

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF THE HAWK ONE  
SECURITY INCORPORATED CITYWIDE  
GUARD SERVICES CONTRACT**



**CHARLES J. WILLOUGHBY  
INSPECTOR GENERAL**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



September 27, 2011

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Washington, D.C. 20009

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Dear Mr. Hanlon, Dr. Gandhi, and Mr. Staton:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) *Audit of the Hawk One Security Incorporated Citywide Guard Services Contract* (OIG No. 09-2-07PO). The audit was requested by the Office of Integrity and Oversight at the Office of the Chief Financial Officer due to concerns over contractor billing practices, including billings related to relief guard and supervisory hours.

Our audit disclosed that the Office of Contracting and Procurement (OCP) did not comply with all applicable regulations contained in Title 27 of the District of Columbia Municipal Regulations when awarding the contract. We also determined that the Department of Real Estate Services (DRES) did not adequately monitor Hawk One's contract performance during the contract period. We directed three recommendations to OCP and four recommendations to DRES for actions necessary to correct the prescribed deficiencies.

On September 13, 2011, DRES provided a response to a draft of this report. DRES agreed with the report's findings and conclusions and concurred with all four recommendations. We

consider the actions taken or planned to be responsive and meet the intent of the recommendations.

However, DRES did not provide planned completion dates for Recommendations 4 and 7. Therefore, we request that DRES provide us with completion dates for these recommendations by October 4, 2011. The complete text of DRES's response is included at Exhibit B.

OCP did not provide us a response to a draft of this report. However, discussions and meetings were held with OCP officials throughout the audit. During these meetings, the officials generally agreed with the report's findings and conclusions.

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions, please contact me or Ronald W. King, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

  
Charles J. Willoughby  
Inspector General

Enclosure

CJW/wg

cc: See Distribution List

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## AUDIT OF HAWK ONE SECURITY CITYWIDE GUARD SERVICES CONTRACT

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### ACRONYMS

CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
DCMR	District of Columbia Municipal Regulations
DRES	Department of Real Estate Services
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
H&W	Health and Welfare
OCFO	Office of the Chief Financial Officer
OCP	Office of Contracting and Procurement
OFRM	Office of Financial and Resources Management
OIG	Office of the Inspector General
PSD	Protective Services Division
PSPD	Protective Services Police Department
SOAR	System of Accounting and Reporting

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**AUDIT OF HAWK ONE SECURITY CITYWIDE  
GUARD SERVICES CONTRACT**

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## EXECUTIVE DIGEST

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### OVERVIEW

Enclosed is the draft report summarizing the results of the Office of the Inspector General's (OIG) Audit of the Hawk One Security Incorporated (Hawk One) Citywide Guard Services Contract (OIG Project No. 09-2-07PO). The audit was requested by the Office of Integrity and Oversight at the Office of the Chief Financial Officer (OCFO) due to concerns over billing practices of the contractor, including billings related to relief guard and supervisory hours.

Our original audit objectives were to: (1) determine the effectiveness of contract administration for the Hawk One Security contracts during fiscal years 2005, 2006, 2007, 2008 and 2009; and (2) evaluate the effectiveness of internal controls established and implemented to adequately safeguard against fraud, waste, and abuse.

Based on the results of our audit survey, we revised our audit objectives to determine whether the contract was: (1) awarded in compliance with the requirements of applicable laws, rules and regulations, and policies and procedures; (2) administered in an efficient, effective, and economical manner; and (3) conducted in a manner where internal controls were in place to safeguard against fraud, waste, and abuse.

The findings discussed in this report focus on Office of Contracting and Procurement (OCP) procedures used to award the contract and Department of Real Estate Services (DRES)<sup>1</sup> procedures used to monitor the contractor's performance. Prior to the completion of the audit, Hawk One dissolved its operations.<sup>2</sup>

### CONCLUSION

OCP did not comply with all applicable regulations contained in Title 27 of the District of Columbia Municipal Regulations (DCMR) when awarding the contract. Specifically, prior to award of the contract, OCP did not review the adequacy of the contract requirements, establish the contract type, and perform a cost analysis for the contract award. In addition, subsequent to the award, OCP did not perform a cost analysis for a contract modification over \$500,000. We attribute this condition mainly to OCP officials' lack of management oversight and supervision.

