels; and checklists for CORs, TMs and Contract Specialists to be completed on a monthly basis by the first business day of each month. TMs and CORs are to obtain monthly Customer Satisfaction Surveys from wire room agents. On a monthly basis, the TM is to complete a Contractor Performance Assessment Report (CPAR) to be signed by the contractor, with a copy furnished to the COR and Contract Specialist; this report will contribute to the overall contractor performance rating in the Contractor Performance Assessment Report System (CPARS) on an annual basis as required by the contract (the contract will be modified to reflect the most current CPARS annual reporting requirement). By April 1 and October 1 of each year, both the TM and COR are to complete the Contract Administration Report and forward a copy to the Contract Specialist. By October 1 of each year, the COR, Contract Specialist and CO will formally document overall contractor performance in CPARS. A monthly checklist of all the items of contract administration is provided to remind the COR, TM, and Contract Specialist of the documentation required to support their contract administration efforts. The Chief of FAC, is in the process of implementing the new Contract Administration Plan, with its required reporting and checklists, and will ensure that COs and Contract Specialists receive (or obtain) the required documentation and comply with the plan. How well the CO and Contract Specialist perform these duties will be reflected in their annual performance appraisals. Additionally, the Chief of FAC, will ensure that COR/Program Manager (PM) training is conducted by November 30, 2011. Supervisors of the COR and TM will be notified of the key roles the COR and TM play in monitoring contractor performance.

Corrective action will be completed by November 30, 2011. See Exhibit I - Contract Administration Plan, 8.4 (b), (e), and (f); Contractor Performance Assessment Report, Attachment D; Contract Administration Report, Attachment E; Contract Administration Checklist for TMs and CORs, Attachment F; and Contract Administration Checklist for Contract Specialists, Attachment G.

**Recommendation 2: Implement procedures to ensure that requirements for periodic background investigation are tracked and accomplished in a timely manner and that approvals for access to DEA Sensitive information are completed and current, and files are maintained.**

**DEA concurs with the recommendation.** Pursuant to the Contract Administration Plan, COR/TMs are directed to establish and maintain contract administration documentation including Security Access approvals or waivers. Checklists/reports for CORs, TMs and Contract Specialists completed on a monthly basis by the first business day of each month and bi-annually in April and October include the checklist/report item "Security Access Approvals or Waivers are complete and up-to-date" as a regular reminder of this duty to keep these approvals current. The CO will ensure the Contract Specialist completes the checklists and follows up with the CORs each month. Additionally, FA issued a letter to all linguist contractors and a memorandum to all CORs administering linguist contracts (Exhibit 2), that clearly describes the process for obtaining security access approvals, along with a detailed flowchart. The Office of Security Programs (IS) implemented steps to ensure periodic background investigations are tracked and all approvals for access to DEA

information are complete. One of IS's first steps was moving from the old tracking system Eagle Eye, to the Department of Justice's Justice Security Tracking and Adjudication Record System (JSTARS). JSTARS will track investigations and identify individuals whose waiver is expired or due a reinvestigation. JSTARS automatically forwards approval forms from the adjudicator to the supervisor ensuring their completion. JSTARS will also automatically send the forms to the field component after the supervisor's approval. Additionally, a policy has been set to conduct reinvestigations on linguists every five years. FA in coordination with IS has included a clause in all service contracts that requires contractors to supply quarterly rosters of contractor staff to IS. If contractors fail to send the rosters to IS, IS will report the failure to the COR and FA for follow up.

Corrective action will be completed by November 30, 2011. See Exhibit 1 - Contract Administration Plan, 7.0(d) Contract Administration Files; 8.1 Security; and Contractor Performance Assessment Report, Attachment D; Contract Administration Report, Attachment E; Contract Administration Checklist for TMs and CORs, Attachment F; and Contract Administration Checklist for Contract Specialists, Attachment G.

**Recommendation 3: Implement procedures to ensure linguists have been properly certified, that certifications are kept current, and that linguists cannot work under a contract without proper language certification.**

**DEA concurs with the recommendation.** Pursuant to the Contract Administration Plan, COR/TMs are directed to establish and maintain contract administration documentation including language certifications or waivers. Checklists/reports for CORs, TMs and Contract Specialists completed on a monthly basis by the first business day of each month and bi-annually in April and October include the checklist/report item "Language proficiency certificates, or waivers, received and up-to-date" as a regular reminder of this duty to keep these approvals current. The CO will ensure the Contract Specialist completes the checklists and follows up with the CORs each month.

