



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



**Audit of the Federal Bureau of Prisons'  
Contract No. DJBP0616BPA12004  
Awarded to  
Spectrum Services Group, Inc.  
Victorville, California**

**AUDIT OF THE FEDERAL BUREAU OF PRISONS'  
CONTRACT NO. DJBP0616BPA12004 AWARDED TO  
SPECTRUM SERVICES GROUP, INC.  
VICTORVILLE, CALIFORNIA**

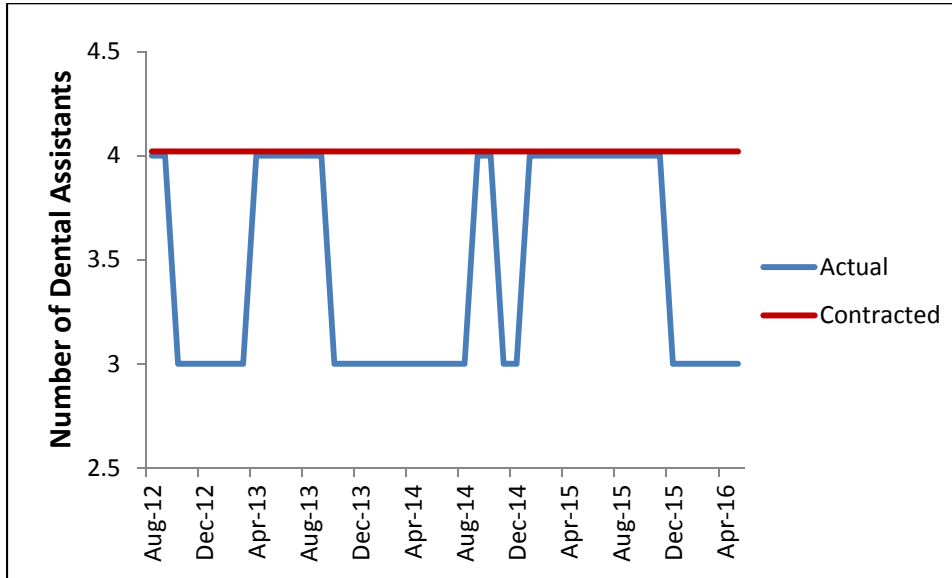
**EXECUTIVE SUMMARY**

The U.S. Department of Justice Office of the Inspector General completed an audit of the Federal Bureau of Prisons' (BOP) contract no. DJBP0616BPA12004 awarded to Spectrum Services Group, Inc. (SSGi). The purpose of this contract is to provide four Dental Assistants at the Federal Correctional Complex (FCC) in Victorville, California. The contract has a base year beginning August 2012 with four option years and an estimated value of \$788,222, which includes a contract modification that incorporates the U.S. Department of Labor (DOL) increase to the minimum hourly rate for Dental Assistants. As of April 2016, the BOP had exercised the fourth option year and BOP payments to SSGi totaled approximately \$458,455, or 58 percent of the total contract value.

The objective of this audit was to assess the BOP's administration of, and SSGi's performance and compliance with the terms, conditions, laws and regulations applicable to this contract. The audit included an assessment of the BOP's and SSGi's performance on the contract, including financial management, monitoring, reporting, and progress toward meeting the contract goals and objectives.

FCC Victorville has four locations within its complex where dental services are provided to inmates. Each location is staffed with at least one Dental Officer and one Dental Assistant. Dental Officers are BOP employees while the FCC Victorville Dental Assistant positions are filled by SSGi contract employees. We found that for 25 of the 46 months from August 2012 through May 2016, or approximately 54 percent of the time, one of the four Dental Assistant positions specified in the contract was vacant. Figure 1 below shows the FCC Victorville's Dental Assistant staffing levels during the contract period.

**Figure 1**  
**Contracted and Actual Dental Assistant Staffing Levels**



Source: BOP

Despite these vacancies, FCC Victorville contracting personnel consistently rated SSGi “Very Good” during its annual evaluation of whether the requirements of the contract were properly fulfilled, and the evaluations included no mention of the vacancies. During our audit, both SSGi and the BOP attributed the vacancies to the stringent BOP vetting process. Both also stated that the remote location of FCC Victorville and the fact that the position was located within a federal prison made it difficult to find potential candidates.<sup>1</sup>

In addition to the Dental Assistant staffing shortage, we question whether BOP adequately assessed its Dental Officer and Dental Assistant needs at FCC Victorville prior to contract solicitation and award. BOP dental policy states that each institution should have 1 BOP Dental Officer for every 1,000 inmates and that 1 Dental Assistant should be assigned to assist each BOP Dental Officer. Yet, we noted that despite having over 5,000 inmates for most of the period from December 2012 through March 2014, FCC Victorville operated with only 4 Dental Officers and, as noted above, with only 3 Dental Assistants for an extended period of time. We concluded that these staffing shortages have had measurable consequences at the institution. As of May 2016, one out of every four inmates at FCC Victorville was on the national waiting list for routine dental care, totaling a backlog of nearly 1,000 inmates. Some FCC Victorville inmates have been on this Routine List awaiting routine dental care since 2008. In light of these patient

---

<sup>1</sup> A recent OIG evaluation identified similar challenges related to recruiting medical staff for BOP prisons. U.S. Department of Justice Office of the Inspector General, *Review of the Federal Bureau of Prisons’ Medical Staffing Challenges*, Evaluation and Inspections Division Report 16-02 (March 2016).

backlogs, we believe that maintaining a full complement of Dental Assistants, and more if supported by the results of a meaningful needs assessment, is clearly necessary to ensure a more efficient use of FCC Victorville's dental resources and help to reduce inmate wait time for routine dental services. It could also potentially reduce costs by helping to ensure that minor dental conditions are treated before they develop into more serious health concerns.

We found that contract employees were required to sign in and out of BOP facilities when entering and leaving. However, when we compared available sign-in log books at FCC Victorville's facilities to the Dental Assistants' timesheets, we found numerous discrepancies and inaccuracies. These weaknesses indicate a serious physical access control issue that could affect the security of FCC Victorville facilities. The accountability of individuals within a BOP correctional facility is important to keeping confined individuals within the facility, and to ensure all non-inmates safely leave the facility. In addition, the discrepancies we found highlight the need for periodic review of the two sets of documents to verify the labor hours submitted by SSGi, which helps to prevent BOP paying for hours not worked.

Further, we found that SSGi did not comply with provisions of the Service Contract Labor Standards (SCLS). Specifically, SSGi Dental Assistants were not paid the correct minimum wage and fringe benefits in accordance with these standards, resulting in a \$1,024 underpayment in hourly wages and a \$976 underpayment in Health and Welfare Benefits to contractor employees.<sup>2</sup> While these amounts are not large, BOP must ensure its contractors correctly compensate employees given the potential for significant underpayment in larger contracts. We also identified instances of BOP's non-compliance with the Federal Acquisition Regulation (FAR) related to retention of contract award documentation.

This report makes nine recommendations to assist the BOP in improving its oversight and administration of the contract. We discussed the results of our audit with SSGi and BOP officials and have included their comments in the report, as applicable. Our audit objective, scope, and methodology are discussed in Appendix 1. We requested written responses from SSGi and the BOP to the draft copy of our audit report. The BOP's response is incorporated in Appendix 2 of this final report. SSGi elected not to submit a response. The BOP concurred with our recommendations and discussed the actions it will complete to address the recommendations. Our analysis of the BOP's response and the summary of actions necessary to close the recommendations are found in Appendix 3.

---

<sup>2</sup> We similarly found instances of non-compliance with the SCLS (formerly known as the Service Contract Act of 1965) in an April 2015 audit of another BOP contract. See U.S. Department of Justice Office of the Inspector General, *Audit of the Federal Bureau of Prisons Contract No. DJB1PC007 Awarded to Reeves County, Texas to Operate the Reeves County Detention Center I/II Pecos, Texas*, Audit Division Report 15-15 (April 2015).