As a result, OCP substantially increased the contract amount by \$23 million or about 50 percent over a 4-year period ending May 2009, thereby creating a sole source contract and losing the opportunity to obtain a more economical per guard hour price. OCP also did not determine the reasonableness of the Hawk One contract price. Further, the contractor billed

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<sup>1</sup> The Department of Real Estate Services will be disestablished, effective October 1, 2011, with the passage of the Fiscal Year 2012 Budget Support Emergency Act of 2011, and its functions placed in the Department of General Services.

<sup>2</sup> Hawk One informed the District that its operations were dissolved as of October 1, 2009.

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## EXECUTIVE DIGEST

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the District as if the contract was a fixed-priced contract as opposed to a requirements contract, which resulted in overpayments.

We also determined that DRES did not adequately monitor Hawk One's contract performance during the contract period. Specifically, DRES did not ensure that the contractor provided adequate support for invoices prior to certifying payments. Also, DRES certified invoices for payment in excess of the contract amount. These conditions occurred because DRES did not: (1) maintain or obtain timesheets prior to certifying invoices for payment; (2) periodically review contractor compliance with contract terms and conditions; and (3) ensure that contract payments did not exceed the contract ceiling.

Consequently, we noted that the Protective Services Division (PSD) certified invoices for payment that the contractor could not support. The total unsupported invoices for payment were about \$1.9 million over the 4-year period. During the same period, DRES authorized payments to the contractor that amounted to \$11.3 million in excess of the contract award amount. Further, PSD retroactively certified invoices related to equitable adjustments for guard employees in the amount of \$955,554. However, the contractor's payroll records did not reflect that the employees were paid. Overall, these conditions indicate that adequate internal controls were not in place to safeguard against fraud, waste, and abuse of the District's financial resources.

### SUMMARY OF RECOMMENDATIONS

We directed three recommendations to OCP and four recommendations to DRES. The recommendations focused on:

- complying with the DCMR requirements for contract awards;
- providing adequate management oversight and supervision; and
- developing formal procedures to monitor contractor performance.

### MANAGEMENT RESPONSES AND OIG COMMENTS

On September 13, 2011, DRES provided a response to a draft of this report. DRES agreed with the report's findings and conclusions and concurred with all four recommendations. We consider the actions taken or planned to be responsive and meet the intent of the recommendation.

However, DRES did not provide planned completion dates for Recommendations 4 and 7. Therefore, we request that DRES provide us with completion dates for these recommendations by October 4, 2011. The complete text of DRES's response is included at Exhibit B.

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## **EXECUTIVE DIGEST**

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OCP did not provide us a response to a draft of this report. However, discussions and meetings were held with OCP officials throughout the audit. During these meetings, the officials generally agreed with the report's findings and conclusions.

A summary of the potential benefits resulting from the audit is shown at the Exhibit A.

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## INTRODUCTION

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### BACKGROUND

The mission of the Department of Real Estate Services (DRES)<sup>3</sup> is to support the District government and residents through strategic real estate, construction, and facilities management. DRES is comprised of five core divisions: Portfolio; Facilities; Construction; Contracting and Procurement; and Protective Services. The DRES Protective Services Division (PSD) provides security and law enforcement at District government facilities, through patrol operations, contract security guard management, and electronic access security systems.

**Office of Contracting and Procurement.** The Office of Contracting and Procurement (OCP) is tasked with providing goods and services for District agencies through a procurement process that is responsive to the needs of its customers and suppliers. On May 16, 2005, OCP awarded contract number POAM-2004-R-0015-DW to Hawk One, Inc. (Hawk One), a Local Small Disadvantaged Business Enterprise, for security guard services.

The base year contract amount was \$14,199,133 with four, 1-year options. The District exercised 3 option years. The contract named the Deputy Chief of PSD as the Contracting Officer's Technical Representative (COTR). The COTR was responsible, in part, for certifying that services were received before payment and monitoring the contractor's performance.