With regard to missing or expired language certifications for 14 of 39 linguists, the contractor requested, and the CO granted, waivers on September 7, 2011 for the period May 1, 2005 through October 31, 2010 under contract number DJDEA-05-C-0020. See Exhibit 3 for waiver approval and documentation.

Corrective action will be completed by November 30, 2011. See Exhibit 1 - Contract Administration Plan, 8.2 (b) Staffing; Contractor Performance Assessment Report, Attachment D; Contract Administration Report, Attachment E; Contract Administration Checklist for TMs and CORs, Attachment F; and Contract Administration Checklist for Contract Specialists, Attachment G.

**Recommendation 4: Ensure that for future contracts, the contractor's Quality Control Plan is included in the contract file and disseminated to appropriate personnel, that the contractor performs all requirements of its Quality Control Plan, that the contract and Quality Control Plan requirements are reviewed and updated periodically to eliminate, add or modify contents, and that modifications to the contract and contractor Quality Control Plan are properly authorized and approved.**

**DEA concurs with the recommendation.** The Quality Control (QC) Plan in the audited contract is included in the contract file. A copy of the complete contract file including attachments will be maintained in the COR/TMs files. Further, the requirements of the QC Plan are highlighted in the Contract Administration Plan. Checklists/reports for CORs, TMs and Contract Specialists completed on a monthly basis by the first business day of each month and bi-annually in April and October include the checklist/report item "Contractor complied with pre-approved QC plan" in Attachment D, and "QC Plan reviewed and updated, and contract modification retained in file" in Attachment E, as a regular reminder of this duty to review and update the requirements of the QC Plan. Checklist Attachments F and G remind the COR, TMs, and Contract Specialist to update the QC Plan at least annually. The CO will ensure the Contract Specialist completes the checklists and follows up with the CORs each month.

Corrective action will be completed by November 30, 2011. See Exhibit 1 - Contract Administration Plan, 9.0 Quality Control; Contractor Performance Assessment Report, Attachment D; Contract Administration Report, Attachment E; Contract Administration Checklist for TMs and CORs, Attachment F; and Contract Administration Checklist for Contract Specialists, Attachment G.

**Recommendation 5: Implement procedures to ensure Monthly Administrative Reports are completed, submitted timely, and maintained in the contract file and that semi-annual contractor performance reports are accomplished as required.**

**DEA concurs with the recommendation.** Pursuant to the Contract Administration Plan, TMs and CORs are to obtain monthly Customer Satisfaction Surveys from wire room agents. On a monthly basis, the TM is to complete a CPAR to be signed by the contractor, with a copy furnished to the COR and Contract Specialist; this report will contribute to the overall contractor performance rating in CPARS on an annual basis as required by the contract (the contract will be modified to reflect the most current CPARS annual reporting requirement). By April 1 and October 1 of each year, both the TM and COR are to complete the Contract Administration Report and forward a copy to the Contract Specialist. By October 1 of each year, the COR, Contract Specialist and CO will formally document overall contractor performance in CPARS. A monthly checklist of all the items of contract administration is provided to remind the COR, TM, and Contract Specialist of the documentation required to support their contract administration efforts. The CO will ensure the Contract Specialist completes the checklists and follows up with the CORs each month.

Corrective action will be completed by November 30, 2011. See Exhibit 1 - Contract Administration Plan, 8.4 Contractor Performance Assessment; 11.0 Contract Schedule; Customer Satisfaction Survey, Attachment C; Contractor Performance Assessment Report, Attachment D; Contract Administration Report, Attachment E; Contract Administration Checklist for TMs and CORs, Attachment F; and Contract Administration Checklist for Contract Specialists, Attachment G.

**Recommendation 6: Implement procedures to ensure that meetings are accomplished as required and that minutes are recorded and included in the contract file, i.e. Site**

**Supervisor and COR meetings; contract performance evaluation meetings.**

**DEA concurs with the recommendation.** Pursuant to the Contract Administration Plan, COR/TMs are directed to meet with the contractor monthly and annually and to document the results of the required meetings. Checklists/reports for CORs, TMs and Contract Specialists completed on a monthly basis by the first business day of each month and annually in October include the checklist/report item "Contractor met regularly with COR/TM to discuss and document performance" as a regular reminder of this duty. The CO will ensure the Contract Specialist completes the checklists and follows up with the CORs each month.

During the time period audited, the COR indicated that meetings were conducted periodically to review contractor performance. On-site inspections by the contractor were performed less frequently than initially estimated; however, this is a fixed price contract. The government accepted performance upon approval and payment of invoices.

Corrective action will be completed by November 30, 2011. See Exhibit 1 - Contract Administration Plan, 7.0 Contract Administration File; 8.4(h) Contractor Performance Assessment; 11.0 Contract Schedule; and Contractor Performance Assessment Report, Attachment D.