**AUDIT OF THE FEDERAL BUREAU OF PRISONS'  
CONTRACT NO. DJBP0616BPA12004 AWARDED TO  
SPECTRUM SERVICES GROUP, INC.  
VICTORVILLE, CALIFORNIA**

**TABLE OF CONTENTS**

INTRODUCTION.....	1
Background.....	2
Federal Bureau of Prisons .....	2
Federal Correctional Complex Victorville .....	3
Spectrum Services Group, Inc. ....	3
OIG Audit Approach.....	4
FINDINGS AND RECOMMENDATIONS.....	5
Dental Staffing Levels.....	5
Needs Analysis Prior to Contract Solicitation and Award.....	9
BOP Oversight of the Contract and Contract Employees.....	10
Contractor Access to FCC Victorville .....	10
Billings and Payments.....	13
Transaction Testing .....	13
Compliance with the Service Contract Labor Standards.....	14
Federal Acquisition Regulation .....	15
Conclusion .....	16
Recommendations.....	18
STATEMENT OF INTERNAL CONTROLS .....	19
STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS .....	20
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY .....	21
APPENDIX 2: THE BOP'S RESPONSE TO THE DRAFT AUDIT REPORT.....	22
APPENDIX 3: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT .....	25

**AUDIT OF THE FEDERAL BUREAU OF PRISONS'  
CONTRACT NO. DJBP0616BPA12004 AWARDED TO  
SPECTRUM SERVICES GROUP, INC.  
VICTORVILLE, CALIFORNIA**

**INTRODUCTION**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the Federal Bureau of Prisons' (BOP) contract no. DJBP0616BPA12004 awarded to Spectrum Services Group, Inc. (SSGi).<sup>3</sup> The purpose of this firm-fixed-price blanket purchase agreement contract is to provide four Dental Assistants at the Federal Correctional Complex located in Victorville, California (FCC Victorville).<sup>4</sup>

The BOP awarded the contract to SSGi in June 2012 which included a base year beginning on August 1, 2012 and four option years with an estimated completion date of July 31, 2017. The estimated value of this contract at the time of award was \$783,500. In July 2015, the contract was modified and the value was increased to \$788,222 to reflect the U.S. Department of Labor (DOL) increase to the minimum hourly rate for Dental Assistants.

At the time of our review, the contract base year had been completed, and the BOP had exercised the first three option years. During our review, the BOP exercised the fourth and last option year from August 2016 through July 2017. As of April 2016, BOP payments to SSGi totaled approximately \$458,455, or 58 percent of the total estimated amount under the contract.

---

<sup>3</sup> SSGi informed us that there were no subcontracts awarded in conjunction with this contract.

<sup>4</sup> The contract was a firm-fixed-price blanket purchase agreement. The FAR defines a blanket purchase agreement as a simplified method of filling anticipated repetitive needs for supplies or services with qualified sources of supply.

**Table 1**

**Estimated, Modified, and Actual Costs to BOP Under the Contract**

<b>Contract Period</b>	<b>From</b>	<b>To</b>	<b>Estimated Cost</b>	<b>Modified Cost<sup>a</sup></b>	<b>Actual Cost<sup>b</sup></b>
Base Period – <i>completed</i>	08/01/12	07/31/13	\$161,880	\$161,880	\$126,270
Option Period 1 – <i>exercised</i>	08/01/13	07/31/14	155,405	155,981	113,946
Option Period 2 – <i>exercised</i>	08/01/14	07/31/15	155,405	155,981	133,565
Option Period 3 – <i>exercised</i>	08/01/15	07/31/16	155,405	157,190	84,674 <sup>c</sup>
Option Period 4 – <i>exercised</i>	08/01/16	07/31/17	155,405	157,190	TBD
<b>Total</b>			<b>\$783,500</b>	<b>788,222</b>	<b>\$458,455</b>

<sup>a</sup> The Modified Cost includes all modifications made to the Estimated Cost due to such things as wage increases.

<sup>b</sup> Amounts have been rounded.

<sup>c</sup> The Actual Cost for Option Period (year) 3 is comprised of payments made under the contract through April 2016.

Source: OIG analysis of BOP and SSGi documentation

**Background**

In May 2012, BOP contracting personnel solicited a firm-fixed-price blanket purchase agreement contract for non-personal health care services on the U.S. General Services Administration (GSA) eBuy website to procure the services of Dental Assistants for FCC Victorville. According to the Federal Acquisition Regulation (FAR) 16.202, a firm-fixed-price contract provides for a price that is not subject to any adjustment on the basis of the contractor’s cost experience in performing the contract. This type of contract places maximum risk and full responsibility upon the contractor for all costs and resulting profit or loss. It also provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administration burden upon the contracting parties.

*Federal Bureau of Prisons*

The BOP was established in 1930 to manage and regulate the federal prison system. As of January 2017, there were 122 BOP-operated facilities and BOP reported the number of inmates housed in BOP-operated facilities totaled above 150,000.

The BOP’s mission is to protect society by confining offenders in secure prison and community-based facilities, while providing work, and self-improvement opportunities to assist offenders in becoming law-abiding citizens. In its efforts to achieve this mission, the BOP offers dental services to inmates housed in BOP-operated facilities. The purpose of the BOP’s dental program is, “to stabilize and

maintain the inmate population's oral health." The BOP's dental services policy states that dental treatment will be provided by health care providers as necessary for the greatest number of inmates within available resources. The BOP awarded approximately \$872 million in contracts in fiscal year (FY) 2015, of which, approximately \$477 million was for health services. As of January 2017, BOP directly employed a total of 143 Dental Officers, and 85 Dental Hygienists, and 28 Dental Assistants.<sup>5</sup> Additionally, the BOP contracted for 95 Dental Assistants.

#### *Federal Correctional Complex Victorville*

FCC Victorville is located in Victorville, California, approximately 97 miles northeast of Los Angeles. There are four different correctional institutions at FCC Victorville: a U.S. Penitentiary (USP); two Federal Corrections Institutions (FCI-I and FCI-II), and a minimum security satellite camp (Camp). The USP is a high security level facility, and both of the FCIs are medium security level facilities. While FCC Victorville generally housed over 5,000 inmates within its four different correctional facilities from December 2012 through March 2014, the population had declined to approximately 4,055 male inmates and 240 female inmates as of February 2016.<sup>6</sup>

We toured four locations within the complex where dental services are provided to inmates at FCC Victorville: one each at the USP, FCI-I, FCI-II, and the Camp. Each of these four locations is staffed with at least one Dental Officer and one Dental Assistant. Each Dental Assistant is assigned to a specific Dental Officer and dental unit. Additionally, FCC Victorville has three Dental Hygienists, one assigned to the USP, the FCI-I, and the FCI-II, who assist the Dental Officers as needed. Dental Officers and Dental Hygienists are BOP employees while the FCC Victorville Dental Assistant positions are filled by SSGi contract employees. While BOP policy allows inmates to be employed as Dental Assistants, FCC Victorville only uses contract personnel to fill its Dental Assistant positions.

#### *Spectrum Services Group, Inc.*

SSGi is a privately held corporation headquartered in Sacramento, California that provides professional personnel in the areas of engineering, healthcare services including dental services, management, and facilities support. It also provides temporary staffing and consulting solutions. SSGi has offices in Anaheim, California; Camp Pendleton, California; Baltimore, Maryland; and Mechanicsburg, Pennsylvania. It maintains a list of General Service Administration (GSA) Federal Supply Schedules such as professional and allied healthcare staffing services, complete facilities maintenance, and environmental services. According to its Federal Supply Schedule, SSGi is a small business participating in the U.S. Small Business Administration's Historically Underutilized Business Zone (HUBZone)

---

<sup>5</sup> These totals do not include contract Dentists, Dental Hygienists, and Dental Assistants.

<sup>6</sup> There was one month during this time period, January 2014, where the inmate population dipped below 5,000 inmates.



program, which helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities.<sup>7</sup>

SSGi was awarded its first BOP contract in 2010. As of April 2016, SSGi had 45 ongoing contracts with BOP facilities, including the FCC Victorville contract for Dental Assistants. These contracts ranged in type from janitorial services to pharmaceutical services. Seven of these contracts were for dental professional staff, including Dentists, Dental Hygienists, and Dental Assistants. Specifically, five of these seven contracts were for Dental Assistants, including the FCC Victorville contract.

## **OIG Audit Approach**

The objective of our audit was to assess the BOP's administration of, and SSGi's performance and compliance with, the terms, conditions, laws and regulations applicable to this contract. The audit included an assessment of the BOP's and SSGi's performance on the contract, including financial management, monitoring, reporting, and progress toward meeting the contract goals and objectives. The scope of this audit generally focused on the period starting with the contract solicitation in May 2012 through January 31, 2016.

To assess the BOP's and SSGi's administration of and performance on the contract, we examined the contract and reviewed staffing requirements, payroll records, and billings and payments. We also reviewed the BOP's and SSGi's compliance with contract oversight and monitoring requirements. A detailed explanation of the audit's scope and methodology is available in Appendix 1. We discussed the results of our audit with SSGi and BOP officials and have included their comments in the report, as applicable. In addition, the BOP's written response to our recommendations is incorporated in Appendix 2. SSGi elected not to submit a response. Our analysis of the BOP's response and the summary of actions necessary to close the recommendations are found in Appendix 3.