**Office of Financial and Resources Management.** As a part of Office of the Chief Financial Officer (OCFO), the Office of Financial and Resources Management (OFRM) provides sound financial management services to 33 District agencies under its purview, including DRES. The Accounts Payable Unit within OFRM delivers accounting services to client agencies, such as processing invoices, investigating and resolving discrepancies, and generating standard and customized monthly reports.

### OBJECTIVES, SCOPE, AND METHODOLOGY

Our original audit objectives were to: (1) determine the effectiveness of contract administration for Hawk One Security contracts during fiscal years (FYs) 2005, 2006, 2007, 2008, and 2009; and (2) evaluate the effectiveness of internal controls established and implemented to adequately safeguard against fraud, waste, and abuse.

Based on the results of our audit survey, we revised our audit objectives to determine whether the contract was: (1) awarded in compliance with the requirements of applicable laws, rules and regulations, and policies and procedures; (2) administered in an efficient,

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<sup>3</sup> The Department of Real Estate Services will be disestablished, effective October 1, 2011, with the passage of the Fiscal Year 2012 Budget Support Emergency Act of 2011, and its functions placed in the Department of General Services.

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## INTRODUCTION

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effective, and economical manner; and (3) conducted in a manner where internal controls were in place to safeguard against fraud, waste, and abuse.

To accomplish our objectives, we: (1) reviewed applicable laws, regulations, policies, and procedures; (2) conducted interviews with officials from OFRM, PSD, and OCP; (3) held meetings with Hawk One officials and staff; (4) reviewed contract award and administration files from OCP and PSD; (5) obtained financial information and records from Hawk One, OFRM, and PSD; and (6) obtained and reviewed newspaper and other periodical information concerning issues with Hawk One. We did not review concerns over billings related to relief guard and supervisory hours because the contractor went out of business before we could review those concerns.

We relied on computer-processed data from the System of Accounting and Reporting (SOAR) to obtain summary information on the total amount paid to the contractor from FYs 2005 through 2009. We did not perform a formal reliability assessment of the computer-processed data because the SOAR reliability tests were performed previously as part of the audit of the Comprehensive Annual Financial Report.

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 that provides 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 conclusions based on our audit objectives.

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## FINDINGS AND RECOMMENDATIONS

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<b>FINDING 1. CONTRACT AWARD</b>
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### SYNOPSIS

OCP did not comply with all applicable regulations contained in Title 27 of the District of Columbia Municipal Regulations (DCMR) when awarding the contract. Specifically, prior to award of the contract, OCP did not review the adequacy of the contract requirements, establish the contract type, and perform a cost analysis for the contract award. In addition, subsequent to the award, OCP did not perform a cost analysis for a contract modification over \$500,000. We attribute this condition mainly to OCP officials' lack of management oversight and supervision.

As a result, OCP substantially increased the contract amount by \$23 million or about 50 percent over a 4-year period, thereby creating a sole source contract and losing the opportunity to obtain a more economical per guard hour price. OCP also did not determine the reasonableness of the Hawk One contract price. Further, the contractor billed the District as if the contract was a fixed-priced contract as opposed to a requirements contract, which resulted in overpayments.

### DISCUSSION

**Contract Requirements.** Prior to the award of the contract, OCP did not adequately review the completeness of the contract requirements included in a statement of work to advertise a need for security services. PSD provided OCP with a listing that identified classifications of guards and summary totals for guard hours per contract year. Separately, PSD provided OCP with a schedule of locations, times, and numbers and types of guards required, which when totaled, did not agree with the summary totals announced in the solicitation. Title 27 DCMR § 1210.1 states, "Agencies shall perform procurement planning and conduct market surveys to promote and provide for full and open competition..." According to, 27 DCMR § 1210.3 states, "Procurement planning shall integrate the effort of all personnel responsible for significant aspects of the procurement." In addition, 27 DCMR § 1210.5 states, "Procurement planning shall begin as soon as the agency need is identified and preferably well in advance of the fiscal year in which the contract award is necessary."