**Recommendation 7: Implement procedures to ensure the COR meets the Department of Justice's requirements for continuous learning points.**

**DEA concurs with the recommendation.** A new COR Program is being issued by the Office of Acquisition and Relocation Management, Policy Unit (FAPP), which includes a new COR Handbook 1st Edition, a full audit and reconfiguration of the Master Active COR listing, and introduction of the new Federal Acquisition Institute Training System (FAITAS 2.0) by the DEA Acquisition Career Manager. These instruments replace a patchwork of legacy systems and documents and provide better oversight to maintaining current continuous learning educational requirements for FAC-COR certification standards.

Corrective action will be completed by November 30, 2011.

**Recommendation 8: Implement procedures to ensure all modifications to the contract are properly documented, approved, authorized, and maintained in the contract file.**

**DEA concurs with the recommendation.** During the past year, new procedures were implemented requiring Contract Specialists to upload approved documents in the Unified Financial Management System (UFMS), DEA's electronic contract writing system, prior to final approval to ensure that a signed copy of every document is available electronically as well as physically in the Official Contract File. The CO will ensure the Contract Specialist completes all file documentation appropriately prior to final approval.

Corrective action will be completed by November 30, 2011.

**Recommendation 9: Implement procedures to ensure all forms are completely filled in, properly authorized or approved, and maintained in appropriate files.**

**DEA concurs with the recommendation.** Pursuant to the Contract Administration Plan, contract administration files are to be maintained by the TM, COR and Contract Specialist. The Plan states that these files are surrendered to the CO at the conclusion of the contract and incorporated into the Official Contract File. The TM/COR is directed in the Contract Administration Plan to reject any invoice that does not include the list of information specified by the contract and restated in the Contract Administration Plan for inclusion on the invoice.

Additionally, prior to the OIG audit, IS implemented steps to ensure all forms are completely filled out, approved and placed in the appropriate file. One of IS's first steps was moving from the old tracking system Eagle Eye to the JSTARS. This system will track investigations and identify individuals whose waiver is expired or due a reinvestigation. The JSTARS system automatically forwards approval forms from the adjudicator to the supervisor ensuring completion. JSTARS will also automatically send the forms to the field component. JSTARS not only assures proper processing of documents, but it stores all files electronically.

Corrective action will be completed by November 30, 2011. See Exhibit 1 - Contract Administration Plan, 7.0 Contract Administration Files; 10.0 Invoices.

**Recommendation 10: Evaluate the time required for the COR to fulfill their requirements and ensure enough time is allocated to accomplish all responsibilities.**

**DEA concurs with the recommendation.** Corrective action will be completed by November 30, 2011. The COR is usually supervised by someone other than a CO in the field, and their duties as COR are often an ancillary duty. FA will continue to communicate the importance of the COR duties to the field and specifically to the Assistant Special Agents-in-Charge (ASACs) in charge of the wire rooms and the supervisors of the COR/TMs so that enough time can be allocated to successfully accomplish all responsibilities. The CO will ensure that the Contract Specialist receives checklists/reports required under this Contract Administration Plan.

Documentation detailing DEA's efforts to implement the concurred recommendations noted in this report is attached. If you have any questions or concerns regarding DEA's response to the OIG Audit Report recommendations, please contact the Audit Liaison Team at (202) 307-8200.

Attachment (s):

- Exhibits:
1. Contract Administration Plan, Exhibit 1 (incl. Attachments A-G) dated 10-1-2011
  2. Letter and Memorandum from Office of Acquisition and Relocation Management (incl. security process flowchart) dated 9-13-2011
  3. Waiver Approval for Language Certification for 14 Linguists dated 9-7-2011 (incl. backup documentation)

## SOSi Response to the Draft Report



December 1, 2011

**Response to Audit Report of:**

**United States Department of Justice**

**Office of the Inspector General (OIG)**

**Audit Division**

**Re: Drug Enforcement Administration Contract # DJDEA-05-C-0020**

In response to audit findings pertaining to the referenced contract, SOS International Ltd. (SOSi) provides the following information and/or justification for actions.

### **Contractor Compliance and Contract Requirements**

#### **Issue: Monthly Administrative Reports**

**Finding:** “The government requires contractors to produce Monthly Administrative Reports, even if there are no active task orders, which are to include at a minimum: (1) a financial statement, (2) personnel status, (3) security packages information, and (4) miscellaneous comments. We obtained all of the Monthly Administrative Reports available in the contract file and we found that only the first 5 required reports had been submitted out of an expected 66 over the 5.5 years of the contract. Three of the five reports submitted covered periods greater than 1 month ranging from 34 to 49 days.

