



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

The National Park Service Could Improve Oversight of Contract Services and Purchase Card Transactions for Alcatraz Island



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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

AUG 10 2023

Memorandum

To: Beth Walden McCabe
Head of the Contracting Activity, National Park Service

From: Kathleen Sedney *Kathleen Sedney*
Assistant Inspector General for Audits, Inspections, and Evaluations

Subject: Final Evaluation Report – *The National Park Service Could Improve Oversight of Contract Services and Purchase Card Transactions for Alcatraz Island*
Report No. 2021–CGD–033

This memorandum transmits our report on the results of our evaluation of Contract Nos. 140P8618C0008 and 140P8619C0016 between Alcatraz Island Services, LLC, (AIS) and the National Park Service (NPS). Our objective was to determine whether the AIS complied with applicable Federal regulations and contract terms in the performance of Contract Nos. 140P8618C0008 and 140P8619C0016. We also evaluated whether the NPS properly allocated purchase cards transactions when procuring repairs and other services from AIS and Alcatraz Cruises, LLC.

We will track all recommendations for implementation. We will notify Congress about our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

If you have any questions about this report, please contact me at aie_reports@doioig.gov.

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Results in Brief

What We Evaluated

We evaluated whether Alcatraz Island Services, LLC, (AIS) complied with applicable Federal regulations and contract terms in the performance of Contract Nos. 140P8618C0008 and 140P8619C0016 for services related to the operation of Alcatraz Island facilities, which are in the Golden Gate National Recreation Area. We also evaluated whether the National Park Service (NPS) properly allocated purchase cards transactions when procuring repairs and other services from AIS and Alcatraz Cruises, LLC.

What We Found

While we found AIS complied with many of the terms we evaluated for the two contracts, we also identified some instances in which AIS did not comply with various Federal regulations and contract terms. Specifically, we found that AIS did not comply with requirements for subcontracting, invoicing, service contract and small business reporting, and furnishing of bonds. Further, AIS did not comply with contract terms related to the statement of work requirements for safety training, reporting key personnel, supporting progress and other reports, and documenting or submitting inspections and plans. The deficiencies occurred because NPS oversight officials did not enforce all terms and conditions of the contract, and AIS did not ensure documentation was maintained to demonstrate aspects of contract performance.

We found that purchase card transactions were properly allocated; however, we identified instances in which AIS double-billed and the NPS paid for the same services. As a result, we questioned a total of \$3,408 the NPS paid for these duplicated transactions.

Why This Matters

Ensuring contractors comply with Federal regulations and contract terms benefits the NPS by helping it to manage financial risk, protect its interests, and effectively monitor and report on contract performance. Effective monitoring of contract performance helps to ensure contractors complete work in compliance with applicable requirements to support the NPS and its mission.

What We Recommend

We made four recommendations to help the NPS and AIS improve contract performance and purchase card oversight and remedy the duplicated purchase card costs. NPS concurred with all of our recommendations. Based on the NPS' response to our draft report, we consider two recommendations resolved and two recommendations implemented. We will initiate follow-up actions with the NPS to ensure implementation of the two resolved recommendations.

Introduction

Objectives

Our objective was to determine whether the Alcatraz Island Services, LLC, (AIS) complied with applicable Federal regulations and contract terms in the performance of Contract Nos. 140P8618C0008 and 140P8619C0016. We also evaluated whether the National Park Service (NPS) properly allocated purchase cards transactions when procuring repairs and other services from AIS and Alcatraz Cruises, LLC.

See Appendix 1 for our evaluation scope and methodology.