---

<sup>7</sup> The SBA regulates the HUBZone program, which was enacted into law as part of the Small Business Reauthorization Act of 1997. The federal government has a goal of awarding 3 percent of all dollars for federal prime contracts to HUBZone-certified small business concerns. To be eligible for the HUBZone program, a business must be: (1) a small business as defined by SBA standards; (2) owned and controlled at least 51 percent by U.S. citizens, or a Community Development Corporation, an agricultural cooperative, or an Indian tribe; (3) its principal office must be located in a HUBZone; and (4) at least 35 percent of its employees must reside in a HUBZone.

## FINDINGS AND RECOMMENDATIONS

We identified both contract compliance and management and oversight issues that negatively affected SSGi's ability to comply with the contract requirements to provide four Dental Assistants at FCC Victorville. We found that there was one Dental Assistant vacancy for 25 of the 46 months (or 54 percent of the time) covered under the contract, including one 11-month vacancy. FCC Victorville management attributed the vacancies to the BOP's stringent vetting process. We also found that one out of every four inmates is currently on the BOP's national waiting list (Routine List) for non-emergency dental services as of May 2016, and some FCC Victorville inmates have been on this list awaiting routine dental care since 2008. We believe that these staffing inadequacies adversely affect the BOP's ability to provide timely dental care to inmates. Additionally, we found that FCC Victorville program staff did not fully assess FCC Victorville's dental program needs prior to initiating a contract action. We also identified discrepancies between facilities contractor access logs and the Dental Assistants' timecards, which we believe is indicative of a serious physical access control issue that could affect the security of FCC Victorville facilities. Finally, we identified non-compliance with the Service Contract Labor Standards resulting in SSGi underpayments to the Dental Assistants, and instances of non-compliance with the Federal Acquisition Regulation (FAR).

### Dental Staffing Levels

As part of its mission, BOP provides food, shelter, and general health care, including dental services. To do so, BOP dental units have been established at most BOP facilities across the nation, including the four correctional facilities at FCC Victorville. For the duration of this contract, FCC Victorville has maintained a total of four BOP Dental Officers for its four dental units. In addition, FCC Victorville has utilized contract Dental Assistants since November 2007.

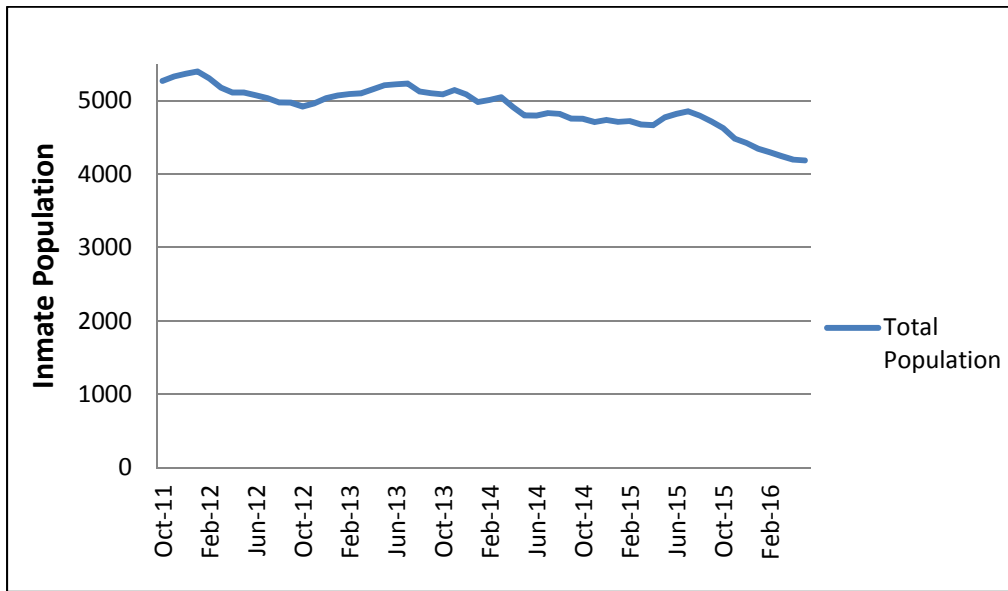
Dental Assistants are instrumental to BOP's dental program as they assist BOP Dental Officers in providing a wide range of dental procedures, including oral surgeries, operative procedures, prosthetics fittings, radiological tests, endodontics procedures, and general preventative dental procedures. While BOP policy allows inmates to be employed as Dental Assistants, FCC Victorville only uses contract personnel to fill its Dental Assistant positions and therefore has awarded a contract to SSGi to provide four Dental Assistants (one for each dental officer) at FCC Victorville.

To ascertain whether or not staffing levels for Dental Assistants were adequate at FCC Victorville, we reviewed BOP and FCC Victorville policies on dental professional staffing. BOP dental policy states that, "each institution should have 1 Dental Officer for every 1,000 inmates," and that staffing guidelines may vary by institution depending on the mission. Further, BOP policy states that there should

be “one Dental Assistant for each Clinical Dentist,” which translates into a requirement for 1 Dental Assistant for every Dental Officer or 1,000 inmates. FCC Victorville policy in place at the time of the contract initiation in 2012 incorporated the BOP policy language.<sup>8</sup>

We reviewed inmate populations at FCC Victorville and found that prior to initiating the contract award process, or from October 2011, the complex’s inmate population was over 5,000 for all but 5 months until April 2014. Figure 1 below displays FCC Victorville’s inmate population on a monthly basis.

**Figure 1**  
**FCC Victorville Population**



Source: BOP

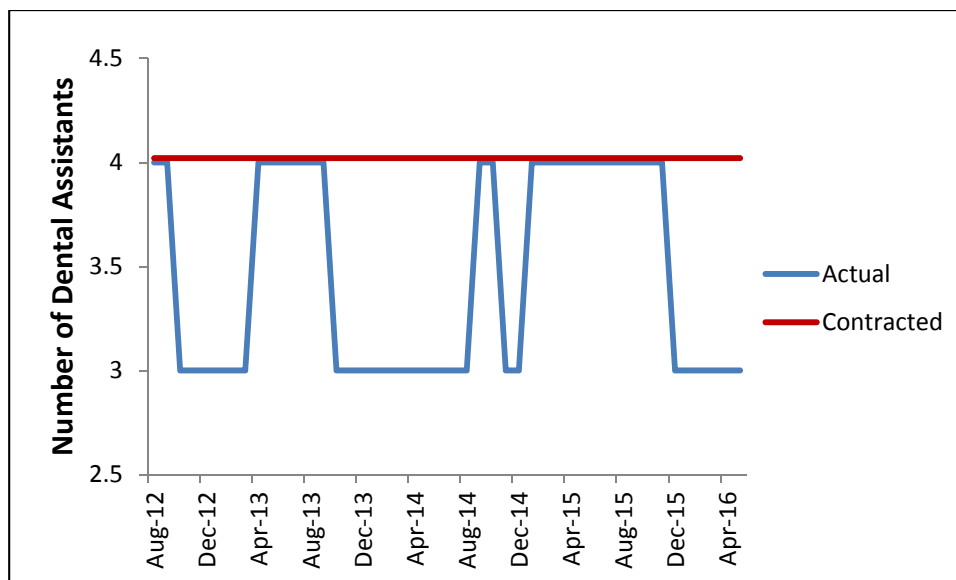
In fact, FCC Victorville inmate population levels from December 2011 through April 2014 would have supported a larger dental staff based on BOP policy, including as many as five Dental Officers and five Dental Assistants. Despite the apparent need for additional dental professionals during that time, the BOP contracted with SSGi to provide four Dental Assistants, which provided for one Dental Assistant for each of its four Dental Officers. In addition, while the inmate population at FCC Victorville has declined since April 2014, the inmate population has remained above 4,000 as of May 2016, which according to BOP’s own policy should be supported by 4 Dental Officer and 4 Dental Assistant positions. However, these four Dental Assistant positions were frequently not completely filled; therefore, Dental Assistant staff at FCC Victorville often remained below BOP’s policy staffing level. We believe that the apparent prior shortage of dental

<sup>8</sup> Starting in May 2013, FCC Victorville policy no longer incorporated this language. However, the Chief Dental Officer for FCC Victorville indicated that this BOP policy was still a goal at the complex as of March 2016.

professionals and the fact that all the contracted Dental Assistant positions were not filled during the entire contract period may have contributed to the large backlog of inmates currently on the BOP's national wait list (Routine List) for non-emergency dental services, which is discussed in more detail later in this section.

During our review, we found that SSGi did not consistently maintain a staffing level of four Dental Assistant positions for the majority of the contract. From August 2012 through May 2016, we found that there was one Dental Assistant vacancy for 25 of the 46 months (or 54 percent of the time) covered under the contract. As Figure 2 shows, one of the vacancies lasted 11 months, from October 2013 through August 2014.