Both the COTR and the SOSi Site Supervisor stated that the Monthly Administrative Reports were discontinued at the request of the COTR because they were redundant with daily and weekly discussions with the SOSi Site Supervisor. SOSi management also stated that they no longer produced the reports because the DEA no longer requested this information.

By failing to produce or provide Monthly Administrative Reports, SOSi has not complied with one of the terms of the contract, and historical information concerning the performance of the contractor was not recorded and is therefore not available for future reference. The COTR did not effectively monitor this requirement of the contract by not ensuring the reports were completed and maintained in the contract file. Furthermore, both the contractor and the COTR did not comply with documented procedures for modification of the contract since it was not approved by the Contracting Officer. We did not find any evidence that the Contracting Officer was aware the reports had been discontinued.”

**Response:** SOSi acknowledges the fact that Monthly Administrative Report (MAR) was discontinued due to the redundancy of information provided in other forms. These reports were discontinued with the approval of the DEA Dallas COTR. SOSi believes this decision

made by the COTR was logical and operationally sound considering the ultimate objective of the MAR was to keep the COTR abreast of all program related matters. Inasmuch as there were daily communications between the COTR and SOSi's on-site management staff and at least weekly communications with between the COTR and SOSi's program management staff regarding all issues normally addressed in the MAR, it was mutually agreed upon that it was no longer necessary to submit this report. Additionally, our on-site manager kept the COTR informed of all pivotal SOSi program management decisions, to include any deficiencies and proposed solutions. Our regular interaction with the COTR ensured she was continuously aware of actions taken by SOSi regarding personnel and program issues. Regular meetings dealt with operational issues covering the full spectrum of program management topics to include:

- Task Order Funding
- Weekly burn rates
- Wires
- Staffing
- Security
- Hours Allocated
- Personnel Issues
- Agents Concerns
- Overall Operational Capability

Given the nature of the regular interactions noted above, the COTR deemed the MAR to be redundant. SOSi recognizes that once the decision was made by the COTR to discontinue the submission of monthly reports, it was our responsibility to request that a written modification be issued by the DEA Office of Acquisition Management supporting the proposed change. Inasmuch as a modification was not issued, SOSi will be submitting MARs to the DEA and will maintain and archive historical records of these reports and documentation of any follow-up actions. Access to all such documentation will be available to DEA for review via a SOSi File Transfer Protocol (FTP) site set up solely for DEA use.

#### **Issue: Language Proficiency Certifications**

**Finding:** "To evaluate SOSi's compliance with the language proficiency requirements established by the contract, we requested proof of language proficiency testing of all linguists who were assigned to the contract. Upon review of the language proficiency certificates we determined that 33% of the linguists worked after their certifications had exceeded the 5-year time limit established by the contract. As a result, SOSi billed the DEA for approximately \$750,304 for linguists without valid language certifications. Additionally, we were unable to locate any supporting documentation for one individual for which SOSi billed the DEA approximately \$183,840. The total hours worked after certification expiration or without certification were resulted in a total cost to the DEA of approximately \$934,144. Therefore, we are questioning \$934,144 for hours billed for linguists who worked without current language certification."

**Response:** SOSi originally language tested and certified all linguists that were recruited and subsequently hired to support DEA Dallas Contract No. DJDEA-05-C-0020 and the language

certificates were submitted to the DEA. SOSi subsequently received language waivers from the COTR inasmuch as there were no language issues with any of the linguists supporting the contract and hence no reason to retest/recertify. SOSi, however, is currently recertifying active linguists presently supporting the Dallas Field Division as the existing waiver expires on October 31, 2011.