Background

Alcatraz Island, which is located in the Golden Gate National Recreation Area, is operated and managed by the NPS. Originally purchased in 1972, the island requires continual maintenance and other services for its many visitors. The NPS contracted with AIS to provide preventative maintenance and sewage wastewater removal among other services (for a list of the firm-fixed-price¹ service contracts we evaluated, see Figure 1). AIS performed facilities support services for the NPS from June 2007 through November 2012; it resumed provision of services in May 2018 and continues to provide these services.²

Figure 1: AIS Contracts Evaluated

Contract No.	Services	Amount (\$)	Period of performance
140P8618C0008	Preventative maintenance, custodial	6.1 million	May 11, 2018 – May 10, 2023
140P8619C0016	Sewage wastewater removal, potable water provision	6.8 million	Oct 01, 2019 – Sep 30, 2024

The NPS contracting officer (CO) was responsible for awarding, administering, and, if necessary, terminating these contracts. The CO worked with a team that includes a contracting officer's representative (COR) and a contract specialist. The CO appointed a Federal employee as a COR and delegated limited responsibilities to perform specified contract management duties related to technical oversight, monitoring, inspection of deliverables, acceptance of invoices, and administration of each contract. The contract specialist served as the acquisition business advisor on contract matters.

¹ Firm-fixed-price contracts are not adjusted on the basis of the contractor's cost experience. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. As a result, a firm-fixed-price contract provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimal administrative burden on the contracting parties. See Federal Acquisition Regulation (FAR) § 16.202-1.

² Between 2012 and 2018, services were performed by Hornblower Yachts, Inc. Both AIS and Hornblower Yachts, Inc., are wholly owned subsidiaries of Hornblower Group, Inc.

For the contracts we reviewed, the COR had a critical role in ensuring AIS met the contract commitments.³ In addition, the CO and COR were responsible for facilitating proper development of requirements. Both contracts included a statement of work (SOW) documenting the Government's needs for the work to be done and various clauses from the Federal Acquisition Regulation (FAR) and other NPS-specified terms that AIS must follow, many of which are detailed in Figure 2.

³ See FAR § 1.604, the U.S. Department of Interior Federal Acquisition Certification and Appointment Programs Policy, and the COR's appointment letters.

Results of Evaluation

We evaluated 52 requirements and found noncompliance with 22 requirements in 10 different areas (see Figure 2).⁴ Specifically, we determined that AIS:

- Did not comply with applicable Federal regulations for subcontracting, invoicing, service contract and small business reporting, and furnishing of bonds.
- Did not comply with contract terms related to SOW requirements for safety training, reporting key personnel, supporting progress and other reports, and documenting or submitting inspections and plans.

The deficiencies occurred because NPS oversight officials did not enforce all terms and conditions of the contract, and AIS did not ensure documentation was maintained to demonstrate some aspects of contract performance. The effects of the instances of noncompliance we identified are detailed in Figure 2.

In addition, we determined the NPS properly allocated purchase card costs for work incurred; however, we found AIS submitted and the NPS paid for duplicated purchase card transactions totaling \$3,408, which we question as unreasonable. See Appendix 2 for a summary of the monetary impact of these questioned costs.

AIS Did Not Comply With Some Federal Regulations and Contract Terms

As noted previously, although we received documentation establishing that AIS completed many of the requirements within both contracts, we found some examples of noncompliance with applicable Federal and contract terms, which we describe in Figure 2. When we inquired into these instances of noncompliance, AIS personnel stated they believed that they had complied with relevant contract terms, based on the COR's guidance, but they could not provide proper supporting documentation to demonstrate compliance in the instances described. In addition, according to the responsible NPS personnel, they did not fully apprise themselves of applicable contractual standards and therefore failed to hold AIS accountable for meeting some of the requirements included in the contracts.

⁴ We verified AIS met many of the terms and conditions for compliance within both contracts. For example, we received confirmation that AIS tested potable water, completed a spill prevention control and countermeasure plan, developed a small business contracting plan, and maintained an inventory of island vehicles and equipment.