**Figure 2**  
**Contracted and Actual Dental Assistant Staffing Levels**



Source: BOP

Dental staff at FCC Victorville told us that they were frustrated with the frequent Dental Assistant vacancy positions. For the majority of the contract, August 1, 2012, through May 31, 2016, one dental unit on a rotating basis within FCC Victorville operated without a Dental Assistant. Specifically, there were two 6-month vacancies, one 11-month vacancy, and one 2-month vacancy. According to one of the Dental Officers we interviewed, FCC Victorville management requested that the Dental Officers do their best to work with the Dental Assistants on staff. Additionally, FCC Victorville staff stated that there were situations where the remaining Dental Assistants on staff covered the vacant position by rotating between the facilities' four dental units as time and conditions permitted. For instance, when a correctional institution was locked down for security purposes, rather than sending a Dental Assistant home the Dental Assistant was rotated to another facility's dental unit. While this may have been an effective use of resources in the case of a lock down, we do not believe that it was a viable long-term solution for addressing the consequences of Dental Assistant vacancies.

FCC Victorville management attributed the vacancies to the length of time required to bring a new Dental Assistant on board. Contract employees, such as the Dental Assistants from SSGi, must pass a background investigation, a credit check, and a drug test. FCC Victorville personnel stated that the BOP's vetting process for SSGi candidates is a lengthy process and that many candidates have difficulty passing the credit check. An SSGi official stated that, on average, it can take up to 4 months to fill a Dental Assistant position at FCC Victorville. In addition to BOP's stringent vetting process, SSGi and FCC Victorville personnel cited the FCC Victorville's remote geographic location and the prison working environment as additional challenges to hiring and retaining personnel.<sup>9</sup> While there may be legitimate reasons for hiring delays and periods of vacancies, we believe that the Dental Assistant vacancies, which in total extended for over half of the contract period reviewed, demonstrate a potentially inefficient BOP vetting process and also SSGi's noncompliance with the contract terms. Further, we found that despite the understaffing issue, FCC Victorville contracting personnel consistently rated SSGi "Very Good" during its required annual evaluation of whether SSGi has properly fulfilled the requirements of the contract. The evaluations did not mention the vacancies.

We also note that the BOP's solicitation and contract contained a 30-hour limit on the number of hours each Dental Assistant may work each week, and that one of the Dental Assistants told us that they would not oppose the opportunity to work additional hours. In light of the difficulties that the BOP and SSGi told us they have recruiting and hiring additional personnel, we believe the BOP could examine the possibility of changing the contract to allow Dental Assistants to work 40 hours per week as a possible means of reducing or eliminating extended vacancies. Such a change, if feasible, could help to address the shortage of dental resources at the facility without incurring the costs and difficulties of recruiting and hiring additional personnel.

We believe that the staffing inadequacies mentioned above may have adversely affected the BOP's ability to provide timely dental care to inmates. At FCC Victorville, approximately one of every four inmates is currently on the BOP's national waiting list (Routine List) for non-emergency dental services as of May 2016, totaling a backlog of nearly 1,000 inmates.<sup>10</sup> In some cases, FCC Victorville inmates have been waiting for non-emergency dental services since 2008. When we asked FCC Victorville dental personnel if additional Dental

---

<sup>9</sup> A recent OIG evaluation identified similar challenges and found that geographic locations and the correctional setting are challenges to recruiting medical staff for BOP prisons. U.S. Department of Justice Office of the Inspector General, *Review of the Federal Bureau of Prisons' Medical Staffing Challenges*, Evaluation and Inspections Division Report 16-02 (March 2016).

<sup>10</sup> Non-emergency dental services include hygiene appointments, radiographs, oral health instructions, indicated prophylaxis, other periodontal therapy, endodontic and restorative treatments, oral surgery, and the fabrication of prosthesis. The BOP is not required to provide all inmates with these non-emergency dental services, but if an inmate requests such non-emergency services, they are placed on the "Routine List."

Assistants would be useful, we were told that additional Dental Assistants would allow Dental Officers at FCC Victorville to work on more than one patient concurrently. Consequently, an increase in the number of Dental Assistants could decrease the wait time for treatment and increase the number of patients seen on a daily basis.

According to the American Dental Association, regular dental visits are important because they can: (1) help spot dental problems early when treatment is likely to be simpler and more affordable, (2) prevent problems from developing in the first place, and (3) identify diseases or medical conditions that have symptoms that appear in the mouth. Therefore, routine dental care for inmates may allow BOP to realize cost savings by identifying inmates' serious health conditions earlier or by preventing them altogether.

According to BOP's Program Statement P6400.02, inmates respond to questions regarding their oral health status as a part of a medical intake screening. Any dental problems identified through this self-reported information are then assessed by medical staff and referred to dental staff if applicable. Additionally, this BOP policy states that inmates will receive an Admission and Orientation (A&O) Examination completed by a dentist within 30 days of arrival. We reviewed the BOP's Bureau Electronic Medical Records (BEMR) system data for 49 of the 3,373 inmates who began their sentences at FCC Victorville between August 2012 and January 2016. We found that nearly half (22 records) of the 49 judgmentally sampled inmate records did not include an "oral health status date," indicating that they had not been examined by dental services personnel as of May 2016.

These delays and failure to provide timely dental services to inmates at FCC Victorville indicate that there are deficiencies within FCC Victorville's dental program. We recommend that BOP work with SSGi to identify and implement a more timely vetting process for new candidates or take other action sufficient to reduce or eliminate extended vacancies.

### **Needs Analysis Prior to Contract Solicitation and Award**

Once a contracting need for over \$150,000 is identified at a BOP facility, the first step in the BOP contracting process is for the facility's program staff to complete a request for contract action (RCA) and submit it to the BOP Field Acquisitions Office (FAO) located in Grand Prairie, Texas, which administers the solicitation and award process. After the FAO has awarded the contract, BOP staff at the requesting facility manages the contract. Overall, in the case of the SSGi contract and based on our findings above, we believe that FCC Victorville management and program staff may not have adequately assessed FCC Victorville's Dental Assistant needs prior to contract solicitation and award, which has led to staffing inadequacies and the BOP's inability to provide timely dental care.

We spoke with BOP officials about the contracting process for the Dental Assistant contract, including how the BOP determined the number of Dental Assistants that were needed at FCC Victorville. FCC Victorville management and

contracting personnel stated that dental program personnel provided documentation supporting their request for four Dental Assistants for this contract, which FCC Victorville contracting personnel submitted to the FAO. The Chief Dental Officer told us that requests were made to management for an additional Dental Officer every quarter, increasing the number of dental personnel assigned to FCC Victorville, but FCC Victorville has not received approval for the additional position. Further, several FCC Victorville Dental Officers told us that more than one Dental Assistant per Dental Officer would allow for more efficient operations within the dental units. Although the general consensus among the Dental Officers was that more Dental Assistants would be helpful in the clinics, most of the Dental Officers did not indicate that the additional Dentist Assistants needed to be assigned to a specific Dental Officer. In fact, one Dental Officer suggested hiring a Dental Assistant who rotates between the FCC Victorville facilities' four dental units and assists the Dental Officers when needed.

Further, we found that neither the FAO nor the FCC Victorville contract files included any documentation containing any analysis of how many Dental Assistants were needed. We examined the BOP's Determination of Need form that was in the FAO pre-award contract file and found that it did not contain evidence that a substantial needs analysis, such as an inmate population analysis or a review of the inmate wait time for routine dental services, was completed prior to the contract solicitation. Instead, the Determination of Need form included only a short statement that the Dental Officers were currently working without Dental Assistants, and a statement that contracting was appropriate because there were no existing General Schedule positions through which the services could be provided in house.

We believe that performing a substantial needs analysis prior to contract solicitation establishes contract performance expectations and helps to align the contracting process with the operational requirements to ensure there is adequate staff to perform efficient and timely dental services. Therefore, we recommend that FCC Victorville program staff fully assess FCC Victorville's dental program needs prior to soliciting future contracts for Dental Assistants. The needs analysis should include, at a minimum, a review of FCC Victorville inmate population, the wait time for routine dental services, and input from the facilities' dental program personnel.

## **BOP Oversight of the Contract and Contract Employees**

As the contractor, SSGi is the Dental Assistants' employer. However, because SSGi personnel are not onsite to oversee its contract employees, FCC Victorville Dental Officers are responsible for directing the onsite day-to-day activities of SSGi's contract Dental Assistants. Therefore, we reviewed BOP FCC Victorville's contract and the onsite supervision of the Dental Assistants.