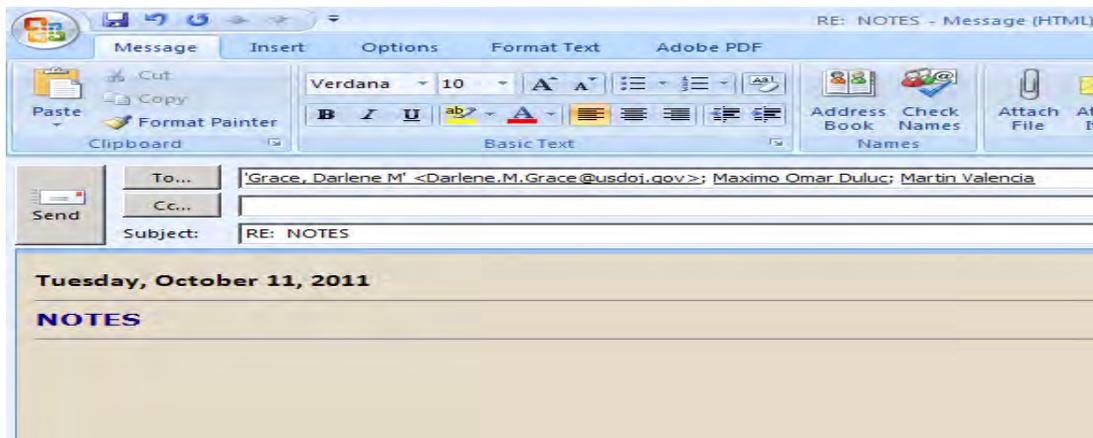
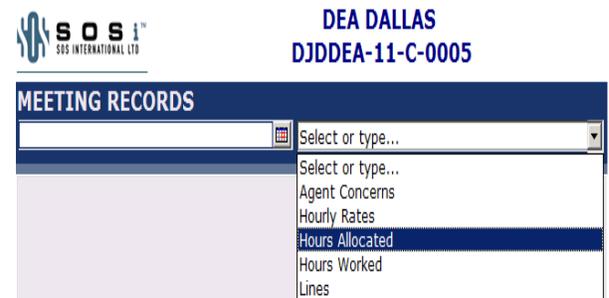
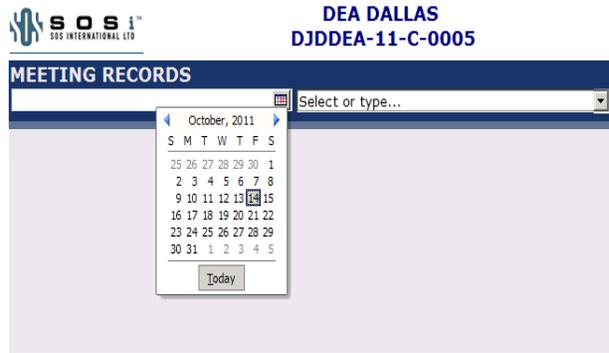
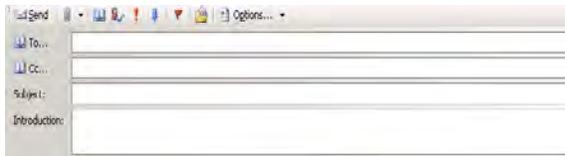
### **Contractor Compliance with Quality Control Plan Requirements**

#### **Issue: Regular Meetings Between SOSi and the COTR**

**Finding:** “To assure adequate quality control, and to assure reliability and effective contract performance, the contract requires the contractor to provide a Quality Control Plan that is incorporated into the contract. We found that SOSi failed to comply with 7 of 12 Quality Control Plan requirements that we evaluated. For example, SOSi failed to: (1) hold and document regular meetings with the COTR, and (2) perform worksite inspections.

According to the SOSi Quality Control Plan, the Site Supervisor is expected to meet regularly with the COTR to discuss issues, obstacles, and problems. Additionally, Performance Evaluation Meetings are required at least every 6 months during the contract performance period. The contractor is required to prepare written meeting minutes of all Performance Evaluation Meetings, to be signed by the COTR. Both the COTR and the Site Supervisor stated they met daily, weekly, and any other time as deemed necessary; however, there were no meeting minutes or other records of the discussions or meetings. Therefore, the contractor and the COTR violated the terms of the contract by not maintaining records of those meetings. As a result, historical information concerning discussion, decisions, and other issues was not recorded and therefore is not available for future reference.”

**Response:** SOSi on-site management personnel held regular meetings with the COTR and SOSi’s Reston-based program management staff. Depending on the issues, the Reston-based program manager would conduct at least weekly conference calls with the COTR to ensure the program requirements were being met. SOSi acknowledges that there is inadequate documentation of these meetings. SOSi has since implemented and established meeting records as part of its formal training and operational procedures. Several meeting record templates were created and disseminated to our on-site managers and supervisory staff with clear instructions and submittal procedures. See samples below.



SOSi will provide the DEA COTR with a courtesy copy of the meeting notes for her approval. Once approved, the notes will be archived for future reference.

### **Issue: Contractor Worksite Inspections**

**Finding:** “At least once every 3-6 months, at unscheduled intervals, SOSi was to send a three-member inspection team to each worksite to review work produced by the SOSi contract management and administrative staff. The inspections were generally expected to be completed in 1 week, but would last as long as necessary. SOSi management stated it was a management decision to not complete these inspections.