Figure 2. FAR and Contract Requirements and Instances of Contract Noncompliance

Requirement	Noncompliance	Effect
<p>Subcontracts (See Note 1.) FAR § 52.212-5(e)</p>	<p>AIS (1) did not execute a written subcontract or agreement with a related party performing work on the contract and (2) did not include required clauses on a subcontract with a technical support subcontractor.</p>	<p>Subcontractors may contend that they are not bound to the terms and conditions of the prime contract, ultimately increasing the risk to the NPS.</p>
<p>Invoices FAR § 52.212-4(g) Contract Nos. 140P8618C0008 and 140P8619C0016, G.1</p>	<p>Over 90 percent of the invoices did not have the proper quantity or unit of measure, correct payee company name, and NPS Pay Estimate form showing the percent complete.</p>	<p>Inaccurate and incomplete invoices increase the risk of improper payment and diminish the ability of the NPS to provide proper oversight.</p>
<p>Service Contract Reporting FAR § 52.204-14</p>	<p>AIS did not file any reports in the System for Award Management (SAM) on its performance.</p>	<p>The NPS could not rely on SAM information to monitor the contract.</p>
<p>Small Business Reporting FAR § 52.219-9</p>	<p>AIS did not file any reports with the Electronic Subcontracting Reporting System on its use of small business subcontracts.</p>	<p>The NPS and other Government users could not rely on this information to advance opportunities for small businesses in larger contracts.</p>
<p>Furnishing of Bonds (See Note 2.) FAR § 52.228-16</p>	<p>The NPS did not ensure AIS obtained required performance and payment bonds before work began. As a result of our evaluation, AIS obtained performance bonds on Contract No. 140P8618C008 for \$1,297,332 and on Contract No. 140P8619C0016 for \$1,622,680. AIS did not obtain payment bonds.</p>	<p>During the period of performance, the NPS was not fully protected against AIS' failure to perform and failure to pay its subcontractors.</p>
<p>Safety Training Contract No. 140P8618C0008, SOW 1.7.2 Contract No. 140P8619C0016, SOW F.4</p>	<p>AIS could not provide proper supporting documentation for completed training, and six of the seven employees we interviewed were overdue for safety training.</p>	<p>Without proper training, employees may not respond properly to emergencies and may endanger themselves, others, and the environment.</p>

Requirement	Noncompliance	Effect
Key Personnel		
Contract No. 140P8618C0008, F.5 and F.6; SOW 8.1	AIS made changes to key personnel during performance of the contracts without notifying the NPS in writing of the changes or providing résumés of the substituted personnel, as required.	The NPS could face quality and performance issues.
Contract No. 140P8619C0016, F.5 and F.6; SOW C.6.1		
Progress Reports (See Note 3.)		
Contract No. 140P8618C0008, SOW 9	For Contract No. 1408618C0008, AIS provided supporting documentation for only 5 of the 10 required elements of the monthly progress report, which the NPS accepted.	Incomplete or missing reports hamper the NPS' ability to ensure successful completion of the contracts.
Contract No. 140P8619C0016, SOW C.7	For Contract No. 140P8619C0016, the NPS did not specifically require and AIS did not provide monthly date-stamped digital photographs of the meter for water usage and waste removal.	
Other Reports (See Note 4.)		
Contract No. 140P8618C0008, SOW 1.2.2.A, E, and H; SOW 1.5.2	The NPS did not ensure AIS consistently provided supporting documentation for these reports: (1) Cell House Roof Monthly Report; (2) Bi-yearly Inspection of the Rooftop Solar Module Array; (3) Photovoltaic System Electrical Production Monitoring weekly report; (4) Written reports on the Fire Suppression System.	Incomplete or missing reports hamper the NPS' ability to conduct appropriate oversight of contract objectives.
Inspections and Plans		
Contract No. 1408618C0008, SOW 1.7 and SOW 16	While AIS did provide support for weekly reports, the NPS did not ensure it provided supporting documentation for the annual and monthly inspections of the fuel system. Further, AIS did not establish and implement adequate methods for ensuring the safekeeping of all keys.	Failure to document inspections of critical systems or have a plan to control keys can increase the risk of having a safety or security incident on the island.

Notes for Figure 2

1. Subcontracts

Both evaluated contracts contain FAR § 52.244–6, which requires clauses in the prime contract to be included in all subcontracts.⁵ We found, however, that AIS did not properly execute written subcontracts or agreements detailing all the responsibilities and requirements for performing work on U.S. Government contracts. Specifically, AIS used employees of Alcatraz Cruises to perform all contract work because AIS did not have any employees. AIS maintained that its business model allowed it to share employees because both companies were wholly owned subsidiaries of Hornblower Group, Inc. No written formal agreement reflected this relationship; however, AIS stated that it was “working on” establishing a formal agreement between the two companies.