During our audit, we noted a significant difference in the number of guard hours requested in the contract solicitation and the number of hours needed to support guard coverage as detailed in an attached schedule. This schedule showed locations to be guarded, hours of coverage, types of guards required, and the number of guards needed at each location. Specifically, PSD provided a guard post requirements schedule that, when tabulated, required

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## FINDINGS AND RECOMMENDATIONS

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136,379 and 740,630 guard hours for Guards I and II,<sup>4</sup> respectively, but the contract solicitation and award incorrectly listed 103,921 and 552,502 guard hours for Guards I and II, respectively. As a result, OCP added a modification to the first contract year that included \$5,728,999 to pay for guard hours unfunded by the original contract.

**Cost Analysis Requirements.** OCP did not perform a cost analysis<sup>5</sup> when awarding and modifying the Hawk One contract, in violation of 27 DCMR § 1626.1, which requires the contracting officer (CO) to perform a cost analysis when either a contract award or modification exceeds \$500,000. OCP officials indicated that conducting a cost analysis was an unnecessary and redundant action because OCP performed a price analysis and found the prospective bids were within a competitive range.

We disagreed with OCP's assertion that a price analysis was sufficient to justify deviation from the regulatory requirement to perform the cost analysis. We noted that OCP obtained the contractor's Certified Cost/Pricing data required and necessary to perform the cost analysis; however, there was no evidence that OCP performed the required cost analysis.

We met and discussed this finding with the CO, who stated that the cost analysis was not done because, in her judgment, the cost analysis was unnecessary and resources were not available.

**Contract Type.** Title 27 DCMR § 2400.1 states, "The contracting officer shall use the types of contracts described in this chapter for all types of procurement..." The Hawk One contract was identified as a requirements contract with payments based on fixed unit prices. Title 27 DCMR Chapter 24 (Types of Contracts), however, does not include a requirements contract as an option.

We reviewed the contractor's billing methodology and determined that the contractor billed the District based on hours identified in schedules attached to the solicitation and subsequent modifications at fixed-prices adjusted for economic price.<sup>6</sup> To the extent the contractor billed the District based on schedules instead of actual guard service hours rendered, we concluded that the contractor, in effect, changed the contract type from a requirements contract<sup>7</sup> to a fixed-priced contract, which resulted in contract overpayment. The contractor

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<sup>4</sup> Armed guards are designated as Guard I. Unarmed guards are designated as Guard II and are paid less.

<sup>5</sup> Cost analysis is the review and evaluation of the separate cost elements and proposed profit of a contractor's cost or pricing data and the judgmental factors applied in projecting from the data to estimated costs.

<sup>6</sup> A fixed-price contract with economic price adjustment provides for the upward and downward revision of the stated contract price upon the occurrence of certain contingencies that are specifically defined in the contract.

<sup>7</sup> An Indefinite-quantity contract provides for an indefinite quantity, within written stated limits, of specific services to be furnished during a fixed period, with deliveries to be scheduled by placing orders with the contractor. The contract requires the District to order and contractor to furnish at least a stated minimum of services.

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## FINDINGS AND RECOMMENDATIONS

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indicated that billings were based on schedules as opposed to its actual payroll records because the contract was identified as a fixed-price contract.

The CO also disagreed with the contractor's assertion related to the contract type and indicated that the contract was issued as an indefinite delivery/indefinite quantity contract. Also, the CO indicated that the term "Requirements Contract with Fixed Unit Prices" was recommended during the legal sufficiency review to be included in the solicitation and subsequent contract terms and conditions.

**Contract Modification.** After it discovered the requirements for guard services were significantly inadequate during the first year's contract execution, OCP needed to modify the first contract year by adding over \$5.7 million in additional guard hours at the same price per guard hour as the original contract. On June 7, 2006, OCP issued Modification No. 3 to retroactively increase the annual contract amount from \$14,199,134 to \$22,095,799 for the base year. OCP made the modification to fund the: (1) increase in hours required for security services by \$5,728,999; (2) economic adjustment to labor rates by \$1,792,520; and (3) security coverage for additional facilities by \$375,146.

Subsequent years' requirements were consistent with the base year's requirements as adjusted by Modification 3; however, OCP did not re-compete those years to obtain a better price based on economies of scale. We believe this decision resulted in the Hawk One contract taking on the characteristics of a sole source contract.

