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# In tracking down contract overcharges, GSA goes slowly

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When the General Services Administration inspector general uncovered hundreds of thousands of dollars in overcharges by a contractor, the watchdog office wasted little time in telling GSA management to recoup the money.

But GSA officials didn't express much interest to the IG in that idea, according to IG records obtained by Federal Times through the Freedom of Information Act.

"Subsequent multiple attempts ... to confirm with GSA contracting personnel that administrative action was in progress failed," a special agent for the IG wrote in a memo last fall. "GSA contracting personnel refused to respond."

The contractor, Ocean Systems Engineering Corp. (OSEC), cooperated in the IG investigation, which ended last year, concluding the company overcharged the government by more than \$800,000 by using unqualified personnel on a federal contract.

The exact nature of the work isn't clear, but documents suggest the company was providing information technology services.

The investigation comes as the IG has expressed broader concerns about contractors meeting educational and background requirements. In a March 8 memo to GSA, the IG's office noted that it audited a sample of 21 multiple award schedules contracts in fiscal 2011 and found that in one-third of the cases, GSA customers were charged for unqualified labor.

"The employees contracted to provide these services did not have the minimal educational and/or experience qualifications proposed by the vendor and required by their contracts," that memo stated. "We found this issue to be more prevalent in FY 2011 than we did in FY 2010."

During the OSEC investigation, the IG filed a subpoena for employees' education and experience and found that in four cases, the backgrounds did not meet contract requirements. Still, GSA lacked interest in pursuing the company for an administrative settlement, according to the IG's Nov. 16, 2012, case memo closing the investigation.

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Asked more than five months later about the apparent lack of interest by GSA, a GSA spokeswoman emailed a statement to Federal Times saying that GSA is “working in cooperation” with the IG.

“GSA is moving forward and taking the necessary actions on an administrative settlement to recoup any money OSEC may have overcharged the government,” GSA spokeswoman Mafara Hobson wrote.

The IG’s November memo stated there was no indication that OSEC “knowingly attempted to defraud the GSA by hiring employees that did not meet contract requirements.”

A spokeswoman for the company declined to comment, citing a policy of not discussing an “ongoing investigation.”

The IG’s office also presented the case to the U.S. Attorney’s Office in Los Angeles, which declined to prosecute.

Once prosecutors turned the case down, an IG agent and auditor in October 2011 held a conference call with a GSA contracting specialist to discuss recouping the money, records show.

The name of the contracting official was redacted in a copy of the case memo obtained by Federal Times, but the document makes clear there was agreement between the IG and GSA to pursue the company administratively.

“This administrative action was meant to attempt to recover approximately one million dollars in payments made to OSEC for unallowable costs,” the IG memo stated.

Still, nearly a year later, the IG’s office said nothing happened.

“Based upon the lack of prosecutorial interest and the failure of a GSA contracting response to negotiate any administrative recovery, this investigation is closed,” the agent wrote. ■

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