In addition, AIS did not properly execute its single written subcontract with a company performing technical support on Contract No. 140P8618C0008. The subcontract contained certain terms and conditions, but none of the required FAR clauses. Further, it incorrectly listed the prime contractor as Alcatraz Cruises.

2. Furnishing of Bonds

Both Contract Nos. 140P8618C0008 and 140P8619C0016 contained FAR § 52.228–16, which requires performance and payment bonds. AIS ultimately obtained performance bonds to cover the amount of the original contract but only after we requested supporting documentation. We also note, however, that although both contracts required payment bonds, the NPS Contract Specialist was unsure why the requirement was in these service contracts, as this clause typically applies only to construction contracts. In addition, the NPS Contract Specialist acknowledged that she had not added the amount of bonding required to the solicitation or award for Contract No. 140P8618C0008 and stated that this was a mistake.

3. Progress Reports

During interviews, the COR⁶ described his onsite observations of AIS’ performance and daily operations during the time period of our review. The COR provided plans, logs, lists, and other supporting documentation as evidence that the requirements of the contracts had been fulfilled. While the documentation provided did reflect performance and oversight of some issues, it did not fully satisfy contract requirements. In particular, Contract No. 140P8618C0008 required 10 elements, including updates on the status of work orders and a review of energy performance trends. We found five elements were not consistently provided. Additionally, Contract No. 140P8619C0016 required that the report identify monthly water usage and waste removal quantities, including a date-stamped digital photograph of the on-vessel metering readout, which AIS did not provide.

⁵ We note that FAR § 52.212–5 may have been the more appropriate clause to use because both contracts are commercial contracts. In accordance with both FAR § 52.212–5(e) and FAR § 52.244–6, a Federal Government prime contractor is required to include certain contract FAR clauses that are in the prime contract in any subcontracts. These are known as flow-down clauses.

⁶ The COR referred to throughout this report is the former COR who was in place during a large portion of the scope of our evaluation. While the COR no longer had oversight of these contracts as of November 20, 2020, for Contract No. 140P8618C0008 and December 23, 2020, for Contract No. 140P8619C0016, he provided information and gave his opinion regarding AIS’ activities on the island.

4. Other Reports

These reports documented the results of various inspection and maintenance activities for different systems on the island. The NPS stated that the first three reports, all of which relate to the photovoltaic system, were not produced consistently during the scope of our evaluation because the NPS system that produced the reports was not functioning properly. The NPS provided other forms, such as the alarm callouts and conditions-found reports that the NPS accepted in lieu of the required reports. According to the COR, he also compensated for the lack of reports by conducting onsite observations, which we were unable to verify. The fourth report, related to fire suppression systems, was missing 87 percent of time.

In accordance with Federal regulations,⁷ the CO is responsible for determining whether the contractor has adequately performed its responsibilities, and the COR assists the CO in ensuring the contractor meets the commitments set forth in the contract. Further, one of the CO's oversight duties is to submit information in the Contractor Performance Assessment Reporting System (CPARS) on the contractor's general quality of products or services, schedules, cost control, management, small business subcontracting, and compliance. These reports are required to be prepared at least annually.⁸ We determined, however, that NPS contracting officials completed CPARS information on the maintenance contract (Contract No. 140P8618C0008) only through 2019 and that AIS received favorable ratings, notwithstanding the various examples of noncompliance with contractual provisions described above.

NPS contracting officials had several suggestions for ways to avoid similar instances of noncompliance in the future. Specifically, they stated that better (1) definition of the roles and responsibilities and (2) coordination between the NPS contract staff (the CO, Contract Specialist, and the COR) would help in ensuring the contractor is meeting all contract requirements.

The NPS stated that it plans to continue using AIS for wastewater services until September 30, 2024. The custodial and maintenance contract will be extended until November 2023, at which time the NPS will issue two separate contracts, one for janitorial services and another for preventive maintenance. Therefore, implementing the recommendations in this report can help the NPS to improve solicitation, award, and monitoring of contractor performance for future contracts.