Title 27 DCMR § 1701.1 requires each CO to take reasonable steps "to avoid using sole source procurement except in circumstances where it is both necessary and in the best interests of the District." Title 27 DCMR § 1701.2 also states, "if the only justification for using a sole source procurement is based on the lack of sufficient time to complete the process of competitive sealed bids or competitive sealed proposals, the contracting officer shall not award a contract on a sole source basis...." Further, 27 DCMR § 1615.3, states, "If a change is so substantial that it warrants complete revision of a solicitation, the contracting officer shall cancel the original solicitation and issue a new one, regardless of the state of the procurement."

OCP significantly increased the annual requirement by about 40% or \$5,728,999 (\$22,915,996 over the 4-year period) over the original contract amount without competing that requirement prior to the contract's modification. As a result, we concluded that OCP acted in a manner contrary to 27 DCMR §§ 1615.3 and 1701.1 requirements. Once OCP discovered its error in identifying guard requirements, it could have declined to exercise the option and issued a new solicitation.

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## FINDINGS AND RECOMMENDATIONS

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### Summary

In conclusion, the lack of an adequate review of the solicitation by OCP contracting officials resulted in the modification of the contract to increase the original contract amount by \$23<sup>8</sup> million over a 4-year period. Also, OCP did not conduct a cost analysis as required for this contract and the \$7 million modification, or properly identify the contract type.

### RECOMMENDATIONS

We recommend that the Chief Procurement Officer, OCP:

1. Review contract requirements prior to a solicitation to ensure that requirements are accurate and complete.
2. Provide adequate management oversight and supervision to ensure that OCP procurement personnel follow established policies and procedures, including performing a cost analysis prior to the award of any contract or modification in excess of \$500,000.
3. Determine the contract type and reference the selection to Title 27 of the DCMR in order to properly establish the method of acquiring and paying for contracted services.

### OIG COMMENT

OCP did not provide us a response to a draft of this report. However, discussions and meetings were held with OCP officials throughout the audit. During these meetings, the officials generally agreed with the report's findings and conclusions.

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<sup>8</sup> This figure was determined by multiplying the value of the additional guard hours (\$5,728,999), added to the initial contract year by modification, by the 4 years of the contract.

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## FINDINGS AND RECOMMENDATIONS

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<b>FINDING 2. CONTRACT ADMINISTRATION</b>
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PSD did not adequately monitor Hawk One's contract performance during the contract period. Specifically, PSD did not ensure that the contractor provided adequate support for invoices prior to certifying payments. Also, PSD certified invoices for payment in excess of the contract amount. These conditions occurred because PSD did not: (1) maintain or obtain timesheets prior to certifying invoices for payment; (2) periodically review contractor compliance with contract terms and conditions; and (3) ensure that contract payments did not exceed the contract ceiling.

Consequently, we noted that PSD certified invoices for payment that the contractor did not support. The total amount of unsupported invoices submitted for payment was about \$1.9 over the 4-year period. During the same period, PSD authorized payments to the contractor that amounted to \$11.3 million in excess of the contract award amount. Further, PSD retroactively certified invoices related to equitable adjustments for guard employees in the amount of \$955,554. However, the contractor's payroll records did not reflect that the employees were paid.

### Discussion

**Certification of the Contractor's Invoices.** PSD did not obtain adequate support prior to certifying the contractor's invoices for payment. Specifically, PSD did not maintain or obtain the contractor's timesheets or other payroll documentation to verify and acknowledge that services were received for the hours billed.

Section G, Contract Administration Data, paragraph G.1.1, of the contract states, "The District will make payments to the Contractor upon the submission of proper invoices or vouchers, at the prices stipulated in this contract, for services performed and accepted, less any discounts, allowances or adjustments provided for in this contract." The contract further requires the submission of a proper invoice that includes the following elements: Description, Price, Quantity and the Date(s) that the services were actually performed.

Section H.8, Liquidated Damages, of the contract states in part: "Each time the contractor fails to provide the required productive man hours, supervisory hours, equipment and uniforms as specified in the solicitation, the COTR shall consider the post uncovered and the District shall deduct from monies due the contractor."

