Navigating an Audit of Your PSS Contract

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What is an Audit?

➢ Generally defined, an audit is “an official examination and verification of accounts and records” (dictionary.com)

➢ Under PSS, there can be some confusion by contract holders about what constitutes an actual audit
Contract Audit vs. Contractor Assessment

➢ Highly detailed review
➢ Conducted before an option is exercised
➢ Approximately 15-20 contractors selected for an audit each year

➢ Reviews administrative compliance items
➢ Conducted frequently throughout the life of the contract
➢ Provides generalized education on your contract and marketing
➢ All contractors receive a visit
Map of Industrial Operations Analysts (IOAs)

PSHC Supplier Accountability IOA Division

Allan
Kevin
Eric
Bruce

Susan
Tony
Tony
Jim
Angela
Molly
Han

Kay
Keyan
Mike

PSHC MAS Contracts

United States
Letter from IOA

Notice Regarding Purpose and Parameters of Industrial Operations Analyst (IOA) Contractor Assessments (CA)

GSA Industrial Operations Analysts (IOA) conduct on-site and virtual Contractor Assessments (CA) with Multiple Award Schedule (MAS) contractors. During these assessments, the IOAs assist the MAS contractors with questions and concerns, identify potential problems and pitfalls, and assess the systems and controls the contractors use to comply with selected key provisions of their GSA contract. Normally this assessment is a “spot check” based upon selected samples of the contractor’s sales data. The purpose of the visit is to help the MAS contractor succeed. The CA is not a substitute for a vigorous internal compliance program; it remains the contractor’s responsibility to comply with all legal and contractual obligations.

Once the assessment is complete, GSA will provide the contractor with an Assessment Report, which provides information on the contractor’s ability to meet selected important terms and conditions of the MAS contract at the time of the CA. The CA is NOT an audit, nor is it intended to be a comprehensive review of the contractor’s past and current compliance with any of the terms and conditions associated with the GSA MAS contract. Accordingly, an IOA’s failure to identify any past or current contract compliance issue does not constitute a finding of full compliance with the contract or government contracting regulations.
Engagement Letter from Auditor

Office of Audits
Office of Inspector General
U.S. General Services Administration

January 13, 2015

Re: Proposal to extend GSA Contract Number [redacted]
Audit Number [redacted]

We have selected the proposal to extend the subject contract for a preaward examination pursuant to Clause 52.215-21 Alternate IV (GSAM 515.408(a)(4)) of the contract. The primary purpose of our examination will be to verify that the pricing information submitted in the proposal fairly presents the company’s actual sales practices. We will also be reviewing the systems/procedures used to ensure proper administration of the GSA contract.

To verify adherence to the pricing policies and/or practices described in the proposal, we will select a sample of commercial/non-GSA sales and verify prices to commercial/standard price lists and the related contract, purchase order, or other original agreement binding parties to prices and terms. Also, we plan to review master...
Who Performs the Audits?

- Audits are conducted by GSA’s Office of Inspector General (OIG)

- PSS contract audits are not completed by the Defense Contract Audit Agency (DCAA)

- The role of the auditor is to review and recommend to the Contracting Officer
  - Audit report findings are a tool used in developing negotiation objectives
What to Expect

➢ Engagement Letter issued 365 days before current contract period expiration date

➢ Audit team will request sales data and pricing proposal

➢ Review may be conducted virtually or on-site
Top Tips for Success

Respond promptly
Respond completely
Report Issued

➢ May or may not be issued before current contract period end date

➢ Contracting Officer will extend contract before audit negotiations are completed if needed to ensure continuity

➢ Contracting Officer uses report to prepare for negotiations
Common Findings

➢ Commercial Sales Practices information is not current, accurate, or complete

➢ Contractor used unqualified labor
Resolution of the Audit

➢ Contracting Officer will initiate negotiations when they have concluded their evaluation

➢ Auditors will be invited to negotiations

➢ Your contract will be modified based on the result of negotiations
Improvements to the Process

➢ Changed policy on “freezing” current year rates

➢ Improving internal procedures for faster processing times
Time for Questions