⁷ FAR §§ 1.602–2, 1.604.

⁸ FAR § 42.1502(a).

Recommendations

We recommend that the NPS:

1. Determine and document what corrective actions should be taken to address each of the instances of noncompliance with contractual requirements identified in Figure 2 and update the Contractor Performance Assessment Reporting System (CPARS) as necessary.
2. Develop a contract review process for reviewing contractual requirements to ensure all are captured and completion status is documented.

AIS Charged and NPS Paid for Duplicated Purchase Card Transactions

We found that the NPS properly allocated⁹ purchase card transactions when procuring repairs and other services from AIS and Alcatraz Cruises, LLC. However, during our testing, we found that AIS double-billed the NPS for some services, and the NPS paid for these duplicated transactions totaling \$3,408, which we questioned as unreasonable.

If goods and services requested by the Government and performed by a contractor are not covered in a contract, contracting officials have the option to use other procurement methods, such as modifying an existing contract, establishing a new contract, or using a purchase order paid by a Government purchase card if the amount is under a certain threshold. The NPS preventative maintenance contract does not authorize repairs outside of preventative maintenance, so the NPS used purchase cards to pay for nonpreventative maintenance (repair) work performed on Alcatraz Island.

We tested 119 of 191 (62 percent) purchases made by the NPS from May 2018 to April 2021, which represented 50 percent of the total dollar amount (\$113,096 of \$226,500). We determined that the NPS and AIS correctly used purchase cards to initiate repairs and did not allocate these costs to either Contract No. 140P8618C0008 or 140P8619C0016.

We found that AIS double-billed the NPS for 12 transactions totaling \$16,311 for repair work performed on Alcatraz Island. The NPS detected and corrected six of those transactions totaling \$12,903. However, the NPS did not detect the other six transactions, totaling \$3,408. Duplicating a transaction is unreasonable, and in accordance with FAR § 13.203(a)(2), the NPS should not have paid for these transactions.

The duplications occurred because AIS did not submit invoices in a timely manner and did not have appropriate controls in place for reconciling and submitting purchase card invoices. AIS was unable to confirm whether the charges were duplicate charges but agreed to repay the total questioned costs.

⁹ According to FAR § 31.201-4, a cost is allocable to a contract if it is specifically chargeable to the contract or if it can be assigned to a contract based on benefits received or other equitable relationship. Thus, a purchase card transaction that benefited a contract must be charged or assigned to the contract and not paid for using another funding source.

Recommendations

We recommend that the NPS:

3. Direct AIS to develop appropriate controls for the timely submission and reconciliation of purchase card charges, invoices, and receipts.
4. Remedy the questioned costs of \$3,408 related to the duplicate charges.

Conclusion and Recommendations

Conclusion

Although AIS complied with many applicable Federal regulations and contract terms under Contract Nos. 140P8618C0008 and 140P8619C0016 that we tested, we found some areas of noncompliance. Specifically, AIS did not comply with Federal regulations and requirements for subcontracting, invoicing, service contract and small business reporting, and furnishing of bonds. Further, AIS did not comply with contract terms related to the SOW requirements for safety training, reporting key personnel, supporting progress and other reports, and documenting or submitting inspections and plans. Lastly, we found that purchase card transactions were properly allocated; however, we identified instances in which AIS doubled-billed the NPS for the same services. As a result, we questioned a total of \$3,408 the NPS paid for these duplicated transactions.

We make four recommendations to help the NPS ensure that AIS improves its compliance with applicable Federal regulations and contract terms.

Recommendations Summary

We provided a draft of this report to the NPS for review. The NPS concurred with all four recommendations. We consider Recommendations 2 and 4 implemented and Recommendations 1 and 3 resolved. Below we summarize the NPS' response to our recommendations, as well as our comments on its response. See Appendix 3 for the full text of the NPS' response and Appendix 4 for the status of each recommendation.

We recommend that the NPS:

1. Determine and document what corrective actions should be taken to address each of the instances of noncompliance with contractual requirements identified in Figure 2 and update the Contractor Performance Assessment Reporting System (CPARS) as necessary.