We reviewed the invoices and related supporting documentation submitted for certification and payment. The invoices were supported with guard post schedules contained in the contract and subsequent modifications, but no supporting documentation for guard services

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## FINDINGS AND RECOMMENDATIONS

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actually performed. The contract requirements were not specific about the types of acceptable supporting documentation. However, information reflecting payrolls, timesheets or other evidence of hours worked should be required to ensure the District paid only for work actually performed and accepted. Without proper supporting documentation, we concluded that the contractor billed the District in apparent conflict with contract requirements. The Contracting Officer’s Technical Representative should have requested and obtained actual payroll records prior to certifying invoices for payment.

In the absence of contractor timesheets maintained by the District for the contract period May 16, 2005, through May 15, 2009, we obtained contractor payroll records and determined the total actual guard hours provided to the District. We multiplied those hours by the applicable billing rates and determined that the contractor had earned \$105,370,185 for the contract period. However, we identified liquidated damages assessed by the COTR and deducted from monies due to the contractor that reduced the contractor’s earnings by \$1,360,431. We independently determined through the District financial system’s CFO SOLVE<sup>9</sup> report writer that the District paid the contractor \$105,891,620.

As a result, we determined that the contractor received \$1,881,866 more than it earned during the 4-year contract period. See Table 1, Calculation of District Overpayment to the Contractor, below.

**Table 1. Calculation of District Overpayment to the Contractor**

Description	Amount
Payments to Hawk One	\$105,891,620
Less payments earned per payroll <sup>10</sup>	105,370,185
Excess payment per payroll	521,435
Plus liquidated damages <sup>11</sup>	1,360,431
<b>Total overpayment per contract term</b>	<b>\$1,881,866</b>

**Contract Provisions.** PSD did not ensure that the contractor complied with the contract provisions related to payments to guard employees. Specifically, PSD did not periodically review contractor compliance with contract terms and conditions related to wages. Section H.2 of the contract states, “The Contractor shall be bound by the Wage Determination No.

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<sup>9</sup> CFO SOLVE is a tool that creates ad-hoc financial reports from the District’s financial system.

<sup>10</sup> We calculated the earned amount by multiplying the hours paid to Hawk One employees by the billing rates agreed to in the contract.

<sup>11</sup> Liquidated damages are penalties assessed to the contractor for infractions such as unmanned guard stations.

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## FINDINGS AND RECOMMENDATIONS

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1994-2103 (Revision 32, dated May 27, 2004) issued by the U.S. Department of Labor in accordance with the Services Contract Act of 1965....”

The CO certification of Determination and Findings dated February 9, 2005, indicated that the contractor proposed the minimum wage rates set forth by the U.S. Department of Labor (DOL) Wage Determination No. 1994-2103, Revision No. 32 dated May 27, 2004. Accordingly, the contractor proposed and agreed to pay a minimum wage comprised of the minimum wage rate and benefits of Health & Welfare (H&W) contained in the DOL minimum wage determination.

On May 23, 2005, the DOL issued a new Wage and Determination No: 94-2103 REV (34) that increased the minimum wage and H&W rates for guard services. This DOL Wage and Determination increased the H&W from \$2.59 to \$2.87 per hour. We reviewed the contractor’s invoices and noted that for the period May 16, 2005, to May 15, 2006, the contractor billed and was paid for H&W at a rate of \$2.87 per hour. However, review of the contractor’s payroll record indicated that employees were actually paid at a rate of \$2.59 per hour for the same period. In August 2009, we held a discussion with a contractor official who was not aware of back payments of amounts owed to employees. Accordingly, we questioned whether a total amount of \$268,765 was received by the contractor from the District, but not paid to guard employees.

Additionally, the DOL issued another new Wage and Determination, dated May 16, 2008, to increase the minimum wage and H&W rates for guard services. Based on a review of the contractor’s invoices for the period of May 16, 2008, through July 31, 2008, we noted that the contractor retroactively billed and was paid for an increase in guard service rates. However, the contractor’s payroll records did not reflect the increase in minimum wage rates and contractor officials did not provide a satisfactory explanation for this discrepancy. As a result, we questioned whether the contractor owed unpaid minimum wages in the amount of \$786,789.

**Exceeding Contract Ceilings.** PSD certified contractor invoices for payment in excess of the contract ceilings. Specifically, PSD authorized the contractor to provide security guard services in excess of the specified contract ceiling amount.