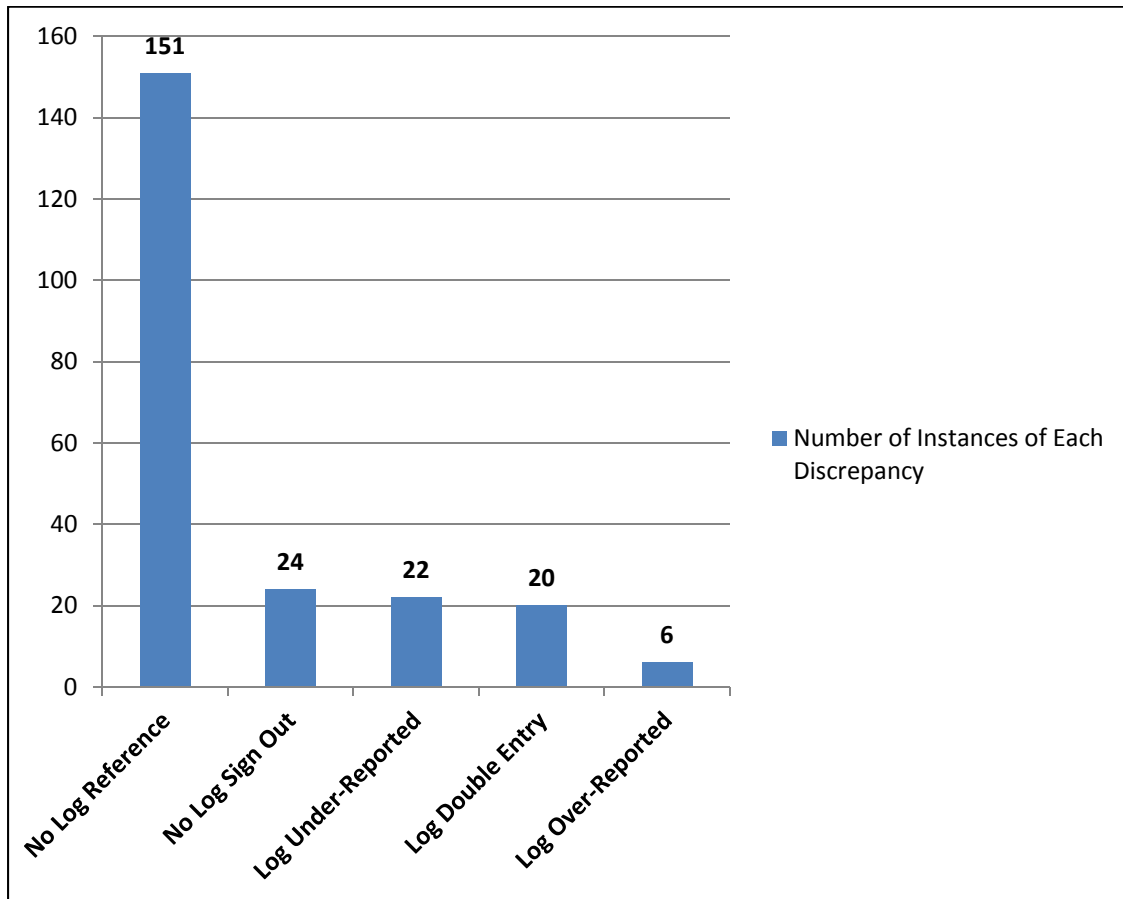
### *Contractor Access to FCC Victorville*

As a federal multi-prison complex, FCC Victorville must control and account for access to each of its four correctional institutions. The BOP established policies

and procedures for processing non-employees that enter or exit any of the correctional institutions within FCC Victorville. FCC Victorville’s policy requires that contract employees such as Dental Assistants sign a Contractor/Volunteer log (contractor log) when entering and leaving the facility. Additionally, contractors, including Dental Assistants, are required to be escorted from the facility entry point to the dental unit and back to the facility entry point to exit the facility, except for at the minimum security Camp.

To assess the controls for contractors at FCC Victorville, we compared the timesheets submitted by the Dental Assistants to the contractor logs maintained by FCC Victorville to determine if there were any discrepancies. This judgmental sample included Dental Assistant timesheets for 10 of the 42 months of the contract beginning on August 1, 2012, through the end of our audit scope, January 31, 2016. We compared 620 timesheet entries to facility contractor log entries for the 4 correctional facilities within the prison complex. We identified discrepancies with 223 shifts, or 36 percent of the entries. Figure 3 details the types of discrepancies and the frequency of each type of discrepancy.

**Figure 3**  
**Comparison of Dental Assistants Timesheets to FCC Victorville**  
**Facilities’ Contractor Logs**



Source: OIG review of FCC Victorville Facility Access Logs



As illustrated in Figure 3, the most common discrepancy we found between the contractor log and the timesheet entries was no log reference, or no log entry to support the hours worked as recorded on the Dental Assistants' timesheets. Specifically, 151 of the 223 contractor log discrepancies (almost 68 percent) were due to no corresponding contractor log entry.

Eighty-six of these 151 instances of no contractor log entry (57 percent) occurred before February 11, 2015. FCC Victorville officials told us that the contractor log for FCI-I that covers this period was damaged by mold and that the damage rendered the log unreadable. This limited our ability to compare timesheet entries with log entries. However, in attempting this comparison, we noted that for 84 of the 86 instances, the timesheets did not indicate the facility where the Dental Assistant worked the claimed hours, and as such we were unable to determine how many of these 84 instances were a result of the damaged log for FCI-I, and how many never had a corresponding contractor log entry. For the remaining 2 instances among these 86, the timesheets listed the USP as the facility, and the contractor log for the USP facility contained no log entry to support them.

The remaining 72 of the total 223 contractor log discrepancies (32 percent) identified included instances where: (1) a Dental Assistant signed into a facility but did not sign out (no log sign out), (2) a Dental Assistant was found to have signed in and out at two different facilities on the same date and at the same time (log double entry), (3) the contractor log hours totaled fewer hours than what was recorded on the Dental Assistant's timesheet (log under-reported), and (4) the contractor log hours totaled more hours than what was on the Dental Assistant's timesheet (log over-reported).

The accountability of individuals who have accessed a BOP correctional institution is of paramount importance. Not only is it important to keep confined individuals within its walls, but it is also important to ensure that all non-inmates safely leave the facilities. Further, in the event that the BOP needs to review or investigate contractor access to the correctional facility, it would need an accurate and complete record of contractor personnel who have accessed the correctional facility.

The existence of so many discrepancies between the contractor logs and the timecards is indicative of a serious physical access control issue that could affect the security of FCC Victorville facilities. We therefore recommend that FCC Victorville ensure that its staff follows established policies and procedures regarding the entry of contractors into the correctional facilities within FCC Victorville.

The discrepancies we identified between the contractor logs and the timesheets submitted by the Dental Assistants also highlight the need for periodic review of the two sets of documents to verify the labor hours submitted by SSGi, which would help BOP avoid paying for hours not worked. We recommend that FCC Victorville personnel periodically review contract employee timesheets and compare them to the facilities' contractor logs to verify the accuracy of the reported hours.

Additionally, to facilitate this recommended review, we recommend that the BOP require Dental Assistants to record on their timesheets the facility in which they work, or implement a similar procedure for Dental Assistants to identify the correctional facility where they worked.

## **Billings and Payments**

SSGi billed FCC Victorville on a monthly basis for the time worked by the Dental Assistants under the contract. In support of the monthly invoices, SSGi was required to provide to FCC Victorville the Dental Assistants' weekly timesheets, which included a summary of their hours worked, the Dental Assistant's signature, and a BOP supervisor's signature. FCC Victorville established processes and procedures for reviewing the documentation submitted by SSGi and issuing payments. During our audit, we reviewed the contract files, performed transaction testing, and evaluated BOP's and SSGi's adherence to established processes and procedures.<sup>11</sup>

### *Transaction Testing*

We tested all 43 SSGi invoices totaling \$431,200 that SSGi submitted to FCC Victorville for payment within the scope of the audit from August 2012 through January 2016 to ensure that the contractor's billings were accurate and complete. We also reviewed these invoices to determine if FCC Victorville and SSGi followed the established processes and procedures regarding the submission, review, and payment of invoices.

In general, we found that the invoices submitted by SSGi were accurate and complete. However, the BOP made adjustments totaling \$499 to the first two invoices submitted by SSGi because SSGi billed Dental Assistants' hours in excess of the 30-hour limit specified in the BOP's solicitation and contract. We also identified 12 instances where invoices included timesheets that were not signed, had incorrect dates, or had inaccuracies resulting in minor over- and under-payments.<sup>12</sup> Based on the results of our review, we concluded that the FCC Victorville's controls were adequate to ensure that billing inaccuracies are identified and corrected.