NPS Response: The NPS concurred with this recommendation and provided a list of corrective actions that it stated it will take to address the issues identified in Figure 2 of this report. The NPS stated “the original COR made decisions and arrangements with the contractor specifically prohibited by the NPS Acquisition Planning and Procedures—and beyond any authority delegated under the COR memorandum and counter to the agreed upon terms and conditions.” The NPS also stated that “the CO immediately removed the COR from all contracts as having exceeded the delegated COR authority.” In addition, the NPS stated that “the current COR (assessing official representative) will be initiating any overdue contractor evaluations and close out evaluations for both contracts and will write clear relevant information that accurately depicts the contractor’s performance. Following this, the CO (assessing official) will review and the CPARS system will send an automatic notification to the contractor when the evaluations are ready for their review.”

The NPS stated that it considered this recommendation partially implemented and identified a target date for evaluation completion within CPARS of December 31, 2023.

OIG Comment: Based on the NPS' response, we consider Recommendation 1 resolved. We will consider this recommendation implemented once the NPS provides additional supporting documentation for (1) the corrective actions laid out in its response and (2) completed evaluations within CPARS. If requested, we will assist the NPS in defining the nature and extent of necessary supporting documentation to close the recommendation.

2. Develop a contract review process for reviewing contractual requirements to ensure all are captured and completion status is documented.

NPS Response: The NPS concurred with this recommendation. According to the NPS, "The Contracting Office and park personnel have been holding regular meetings to cover all issues regarding Alcatraz contracts." The NPS included the weekly meeting agendas with its response and stated that "this forum allows for proper acquisition planning, contract administration, and conveyance of timely reports of contractor performance between the COR and the Contracting Officer." The NPS also stated that, in accordance with NPS policy, reports required by the contracts are now maintained in a shared folder and that current and future contract actions will be reviewed pursuant to the relevant quality control plan. Finally, the NPS provided a tracking spreadsheet that included all contract requirements and due dates. Based on these actions, the NPS stated that it considered this recommendation implemented as of June 9, 2023.

OIG Comment: Based on the NPS' response, we consider Recommendation 2 implemented. We reviewed the supporting documentation provided and determined it was sufficient to show that the NPS developed a process for reviewing contractual requirements; therefore, no further action is required.

3. Direct AIS to develop appropriate controls for the timely submission and reconciliation of purchase card charges, invoices, and receipts.

NPS Response: The NPS concurred with the recommendation. According to the NPS, "AIS has consolidated billing tasks to only the accounting group, which allows for an effective process with an organized and detailed internal tracking system." Thus, the NPS considered this recommendation completed as of June 9, 2023.

OIG Comment: Based on the NPS' response, we consider Recommendation 3 resolved. We will consider this recommendation implemented when the NPS provides evidence demonstrating the implementation of AIS' new process as described in the NPS' response. We will work with the NPS to ensure it provides the necessary supporting documentation to close the recommendation.

4. Remedy the questioned costs of \$3,408 related to the duplicate charges.

NPS Response: The NPS concurred with this recommendation. According to the NPS, AIS hand-delivered a check to the NPS, which was deposited into NPS accounts. The NPS provided a copy of the check and deposit ticket report. Thus, the NPS considered this recommendation completed as of June 9, 2023.

OIG Comment: Based on the NPS' response we consider Recommendation 4 implemented. We reviewed the supporting documentation provided and determined it was sufficient to show that the NPS received \$3,408 from the contractor to resolve the questioned costs; therefore, no further action is required.

Appendix 1: Scope and Methodology

Scope

We evaluated Alcatraz Island Services, LLC, (AIS) compliance with contract requirements for Contract Nos. 140P8618C0008 and 140P8619C0016 and purchase card expenditures from May 2018, the beginning period of performance of the oldest contract, through April 2021. We evaluated purchase card expenses (\$113,096 of \$226,500), the statements of work, progress reports, invoices, and subcontractor information.