SOSi benefitted financially by avoiding the cost of sending an inspection team to Dallas, Texas. With a three-member team, SOSi saved an average of approximately \$1,500 per person per inspection. The total amount that SOSi saved by not performing the required inspections is estimated to be at least \$45,000 (\$1,500 x 3 persons x 10 trips). Since the contract bid would necessarily factor in the cost of these inspections, we believe SOSi should reduce the cost of the contract and reimburse the DEA for the \$45,000 avoided.”

**Response:** SOSi, in fact, made annual site visits in December of each year of the contract and met with DEA contract personnel, Agents and SOSi linguists and managers. As with the regular COTR meetings described above, however, the meetings were not documented. The cost of these trips was charged to SOSi overhead accounts.

SOSi understands that in a standalone environment the conclusions reached on the potential cost avoidance for the remaining uncompleted inspection trips may have some validity. However, reimbursing the DEA for the potential savings of these trips would be inappropriate and improper for several reasons. The cost of these trips and the home office management support were not separately priced as a direct cost included in the price proposed for this contract. The costs would have been borne out of the company's general overhead pool of costs that get allocated to all the company's US government contracts. To the extent that any potential savings created a benefit in this overhead pool, they have already been reallocated and redistributed to various other government contracts through the cost accounting practices recommended and required by the Federal Acquisition Regulations (FAR). If we are required to reimburse these costs it would have the impact of increasing our overhead allocated to all other government contracts held by SOSi. It should be noted that 98% of the company's business is with the US government.

Additionally, if the government is interested making a specific adjustment to our allocated overhead rate, then we would have to presume that they would be open to including additional allocable and allowable overhead costs in that assessment. Since the company has experienced many unanticipated costs during the period of the contract performance, it has incurred a negative variance in its allocated overhead costs that we did not ask the DEA to absorb under this contract during the period of performance.

Lastly, we would point out that the rates charged to the DEA were determined under a highly competitive sealed bid fixed rate proposal process in which SOSi offered the lowest overall rates available to the government without regards for individual cost elements. We would also point out that the scope of our proposed effort on which the Inspector General has based its cost estimates was based on the level of effort outlined in the DEA's Request for Proposal (RFP). Since the actual volume of work experienced on the contract was approximately 20% of the projected level of effort, it did not warrant the full scope of the inspections proposed for the total projected effort.

In summary, the continuity of local supervision, stability of the workforce and very low incident rate of errors provided a high level of performance that was proven over several years mitigating the need for close inspection of the workload. With the lower staff levels, the SOSi home office program staff was able to monitor the work quality and activities of the site staff through regular telephone and email interaction. As outlined in the OIG draft report, SOSi provided the goods and services required by the contract, although documentation of meetings and administrative actions must be remediated, and all costs billed under the contract were accurate.

## OFFICE OF THE INSPECTOR GENERAL ANALYSIS OF SOSi's RESPONSE TO THE DRAFT REPORT

The Office of the Inspector General (OIG) provided a draft of this audit report to SOSi and has identified several issues in SOSi's response to our draft report (Appendix IV) that we believe should be specifically addressed. As a result, we are providing the following comments on SOSi's response to the draft report.

SOSi's response on page 42 of this report states:

*These reports were discontinued with the approval of the DEA Dallas COTR. SOSi believes this decision made by the COTR was logical and operationally sound considering the ultimate objective of the MAR was to keep the COTR abreast of all program related matters . . . . Regular meetings dealt with operational issues covering the full spectrum of program management topics . . . . Given the nature of the regular interactions noted above, the COTR deemed the MAR to be redundant.*

We disagree with SOSi's justification for discontinuing the Monthly Administrative Reports. While we agree the information presented in the reports may have been redundant to day to day communications, the OIG does not agree that the ultimate objective of the report was to keep the COTR aware of all program related matters. The OIG believes the ultimate objective of the report is to provide documented evidence of meetings and meeting content, discussions on any problems or issues, decisions made, financial status, personnel status, and security package information.

Additionally, neither SOSi nor DEA Dallas were able to provide documentation of the meetings that are referenced in the response. As a result, there is virtually no documentation of the activity that occurred under this contract aside from time and attendance records. Furthermore, SOSi was still under contractual obligation to produce and maintain those reports as a matter of record.

SOSi's response on page 43-44 of this report states:

*SOSi originally language tested and certified all linguists that were recruited and subsequently hired to support DEA Dallas Contract No. DJDEA-05-C-0020 and the language certificates were submitted to the DEA. SOSi subsequently received language waivers from the COTR inasmuch as there were no language issues with any of the linguists*

*supporting the contract and hence no reason to retest/recertify. SOSi, however, is currently recertifying active linguists presently supporting the Dallas Field Division as the existing waiver expires on October 31, 2011.*

The OIG disagrees that SOSi provided proof that all linguists were tested and certified. As stated in the audit report “. . . we were unable to locate any supporting documentation for one individual for which SOSi billed the DEA approximately \$183,840.”