---

<sup>11</sup> During our audit, we noted that a contract term providing for an early-payment discount was included in contract number V797P-7257A associated with the Federal Supply Schedule used for this blanket purchase agreement (BPA) BOP awarded to SSGi. However, the discount term was not incorporated into the BOP's BPA with SSGi. Had the term been incorporated, it would have allowed the BOP to realize a 1-percent discount on any invoice paid within 10 days. While we did not discuss the matter in detail with BOP, we believe that BOP contracting personnel should consider whether to incorporate this term into future contracts and extensions with SSGi, and that BOP should generally seek to incorporate such discount terms into all future contracts when similar circumstances arise.

<sup>12</sup> These over- and under-payments had a net result of just \$7 in under-billing.

## *Compliance with the Service Contract Labor Standards*

The Service Contract Labor Standards (SCLS) establishes standards for prevailing compensation and safety and health protections for employees performing work for contractors and subcontractors on service contracts entered into with the federal government. The SCLS requires that employees working on federal service contracts in excess of \$2,500 not be paid less than the monetary wages and fringe benefits required by law. Since the FCC Victorville contract exceeds the minimum award threshold, SSGi must provide its employees the minimum amounts of wages and fringe benefits stipulated within the applicable wage determination schedules (wage determination) issued by the Department of Labor (DOL).<sup>13</sup> However, SSGi did not comply with provisions of the SCLS.<sup>14</sup> Specifically, we found that SSGi underpaid its contract Dental Assistants when compared to Department of Labor (DOL) wage determination schedules in two categories: (1) hourly rate, and (2) Health and Welfare Benefits rate. While the underpayment amounts are not large in this instance, BOP must ensure its contractors correctly compensate employees, regardless of the amount or the size of the contract.

### Hourly Rate

The DOL wage determination schedules identify the minimum wage and fringe benefit rates for different classes of laborers. We compared SSGi's payroll records for the Dental Assistants to the DOL wage determination schedules and found that SSGi underpaid its contract employees for regular, vacation, and holiday pay throughout the contract period that we tested by \$.06 an hour for a total of \$1,024. When we brought this to SSGi's attention, SSGi's Office Manager concurred with our finding and stated that it was a typographical error and the underpayment would be remedied. We recommend that SSGi remedy the underpayment of hourly wages in the amount of \$1,024 to the Dental Assistants employed under this contract.

### Health and Welfare Benefits

Fringe benefits such as health insurance, life insurance, sick leave, and retirement are referred to as "Health and Welfare Benefits" and are included in the DOL wage determination schedules, which are often adjusted over the term of a service contract. Additionally, the Health and Welfare Benefit rates refer to the amount employers must provide as fringe benefits to its employees. We reviewed

---

<sup>13</sup> FCC Victorville contract's wage determination applicable rates are shown in the following DOL wage determinations: Schedules 14 -19, No. 2005-2053, Revisions 14-19, respectively, and No. 2015-5630, Revisions 1 and 2. Rate changes go into effect at the beginning of each new option year.

<sup>14</sup> We similarly identified instances of non-compliance with the SCLS (formerly known as the Service Contract Act of 1965) in our April 2015 audit of the Reeves County Detention Center I/II. U.S. Department of Justice Office of the Inspector General, *Audit of the Federal Bureau of Prisons Contract No. DJB1PC007 Awarded to Reeves County, Texas to Operate the Reeves County Detention Center I/II Pecos, Texas*, Audit Division Report 15-15 (April 2015).

the payroll information for the Dental Assistants to determine if SSGi properly paid its Dental Assistants' Health and Welfare Benefits in accordance with the SCLS based on the DOL wage determination schedules applied at the time the services were rendered, invoiced by SSGi, and paid for by BOP.

The SSGi accountant told us that the Contracting Officer is responsible for informing the contractor of any changes implemented in contract modifications and that the DOL website recommends that contractors not make adjustments to fringe benefits until the contract is modified, usually when the new option year is exercised. Based on information we received from BOP in March and early April 2016, we determined that SSGi had underpaid the Health and Welfare Benefits for seven of its Dental Assistants by \$1,845 under the FCC Victorville contract based on the DOL wage determination schedules applied at the time the services were rendered. In January 2017, we received contract modifications that had been executed in late April 2016 that rescinded wage determination schedules previously applied to these years and incorporated new wage determination schedules. The contract modifications were retroactive in their effect. Using these new wage determination schedules, we revised our analysis of the Health and Welfare Benefits paid to the Dental Assistants and determined that SSGi underpaid the Dental Assistants employed under this contract in Health and Welfare Benefits in the amount of \$976. Therefore, we recommend that SSGi remedy the underpayment of Health and Welfare Benefits in the amount of \$976 to its Dental Assistants that were employed under this contract. Additionally, we recommend that BOP ensure that SSGi applies the correct DOL wage determination schedules related to Health and Welfare Benefit rates.

## **Federal Acquisition Regulation**

In addition to reviewing the request for contract action (RCA) process, we reviewed the BOP's contract solicitation, contract award, and the contract document. As previously mentioned, the FAO administers the solicitation and award process. A FAO Contract Specialist creates a contract solicitation and determines the best way to publicize the solicitation to potential contractors for bidding. For a simplified acquisition such as the contract for Dental Assistants, the Contract Specialist generally utilizes either GSA eBuy or FedBizOpps websites to solicit bids for government contracts. Once the bids have been submitted, the FAO Contract Specialist then determines which contractor submission satisfies the requirements in the statement of work and which contractor submitted the lowest contract bid. During our review of the solicitation and award process, we identified weaknesses in the BOP's contract process and documentation.

FAR Subpart 4.801(b)(1) requires that the documentation in the government's contract files be sufficient to constitute a complete history of the transaction for the purpose of providing a complete background as a basis for making informed decisions at each step of the acquisition process. During our review of the contract files at FCC Victorville and at the FAO, we noted that neither the FAO contract file nor the FCC Victorville contract files contained current Federal Supply Schedule documentation. The Federal Supply Schedule in both contract files

only covered FY 2010 through FY 2015. FAO personnel told us that it is the responsibility of FCC Victorville contracting personnel to review the contract file when an option year is exercised to ensure that all documentation is current. FCC Victorville contracting personnel has exercised the option years and the contract will continue through July 2017. While we requested and subsequently received a current Federal Supply Schedule from SSGi, we believe that the BOP should ensure that its contracting personnel review and update the contract file documentation as required for its ongoing contracts.

Additionally, we found that neither the BOP nor SSGi were able to provide a complete SSGi proposal package for our review. SSGi and BOP stated that it did not retain a paper copy of the proposal package. Further, the eBuy system did not retain the information that was submitted. Therefore, we could not review the documentation used to support the decision to award the contract to SSGi. While there were no bid protests recorded for this contract award and we found no issues with the awarding of the contract to SSGi based on the documentation we were able to review, the BOP is still required to retain sufficient contract documentation constitute a complete history of the contracting award process.

We also found that other required documentation was missing from the contract file, specifically, the documentation necessary to demonstrate that an SCLS clause, FAR 52.222-41, had been incorporated into the contract.<sup>15</sup> We determined that FAR 52.222-41 had in fact been incorporated as required, but that the documentation of its incorporation had not been included in the contract file.

We therefore recommend that BOP retain all documentation used to support the decision to award current and future contracts, in accordance with FAR Subpart 4.801(b)(1).

## **Conclusion**

We determined that Dental Assistant staffing levels at FCC Victorville were inadequate because SSGi did not provide four Dental Assistants as required for the majority of the contract period reviewed. Specifically, we found that there was 1 Dental Assistant vacancy for 25 of the 46 months covered under the contract despite a BOP dental policy that states that each institution should have 1 BOP Dental Officer for every 1,000 inmates and that 1 Dental Assistant should be assigned to assist each BOP Dental Officer. Both SSGi and the BOP attributed the vacancies to the stringent BOP vetting process, the remote location of FCC Victorville, and the fact that the position was located within a federal prison.

---

<sup>15</sup> FAR 22.1006, also known as 48 CFR 22.1006, requires "the contracting officer to insert the clause at FAR 52.222-41, SCLS, as amended, in solicitations and contracts if the contract is subject to the SCLS and is (1) for over \$2,500 or (2) for an indefinite amount and the contracting officer does not know in advance that the contract amount will be \$2,500 or less." FAR 52.222-41 generally states that service employees employed in the performance of the contract shall be paid no less than the minimum monetary wages and be furnished with fringe benefits determined by the Secretary of Labor as specified in a wage determination attached to the contract.