Because of the COVID-19 pandemic, we gathered data remotely and communicated with AIS and National Park Service (NPS) personnel via email and telephone. In lieu of site visits, we relied upon video conferences and documentary evidence provided by AIS and NPS personnel.

Scope Limitation

To assess compliance with the wage determination clauses for Contract Nos. 140P8618C0008 and 140P8619C0016, we developed a sample plan to test 90 paystubs. We attempted to determine if AIS paid the proper wage determination rate in accordance with the contract by analyzing the base labor rate, benefits paid, and applicable fringe benefits. However, because of complexities in determining if required benefits were appropriately included and difficulty verifying if the correct wage determination occupational codes were used, we could not test to determine if AIS complied with the wage determination contract requirements. As a result, we referred the issue to the U.S. Department of Labor's Wage and Hour Division, which opened Case No. 1957289. We were informed the case was completed in February 2023 with some employees receiving back wages; however, we were not provided an official report. Therefore, our limitation was not removed.

Methodology

We conducted our evaluation in accordance with the *Quality Standards for Inspection and Evaluation* as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions and recommendations.

Our evaluation included obtaining an understanding of internal controls over purchase cards and the contract compliance process, assessing the risk that a material weakness existed, assessing the design and operating effectiveness of internal controls based on the assessed risk, and performing other procedures as we considered necessary. Our procedures focused on training, risk assessment, billing and invoicing, communication, contract compliance, and monitoring performance.

We relied on computer-generated information from the U.S. Department of the Interior's Federal Business Management System to determine the population of purchase card expenses and to

verify invoice payments. To assess the reliability of the computer-generated information, we performed testing for obvious errors and reviewed related supporting documentation. We determined that the data were sufficiently reliable for the purposes of this evaluation.

We judgmentally selected 119 of 191 purchase card transactions, which represented 62 percent of the transaction population and 50 percent of the total dollar amount (\$113,096 of \$226,500). We selected transactions based on the potential risk of duplicate transactions, the complexity of control, and the frequency of the transactions. We tested the purchase card transactions to determine if any should have been included under the relevant contracts and therefore not charged to the NPS as additional costs. We discussed the results of our test with the NPS.

We judgmentally selected 38 percent of the employees (8 of 21) active on the contract who performed work on a weekly basis. To gain a range of experiences, we selected one employee from each AIS job category. We later learned that one of the eight employees we selected had since left the company reducing our sample size to seven. We asked the employees questions related to contract activities, internal control, policies and procedures, and health and safety.

Appendix 2: Monetary Impact

Description	Unreasonable Questioned Costs
Duplicate purchase card transactions	\$3,408

Appendix 3: Responses to Draft Report

The National Park Service's response to our draft report follows on page 18.



United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, NW

Washington, DC 20240

June 22, 2023

To: Assistant Inspector General for Audits, Inspections, and Evaluations

From: Director *Charles J. Laws*

Subject: The National Park Service Could Improve Oversight of Contract Services and Purchase Card Transactions for Alcatraz Island (Report No. 2021-CGD-33)

This memorandum transmits the National Park Service's (NPS) response to each of the audit recommendations, plans for corrective actions, and documentation of corrective actions taken. NPS management is committed to improving our contract administration, oversight, and ensuring compliance with applicable laws, federal regulations, NPS guidance, and contract terms and conditions. Our responses are listed below:

Recommendation 1: (CONCUR) Determine and document what corrective actions should be taken to address each of the instances of noncompliance with contractual requirements identified in Figure 2 and update the Contractor Performance Assessment Reporting System (CPARS), as necessary.

Actions Taken: In accordance with Federal Acquisition Regulation (FAR) 1.602-2 (a), Contracting Officers (CO) are responsible for ensuring performance. Additionally, per FAR 1.602-2(d), the CO may designate and authorize, in writing and in accordance with agency procedures, a contracting officer's representative (COR) on all contracts and orders. However, under both contracts, the original COR made decisions and arrangements with the contractor specifically prohibited by the NPS Acquisition Planning and Procedures (NPS AP&P) 1443.01-06—and beyond any authority delegated under the COR memorandum and counter to the agreed upon terms and conditions. The CO was neither apprised nor sought out for changes and thus was unaware that these actions were taking place. However, when this was discovered, the CO immediately removed the COR from all contracts as having exceeded the delegated COR authority. As a result of this OIG Evaluation and noted issues with the Alcatraz contracts, park staff and the contracting office have been holding weekly meetings to have constant and open communication regarding all open contracts. This allows for early action when needed. As a result, Attachment A: Table 1, reflects each corrective action that will be modified or otherwise addressed.