Additionally, there is no evidence of any waiver provided by the COTR concerning language testing, and in fact, the COTR does not have the authority to make changes to the contract, as stated in the contract. The statement that SOSi “received language waivers inasmuch as there were no language issues with any of the linguists” is an unsupported statement. SOSi was under contract to provide certified linguists and was thus obligated to do so unless the Contracting Officer authorized a modification to the contract, which was not done.

SOSi’s response on page 46 of this report states:

*SOSi, in fact, made annual site visits in December of each year of the contract and met with DEA contract personnel, Agents and SOSi linguists and managers. As with the regular COTR meetings described above, however, the meetings were not documented. The cost of these trips was charged to SOSi overhead accounts.*

*SOSi understands that in a standalone environment the conclusions reached on the potential cost avoidance for the remaining uncompleted inspection trips may have some validity. However, reimbursing the DEA for the potential savings of these trips would be inappropriate and improper for several reasons. The cost of these trips and the home office management support were not separately priced as a direct cost included in the price proposed for this contract.*

*We would also point out that the scope of our proposed effort on which the Inspector General has based its cost estimates was based on the level of effort outlined in the DEA’s Request for Proposal (RFP). Since the actual volume of work experienced on the contract was approximately 20% of the projected level of effort, it did not warrant the full scope of the inspections proposed for the total projected effort.*

The OIG’s position is that it is incumbent upon the contractor to provide evidence of compliance with the contract. The inability to provide

trip reports or receipts for the travel supports our conclusion. In the event SOSi is able to provide documentation that fully supports that the inspections occurred in accordance with contract requirements, the OIG will analyze the information and if appropriate close the recommendation without further action necessary.

According to the contract, "the guaranteed minimum dollar amount for this contract was \$25,000 in the base year and there was no guaranteed minimum beyond the base year (i.e., in the option years)." The actual amount of the contract far exceeded this minimum. Again, the Contracting Officer is the only one who may modify a contract, and this contract was not modified to reduce the inspection requirement. SOSi may not unilaterally alter any condition of the contract; therefore, all trips should have been made as required by the contract.

**OFFICE OF THE INSPECTOR GENERAL  
ANALYSIS AND SUMMARY OF ACTIONS  
NECESSARY TO CLOSE REPORT**

The OIG provided a draft of this audit report to the Drug Enforcement Administration and SOSi. The DEA and SOSi responses are incorporated in Appendices III and IV respectively of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

**Recommendation Number:**

- 1. Resolved.** The DEA agreed with our recommendation and the Office of Acquisition and Relocation Management (FA), Acquisition Management Section (FAC), revised the fiscal year (FY) 2010 version of the Linguist Contract Administration Plan to simplify the language and streamline the process to ensure contract administration is adequately performed by the Contracting Officer Representative (COR), Task Monitor (TM), Contract Specialist, and Contracting Officer (CO). This recommendation may be closed once the DEA has provided the most recently completed monthly reports for the COR, TM, and Contract Specialist.
- 2. Resolved.** The DEA agreed with our recommendation and pursuant to the Contract Administration Plan, COR/TMs are directed to establish and maintain contract administration documentation including Security Access approvals or waivers. Checklists/reports for CORs, TMs, and Contract Specialists completed on a monthly basis by the first business day of each month and bi-annually in April and October include the checklist/report item "Security Access Approvals or Waivers are complete and up-to-date" as a regular reminder of the duty to keep these approvals current. The Office of Security Programs (IS) implemented steps to ensure periodic background investigations are tracked and all approvals for access to DEA information are complete. IS moved to the DOJ's Justice Security Tracking and Adjudication Record System (JSTARS), which will track investigations and identify individuals whose waiver is expired or due a reinvestigation. This recommendation may be closed once the DEA has provided the most recently completed monthly reports for the COR, TM, and Contract Specialist.

3. **Resolved.** The DEA agreed with our recommendation and pursuant to the Contract Administration Plan, COR/TMs are directed to establish and maintain contract administration documentation including language certifications or waivers. Checklists/reports for CORS, TMs, and Contract Specialists completed on a monthly basis by the first business day of each month and bi-annually in April and October include the checklist/report item "Language proficiency certificates, or waivers, received and up-to-date" as a regular reminder of the duty to keep these approvals current. With regard to missing or expired language certifications and the related questioned costs of \$934,144 for 14 linguists, the contractor requested, and the CO granted, waivers on September 7, 2011, for the period May 1, 2005, through October 31, 2010, under the contract DJDEA-05-C-0020. In addition, the contractor is in the process of certifying all linguists to ensure compliance with this contract requirement. As a result of these actions, the questioned costs related to this recommendation have been addressed. This recommendation may be closed once the DEA has provided the most recently completed monthly reports for the COR, TM, and Contract Specialist.