Additionally, we do not believe that FCC Victorville staff adequately assessed its Dental Assistant needs prior to its contract solicitation and award. We determined that FCC Victorville inmate population levels from December 2011 through April 2014 would have supported a larger dental staff based on BOP policy, including as many as five Dental Officers and Dental Assistants. Furthermore, as of May 2016, nearly 1,000 of the approximately 4,000 inmates at FCC Victorville were on the national waiting list for routine dental care, some having been on this list awaiting routine dental care since 2008. Despite the apparent need for additional dental professionals, in FYs 2012 and 2013 BOP only contracted with SSGi to provide four Dental Assistants, which provided for one Dental Assistant for each of its four Dental Officers. We believe that additional Dental Assistants can ensure a more efficient use of FCC Victorville dental resources and reduce inmates' wait time for routine dental services.

During the course of our audit, we determined that contract employees, such as the Dental Assistants in this audit, are required to sign in and out of BOP facilities. However, when we compared available FCC Victorville contractor logs to the Dental Assistants' timesheets, we found numerous discrepancies. We believe these discrepancies indicate significant weaknesses related to FCC Victorville's physical access controls at its four correctional facilities. We believe the BOP should follow its security requirements regarding contractors' physical access to its four correctional facilities to ensure the physical security of its facilities is not compromised.

Finally, we determined that SSGi did not comply with the SCLS and underpaid the contract Dental Assistants, and we identified instances where the BOP did not retain required contract award documentation as required by the FAR.

## Recommendations

We recommend that the BOP:

1. Work with SSGi to identify and implement a more timely vetting process for new candidates or take other action sufficient to reduce or eliminate extended vacancies. Among the actions BOP should consider is the feasibility of moving its Dental Assistants to a 40-hour schedule.
2. Ensure that FCC Victorville program staff fully assesses FCC Victorville's dental program needs prior to soliciting future contracts for Dental Assistants. The needs analysis should include, at a minimum, a review of the FCC Victorville inmate population, the wait time for routine dental services, and input from the facilities' dental program personnel.
3. Ensure that FCC Victorville personnel follow established policies and procedures regarding the entry of contractors into the correctional facilities within FCC Victorville.
4. Ensure that BOP FCC Victorville personnel periodically review contract employee timesheets and compare them to the facilities' contractor logs to verify the accuracy of the reported hours.
5. Ensure that Dental Assistants are required to record on their timesheets the facility in which they work, or implement a similar procedure for Dental Assistants to identify the correctional facility where they worked.
6. Ensure that SSGi remedy the underpayment of hourly wages in the amount of \$1,024 to the Dental Assistants employed under this contract.
7. Ensure that SSGi remedy the underpayment of Health and Welfare Benefits in the amount of \$976 to its Dental Assistants that were employed under this contract.
8. Ensure that BOP ensures that SSGi applies the correct DOL wage determination schedules related to Health and Welfare Benefit rates.
9. Retain all documentation used to support the decision to award current and future contracts, in accordance with FAR Subpart 4.801(b)(1).

## STATEMENT OF INTERNAL CONTROLS

As required by the *Government Auditing Standards*, we tested, as appropriate, internal controls significant within the context of our audit objective. A deficiency in an internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to timely prevent or detect: (1) impairments to the effectiveness and efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations. Our evaluation of the Federal Bureau of Prisons' (BOP) administration of contract no. DJBP0616BPA12004 awarded to Spectrum Services Group, Inc. (SSGi) for Dental Assistants for FCC Victorville was *not* made for the purpose of providing assurance on its internal control structure as a whole. BOP's and SSGi's management are responsible for the establishment and maintenance of internal controls.

As noted in the Findings and Recommendations section of this report, we identified deficiencies in the BOP's internal controls that are significant within the context of the audit objective and based upon the audit work performed that we believe adversely affect the BOP's ability to administer the contract. Specifically, the BOP needs to ensure that contract personnel follow established entry policies and procedures at FCC Victorville's correctional facilities. Additionally, the BOP needs to ensure that FCC Victorville personnel periodically review contract employee timesheets and compare them to the facilities' contractor logs to verify the accuracy of the reported hours. The internal control deficiencies noted in the report prevent the BOP from ensuring the accountability of its facility access records for its FCC Victorville facilities and from ensuring the accuracy of the contractors' hours billed.

Because we are not expressing an opinion on BOP's and SSGi's internal control structures as a whole, this statement is intended solely for the information and use of the BOP and SSGi. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



## STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

As required by the *Government Auditing Standards* we tested, as appropriate given our audit scope and objective, selected transactions, records, procedures, and practices, to obtain reasonable assurance that BOP's and SSGi's management complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. BOP's and SSGi's management are responsible for ensuring compliance with applicable federal laws and regulations. In planning our audit, we identified the following laws and regulations that concerned the operations of the auditee and that were significant within the context of the audit objective:

- Federal Acquisition Regulation (FAR) Subpart 4.801(b)(1)
- FAR 52.222-41
- FAR 22.1006
- 48 C.F.R. § 22.1006

Our audit included examining, on a test basis, BOP's and SSGi's compliance with the aforementioned laws and regulations that could have a material effect on the BOP's and SSGi's operations. We interviewed auditee personnel, examined accounting records and performance reports, and assessed internal control procedures. As noted in the Findings and Recommendations section of this report, we found that the BOP did not have controls in place to ensure compliance with the DOL wage determination schedules related to hourly wage and Health and Welfare Benefit rates pursuant to the FAR and C.F.R. relating to the Service Contract Labor Standards. We also noted noncompliance with sections of the FAR Subpart 4.801(b)(1) related to the retention of contract documentation.

### OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to assess the BOP's administration of, and SSGi's performance and compliance with, the terms, conditions, laws and regulations applicable to this contract. The audit included an assessment of the BOP's and SSGi's performance on the contract, including financial management, monitoring, reporting, and progress toward meeting the contract goals and objectives.

We conducted this performance 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 objective.

This was an audit of BOP Contract No. DJBP0616BPA12004, awarded to SSGi. Our audit concentrated on, but was not limited to the contract solicitation in May 2012 through January 31, 2016, which is during the third option year. SSGi began performance under the contract on August 1, 2012.

To accomplish our objective, we conducted interviews with SSGi staff in Sacramento, California and with BOP staff at Victorville, California; Washington D.C.; and Grand Prairie, Texas. Our analysis of the contract included contract examination and analysis, contract performance, including the review of billings and payments, invoice transaction testing, payroll testing, staffing requirements and analysis, and management's oversight and monitoring of the contract.

We reviewed all billings and payments, including all invoices, from August 2012, the start of the contract performance period, through January 2016. We judgmentally selected payroll transactions from non-consecutive pay periods for each year and contractor access log book entries from these same periods for testing. To determine if SSGi complied with the Service Contract Labor Standards, we obtained and reviewed: (1) payroll records containing the Dental Assistants' actual wages, (2) applicable wage determination schedules containing the minimum wages and benefits, and (3) the SSGi's invoices submitted to the BOP. Our sample selection methodologies were not designed with the intent of projecting our results to the populations from which the samples were selected.

During our audit, we obtained information from BOP as well as from SSGi's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of SSGi's accounting system or the BOP's Bureau Electronic Medical Records (BEMR) system as a whole. Therefore, any findings identified involving information from that system was verified with documentation from other sources.

**THE BOP'S RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice

Federal Bureau of Prisons

Office of the Director

Washington, D.C. 20534

March 23, 2017

MEMORANDUM FOR JASON R. MALMSTROM  
ASSISTANT INSPECTOR GENERAL  
OFFICE OF INSPECTOR GENERAL  
AUDIT DIVISION

*Thomas R. Kane*

FROM: Thomas R. Kane, Acting Director

SUBJECT: Response to the Office of Inspector General's (OIG) FORMAL Draft Report: Audit of the Federal Bureau of Prisons' Contract No. DJBP0616BPA12004 Awarded to Spectrum Services Group, Inc., Victorville, California

The Bureau of Prisons (BOP) appreciates the opportunity to respond to the open recommendations from the formal draft report entitled Audit of the Federal Bureau of Prisons' Contract No. DJBP0616BPA12004 Awarded to Spectrum Services Group, Inc., Victorville, California.

Please find the BOP's response to the recommendations below:

**Recommendation 1:** "Work with SSGi to identify and implement a more timely vetting process for new candidates or take other action sufficient to reduce or eliminate extended vacancies. Among the actions BOP should consider is the feasibility of moving its dental assistants to a 40-hour schedule."

**Response:** The BOP agrees with the recommendation. Federal Correctional Complex (FCC) Victorville will work with SSGi

to identify and implement a more timely vetting process for new candidates or take other action sufficient to reduce or eliminate extended vacancies in order to ensure the best possibility of finding candidates who are able to meet the HSPD-12 requirements to work at the facility. The BOP will explore the feasibility of moving its dental assistants to a 40-hour weekly work schedule consistent with the goals and objectives of the President's recent hiring freeze directive.