In accordance with Department of the Interior Acquisition, Assistance, and Asset Policy (AAAP)-0050 v.2 and NPS AP&P 1443-42-01, Rev 4, the current COR (assessing official representative) will be initiating any overdue contractor evaluations and close out evaluations for both contracts and will write clear relevant information that accurately depicts the contractor's performance. Following this, the CO (assessing official) will review and the CPARS system will

send an automatic notification to the contractor when the evaluations are ready for their review. Contractors are afforded up to 60 days to respond to the evaluation.

Responsible Official: CO and COR

Target Date: Partially complete (see Attachment A) and target date for CPARS is Dec 31, 2023.

Recommendation 2: (CONCUR) Develop a contract review process for reviewing contractual requirements to ensure all are captured and completion status is documented.

Actions Taken: As mentioned above, the Contracting Office and park personnel have been holding regular meetings to cover all issues regarding Alcatraz contracts. Weekly meeting agendas can be found at Attachment B. This forum allows for proper acquisition planning, contract administration, and conveyance of timely reports of contractor performance between the COR and the Contracting Officer, in accordance with NPS AP&P 1443.01-06.

Also, in accordance with NPS AP&P 1443.01-06, reports required per the terms and conditions of the contracts are being maintained in a OneDrive shared folder. Future and current contract actions are and will be reviewed pursuant to NPS AP&P 1443.70-05, Pacific West Region Quality Control Plan.

Responsible Official: CO and COR

Target Date: Completed June 9, 2023

Recommendation 3: (CONCUR) Direct Alcatraz Island Services, LLC (AIS) to develop appropriate controls for the timely submission and reconciliation of purchase card charges, invoices, and receipts.

The Chief of the Contracting Office (CCO) has discussed this issue with the General Manager at AIS with regards to previous and current controls in place for charge card purchases. Previously, invoices were handled on the operations side of AIS, which led to confusion and resulted in the duplication of charges as the process was not organized. After the CCO's discussion with the vendor, AIS has consolidated billing tasks to only the accounting group, which allows for an effective process with an organized and detailed internal tracking system.

Responsible Official: AIS and Contracting Office

Target Date: Completed June 9, 2023

Recommendation 4: (CONCUR) Remedy the questioned costs of \$3,408 related to the duplicate charges.

Actions Taken: The CCO has discussed this issue with AIS. AIS hand-delivered a check to the park at Golden Gate National Recreation Area, 201 Fort Mason, San Francisco, CA. The check has been deposited into park accounts. This debt has been settled.

Responsible Official: Park Administrative Officer

Target Date: Completed June 9, 2023

Attachments

Attachment A: Corrective Actions for Recommendation 1

Attachment B: Meeting Agendas

Appendix 4: Status of Recommendations

Recommendation	Status	Action Required
2021-CGD-033-01 We recommend that the National Park Service (NPS) determine and document what corrective actions should be taken to address each of the instances of noncompliance with contractual requirements identified in Figure 2 and update the Contractor Performance Assessment Reporting System (CPARS) as necessary.	Resolved	The OIG will track this recommendation for implementation.
2021-CGD-033-02 We recommend that the NPS develop a contract review process for reviewing contractual requirements to ensure all are captured and completion status is documented.	Implemented	No action is required.
2021-CGD-033-03 We recommend that the NPS direct AIS to develop appropriate controls for the timely submission and reconciliation of purchase card charges, invoices, and receipts.	Resolved	The OIG will track this recommendation for implementation.
2021-CGD-033-04 We recommend that the NPS remedy the questioned costs of \$3,408 related to the duplicate charges.	Implemented	No action is required.



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