4. **Resolved.** The DEA agreed with our recommendation. The Quality Control (QC) Plan in the audited contract is included in the contract file. A copy of the complete contract file including attachments will be maintained in the COR/TMs files. Further, the requirements of the QC Plan are highlighted in the Contract Administration Plan. Checklists/reports for CORS, TMs and Contract Specialists completed on a monthly basis by the first business day of each month and bi-annually in April and October include the checklist/report item "Contractor complied with pre-approved QC plan" in Attachment D, and "QC Plan reviewed and updated, and contract modification retained in file" in Attachment E, as a regular reminder of the duty to keep these approvals current. Checklists Attachments F and G remind the COR, TMs, and Contract Specialist to update the QC Plan at least annually. Additionally, as related to this recommendation, SOSi's failure to perform on-site inspections in accordance with the Quality Control Plan resulted in \$45,000 in unused funds that should be put to better use.

This recommendation may be closed once the DEA has provided documentation that the on-site inspections were conducted or the \$45,000 in funds to better use was remedied, and the DEA provides the most recently completed monthly reports for the COR, TM, and Contract Specialist.

- 5. Resolved.** The DEA agreed with our recommendation and pursuant to the Contract Administration Plan, COR/TMs are directed to establish and maintain contract administration documentation including language certifications or waivers. Checklists/reports for CORS, TMs, and Contract Specialists completed on a monthly basis by the first business day of each month and bi-annually in April and October include the checklist/report item "Language proficiency certificates, or waivers, received and up-to-date" as a regular reminder of the duty to keep these approvals current. With regard to missing or expired language certifications for 14 linguists, the contractor requested, and the CO granted, waivers on September 7, 2011, for the period May 1, 2005, through October 31, 2010, under the contract DJDEA-05-C-0020. This recommendation may be closed once the DEA has provided the most recently completed monthly reports for the COR, TM, and Contract Specialist.
- 6. Resolved.** The DEA agreed with our recommendation and pursuant to the Contract Administration Plan, COR/TMs are directed to meet with the contractor monthly and annually and to document the results of the required meetings. Checklists/reports for CORS, TMs, and Contract Specialists completed on a monthly basis by the first business day of each month and bi-annually in April and October include the checklist/report item "Contractor met regularly with COR/TM to discuss and document performance" as a regular reminder of this duty. This recommendation may be closed once the DEA has provided the most recently completed monthly reports for the COR, TM, and Contract Specialist.
- 7. Resolved.** The DEA agreed with our recommendation. A new COR Program is being issued by the Office of Acquisition and Relocation Management, Policy Unit (FAPP), which includes a new COR Handbook 1<sup>st</sup> Edition, a full audit and reconfiguration of the Master Active COR listing, and introduction of the new Federal Acquisition Institute Training System 2.0 by the DEA Acquisition Career Manager. This recommendation may be closed once the DEA has provided evidence the new COR Program has been implemented and continuous learning points are being tracked.
- 8. Resolved.** The DEA agreed with our recommendation. New procedures were implemented requiring Contract Specialists to upload approved documents in the Unified Financial Management System (UFMS), DEA's electronic contract writing system, prior to final approval to ensure that a signed copy of every document is available electronically as well as physically in the Official Contract File. The CO

will ensure the Contract Specialist completes all file documentation appropriately prior to final approval. The recommendation may be closed once the DEA has provided evidence the documents are being uploaded into UFMS and the CO is ensuring file documentation is completed.

- 9. Closed.** The DEA agreed with our recommendation and pursuant to the Contract Administration Plan, contract administration files are to be maintained by the TM, COR, and Contract Specialist. The Plan states that these files are surrendered to the CO at the conclusion of the contract and incorporated into the Official Contract File. The TM/COR is directed in the Contract Administration Plan to reject any invoice that does not include the list of information specified by the contract and restated in the Contract Administration Plan for inclusion on the invoice.
- 10. Closed:** The COR is usually supervised by someone other than a CO in the field, and their duties as COR are often an ancillary duty. FA will continue to communicate the importance of the COR duties to the field and specifically to the Assistant Special Agents-in-Charge in charge of the wire rooms and the supervisors of the COR/TMs so that enough time can be allocated to successfully accomplish all responsibilities. The CO will ensure that the Contract Specialist receives checklist/reports required under this Contract Administration Plan.