



Department of Veterans Affairs Office of Inspector General

Evaluation of Allegations of Irregularities in Acquiring a Telecommunication System for Veterans Integrated Service Network 15

Allegations of improper contracting to acquire a telecommunication system for VISN 15 were not substantiated.

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Results of Evaluation

Allegations of Irregularities in Acquiring a Network Telecommunication System Were Not Substantiated

Introduction

A vendor of telecommunication systems and services alleged that Veterans Integrated Service Network (VISN) 15 officials bypassed the competitive bid process and circumvented Federal Acquisition Regulations in the planned purchase of a VISN-wide telecommunication system. Specifically, the allegations involved:

1. Bid rigging
2. Contract and procurement irregularities
3. Mismanagement of resources

The Office of Inspector General evaluated the allegations to determine their validity and whether corrective actions were warranted. The complainant also alleged that other VISNs might be acquiring telecommunication systems outside appropriate channels. We did not attempt to substantiate that allegation because it was too vague.

Our evaluation was conducted in accordance with generally accepted government auditing standards for staff qualifications, independence, and due professional care; fieldwork standards for planning, supervision, and evidence; and reporting standards for performance audits.

Summary of Results

None of the allegations were substantiated. Officials in the General Services Administration (GSA) provided assistance, through a subcontractor, to VISN 15 officials on technical issues related to development of a VISN-wide telecommunication system. GSA officials also planned to perform the contracting for the system's eventual acquisition and installation. VA Central Office (VACO) officials in both the Veterans Health Administration (VHA) and the Office of Information and Technology were aware of plans by VISN 15 to acquire a VISN-wide telecommunication system, and those officials had given appropriate approvals. In addition, VACO and VISN officials took into account the age and serviceability of existing telecommunication systems at the VA medical centers within VISN 15 in making their decisions.

Details of Evaluation

To determine the validity of the allegations, we interviewed VISN, VACO, and GSA officials and staff. We also reviewed planning and contracting documents covering the period 1997 to 2002.

Allegation 1–Bid Rigging. The complainant alleged that a competing contractor had an unfair advantage toward an eventual contract for the acquisition and installation of a VISN-wide telecommunication system. The allegation was not substantiated. On August 22, 1997, VISN 15 officials entered into an interagency agreement with GSA’s Federal Systems Integration and Management (FEDSIM) Center to upgrade the VISN’s communications infrastructure. The agreement established FEDSIM as the general contractor, which permitted it to award task orders to subcontractors of its choosing based on its criteria.

As the general contractor, FEDSIM officials provided the services of a subcontractor to advise VISN 15 officials on development of the planned telecommunication system. We found no evidence that VA officials acted improperly in choosing the subcontractor. The subcontractor was a Small Business Administration-certified small disadvantaged business, commonly referred to as an 8(a) contractor. According to FEDSIM officials, this subcontractor had worked on other FEDSIM projects and had a good performance record.

In addition, we found no evidence that the subcontractor received, as a result of its role as an advisor to VISN 15 officials, improper advantage in the planned subsequent award of a task order to acquire and install the telecommunication system. While the subcontractor that provided the technical advice was eligible to compete for any future task order for acquisition and installation, the award of such a task order would be at FEDSIM’s discretion.

Allegation 2–Contract and Procurement Irregularities. The complainant alleged that the telecommunication system would not be purchased with appropriate VACO approvals and that the VISN intended to standardize on a single manufacturer’s system without sole-source justification. The allegation was not substantiated. In July 1998, the VISN 15 Chief Information Officer (CIO) submitted required documentation for review and approval by the VHA CIO. The Deputy Assistant Secretary for Information Resource Management approved the project on September 18, 1998. Regarding the alleged lack of sole source justification for standardizing on a single manufacturer, VISN 15 staff conducted a market analysis of available technology and, based on their analysis, identified a specific manufacturer’s system that met their requirements. Only after VISN 15 officials had identified that system did FEDSIM officials recommend an 8(a) contractor that was a reseller of that system.

We concluded that VISN officials acted properly in seeking and obtaining appropriate approvals from VA officials. In addition, VISN officials acted properly and prudently in conducting a market analysis to assist them in identifying a telecommunication system that would best meet their needs.

Allegation 3–Mismanagement of Resources. The complainant alleged that the telephone system at VA Medical Center Columbia, MO (one of the medical centers in VISN 15 whose

system would be replaced by the VISN-wide system) was only 4½ years old and did not need replacing. The allegation was not substantiated. The allegation was true to the extent that the system at the medical center was relatively new, having become operational in December 1997 and would be replaced as part of the overall VISN 15 telecommunication system project. However, according to the VISN CIO, the medical center received notice in 2001 that the manufacturer of its system no longer did business in the United States and that support for the system was being discontinued. The CIO believed it was necessary to replace the medical center's system with one that was fully supported by its manufacturer and with one that provided a seamless interface with the larger system planned for VISN 15.

Conclusion

The allegations of bid rigging, contract and procurement irregularities, and mismanagement of resources were not substantiated. We make no recommendations in this report.

For the Assistant Inspector General for Auditing

(original signed by:)

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Director, Chicago Audit Operations Division

Appendix

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