**Recommendation 2:** "Ensure that FCC Victorville program staff fully assesses FCC Victorville's dental program needs prior to soliciting future contracts for Dental Assistants. The needs analysis should include, at a minimum, a review of the FCC Victorville inmate population, the wait time for routine dental services, and input from the facilities' dental program personnel."

**Response:** The BOP agrees with the recommendation. Prior to soliciting future dental assistants contracts for dental assistants, FCC Victorville program staff will fully assess its dental program needs to include a review of the current inmate population, wait time for routine dental services, input from dental program personnel, dental officer staffing, and time needed to complete services.

**Recommendation 3:** "Ensure that FCC Victorville personnel follow established policies and procedures regarding the entry of contractors into the correctional facilities within FCC Victorville."

**Response:** The BOP agrees with the recommendation. FCC Victorville will ensure that personnel follow policies and procedures regarding the entry of contractors into the correctional facilities within FCC Victorville.

**Recommendation 4:** "Ensure that BOP FCC Victorville personnel periodically review contract employee timesheets and compare them to the facilities' contractor logs to verify the accuracy of the reported hours."

**Response:** The BOP agrees with the recommendation. FCC Victorville personnel will periodically review contract employee timesheets and compare them to the facilities' contractor logs, which will then be reconciled against the entrance and exit logs as an additional security procedure, to verify the accuracy of the reported hours.

**Recommendation 5:** "Ensure that Dental Assistants are required to record on their timesheets the facility in which they work, or implement a similar procedure for Dental Assistants to identify the correctional facility where they worked."

**Response:** The BOP agrees with the recommendation. A procedure for dental assistants to identify the correctional facility where they worked will be implemented.

**Recommendation 6:** "Ensure that SSGi remedy the underpayment of hourly wages in the amount of \$1,024 to the Dental Assistants employed under this contract."

**Response:** The BOP agrees with the recommendation. Contracting staff will ensure that SSGi remedy the underpayment of hourly wages in the amount of \$1,024 to the dental assistants employed under this contract.

**Recommendation 7:** "Ensure that SSGi remedy the underpayment of Health and Welfare Benefits in the amount of \$976 to its Dental Assistants that were employed under this contract."

**Response:** The BOP agrees with the recommendation. Contracting staff will ensure that SSGi remedy the underpayment of Health and Welfare Benefits in the amount of \$976 to dental assistants employed under this contract.

**Recommendation 8:** "Ensure that BOP ensures that SSGi applies the correct DOL wage determination schedules related to Health and Welfare Benefit rates."

**Response:** The BOP agrees with the recommendation. Contracting staff will ensure that SSGi applies the correct Department of Labor wage determination schedules related to Health and Welfare Benefit rates.

**Recommendation 9:** "Retain all documentation used to support the decision to award current and future contracts, in accordance with FAR Subpart 4.801(b)(1)..1006."

**Response:** The BOP agrees with the recommendation. Contracting staff will retain all documentation used to support the decision to award current and future contracts, in accordance with FAR Subpart 4.801(b)(1)..1006.

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Federal Bureau of Prisons (BOP) and to Spectrum Services Group, Inc. (SSGi). The BOP's response is incorporated in Appendix 2 of this final report. SSGi elected not to submit a response. The BOP concurred with our recommendations and discussed the actions it will complete to address the recommendations. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

**Recommendations for the BOP:**

- 1. Work with SSGi to identify and implement a more timely vetting process for new candidates or take other action sufficient to reduce or eliminate extended vacancies. Among the actions BOP should consider is the feasibility of moving its Dental Assistants to a 40-hour schedule.**

Resolved. In its response, the BOP concurred with the recommendation and stated that it will work with SSGi to identify and implement a more timely vetting process for new candidates or take other action sufficient to reduce or eliminate extended vacancies in order to ensure the best possibility of finding candidates who are able to meet the Homeland Security Presidential Directive 12 (HSPD-12) requirements to work at the Victorville facility. The BOP also stated that it will explore the feasibility of moving its dental assistants to a 40-hour weekly work schedule consistent with the goals and objectives of the President's recent hiring freeze directive.

This recommendation can be closed when the BOP provides us with evidence of its improved vetting process, and any other corrective actions taken to address the extended vacancies.

- 2. Ensure that FCC Victorville program staff fully assesses FCC Victorville's dental program needs prior to soliciting future contracts for Dental Assistants. The needs analysis should include, at a minimum, a review of the FCC Victorville inmate population, the wait time for routine dental services, and input from the facilities' dental program personnel.**

Resolved. In its response, the BOP concurred with the recommendation and stated that prior to soliciting future dental assistants contracts for dental assistants, FCC Victorville program staff will fully assess its dental program needs to include a review of the current inmate population, wait time for

routine dental services, input from dental program personnel, dental officer staffing, and time needed to complete services.

This recommendation can be closed when the BOP provides us with evidence of: (1) established controls ensuring adherence to the assessment requirement, and (2) the FCC Victorville's assessment of its dental program needs in preparation for its next solicitation for dental assistants.

**3. Ensure that FCC Victorville personnel follow established policies and procedures regarding the entry of contractors into the correctional facilities within FCC Victorville.**

Resolved. In its response, the BOP concurred with the recommendation and stated that FCC Victorville will ensure that personnel follow policies and procedures regarding the entry of contractors into the correctional facilities within FCC Victorville.

This recommendation can be closed when the BOP provides us with evidence of controls established to ensure adherence to FCC Victorville's policies and procedures regarding the entry of contractors into the correctional facilities within FCC Victorville.

**4. Ensure that BOP FCC Victorville personnel periodically review contract employee timesheets and compare them to the facilities' contractor logs to verify the accuracy of the reported hours.**

Resolved. In its response, the BOP concurred with the recommendation and stated that FCC Victorville personnel will periodically review contract employee timesheets and compare them to the facilities' contractor logs, which will then be reconciled against the entrance and exit logs as an additional security procedure, to verify the accuracy of the reported hours.

This recommendation can be closed when the BOP provides us with written procedures, and evidence of its implementation, for ensuring that the FCC Victorville periodically reviews contract employee timesheets and compares them to facilities' contractor logs.

**5. Ensure that Dental Assistants are required to record on their timesheets the facility in which they work, or implement a similar procedure for Dental Assistants to identify the correctional facility where they worked.**

Resolved. In its response, the BOP concurred with the recommendation and stated that a procedure for dental assistants to identify the correctional facility where they worked will be implemented.

This recommendation can be closed when the BOP provides us with written procedures, and evidence of its implementation, for ensuring that dental assistants identify the correctional facility where they worked.

**6. Ensure that SSGi remedy the underpayment of hourly wages in the amount of \$1,024 to the Dental Assistants employed under this contract.**

Resolved. In its response, the BOP concurred with the recommendation and stated that contracting staff will ensure that SSGi remedy the underpayment of hourly wages in the amount of \$1,024 to the dental assistants employed under this contract.

This recommendation can be closed when the BOP provides us with documentation showing that SSGi has remedied the underpayment of hourly wages in the amount of \$1,024.

**7. Ensure that SSGi remedy the underpayment of Health and Welfare Benefits in the amount of \$976 to its Dental Assistants that were employed under this contract.**

Resolved. In its response, the BOP concurred with the recommendation and stated that contracting staff will ensure that SSGi remedy the underpayment of Health and Welfare Benefits in the amount of \$976 to dental assistants employed under this contract.

This recommendation can be closed when the BOP provides us with documentation showing that SSGi has remedied the underpayment of Health and Welfare Benefits in the amount of \$976.

**8. Ensure that BOP ensures that SSGi applies the correct DOL wage determination schedules related to Health and Welfare Benefit rates.**

Resolved. In its response, the BOP concurred with the recommendation and stated that contracting staff will ensure that SSGi applies the correct Department of Labor wage determination schedules related to Health and Welfare Benefit rates.

This recommendation can be closed when the BOP provides evidence of established controls designed to ensure that SSGi applies the correct Department of Labor wage determination schedules related to Health and Welfare Benefit rates for its contracted Dental Assistant positions.



**9. Retain all documentation used to support the decision to award current and future contracts, in accordance with FAR Subpart 4.801(b)(1).**

Resolved. In its response, the BOP concurred with the recommendation and stated that contracting staff will retain all documentation used to support the decision to award current and future contracts, in accordance with FAR Subpart 4.801(b)(1)1006.

This recommendation can be closed when the BOP provides us with evidence of established controls designed to ensure its contracting staff retains all documentation used to support the decision to award current and future contracts, in accordance with FAR Subpart 4.801(b)(1).

*The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations. Information may be reported to the DOJ OIG's hotline at [www.justice.gov/oig/hotline](http://www.justice.gov/oig/hotline) or (800) 869-4499.*



Office of the Inspector General  
U.S. Department of Justice  
[www.justice.gov/oig](http://www.justice.gov/oig)