We obtained copies of the original contract and subsequent modifications and determined that the total contract value was \$94,633,459 for the 4-year period. As discussed above, we also determined that the total payments made against the contract for the period was \$105,891,620, which exceeded the total contract value by \$11,258,161.

The OIG auditors met with the COTR and discussed oversight issues. The COTR provided the OIG with new policies and procedures that were recently implemented to correct deficiencies identified after the Hawk One contract was closed. We did not audit the

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## FINDINGS AND RECOMMENDATIONS

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implementation of those procedures; however, such efforts indicate a desire to improve security service contracting oversight and administration.

### Summary

PSD's lack of adequate contract monitoring resulted in unsupported invoices, unpaid wages and benefits to employees, and contractor payments in excess of the authorized contract amount.

### RECOMMENDATIONS

We recommend that the Director, DRES:

4. Develop and implement procedures to ensure that invoices are certified for payment based on supporting documentation that accurately reflects security services actually performed.

### DRES RESPONSE

DRES agreed with the recommendation and indicated in its response that the Protective Service Police Department (PSPD) routinely conducts spot checks of contract guard hours reported by the contractor and uses a Daily Deployment sheet to verify officers, hours, and location. The response further indicates that PSPD is investigating various enterprising methodologies designed to verify the hours reported by contract personnel. The complete text of DRES's response is included at Exhibit B.

### OIG COMMENT

We consider the actions taken or planned to be responsive and meet the intent of the recommendation. However, DRES did not provide a completion date for its planned corrective actions. Therefore, we request that DRES provide us with a completion date for Recommendation 4 by October 4, 2011.

5. Develop and implement procedures to monitor contractor performance to ensure compliance with contract terms and conditions.

### DRES RESPONSE

DRES agreed with the recommendation. DRES's response indicates that security contractors currently provide "Daily Client Information" reports that detail how the contractor is meeting contract obligations and requirements.

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## FINDINGS AND RECOMMENDATIONS

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### OIG COMMENT

We consider the action taken by DRES to be responsive to the recommendation.

6. Establish and implement procedures to monitor total contract payments to ensure that payments do not exceed the total contract amount.

### DRES RESPONSE

DRES agreed with the recommendation and indicated in its response that a financial management position (Resource Allocation Analyst) was created to assist the Contracting Officers Technical Representative (COTR) in monitoring the financial aspects of the contract including invoice payments.

### OIG COMMENT

We consider actions taken by DRES to be responsive and meet the intent of the recommendation.

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## FINDINGS AND RECOMMENDATIONS

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### FINDING 3. INTERNAL CONTROLS

DRES neither documented nor performed sufficient oversight procedures to ensure that the agency employed an adequate system of internal controls to protect the District's resources. Although the COTR penalized the contractor for allowing guard posts to go unmanned, he did not establish a system to ensure the contractor was paid only for services covered by the contract, and performed. As a result, the understated requirements used in the contract award process (discussed in Finding 1) and contract oversight deficiencies (discussed in Finding 2) contributed to the waste of District resources.

#### Discussion

Generally accepted government auditing standards (GAGAS) define internal control as “the plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives [and] include the processes and procedures for planning, organizing, directing, and controlling program operations.” Management is responsible for developing, implementing, and monitoring internal controls. Ultimately, internal controls provide reasonable, but not absolute, assurance that the organization's goals will be achieved.

During this audit, we reviewed internal controls in place to award, administer, and oversee the Hawk One contract. We determined that the controls were inadequate with respect to the requirements determination, certification of invoices, and monitoring of total contract payments. We also questioned PSD officials regarding key controls over the monitoring process for the contract. The officials could not provide us with a list of key controls established to effectively determine, certify, and monitor payments in accordance with regulatory and contract requirements.

#### Summary

PSD did not provide any reasonable assurance that material errors or fraud would be prevented or detected in a timely manner. Prior to the completion of our audit, PSD did provide us with a memorandum, which described improvements made to enhance their oversight process.

#### RECOMMENDATION

We recommend that the Director, DRES:

7. Develop, maintain, and monitor a list of key controls over the contract monitoring process to obtain reasonable assurance that material errors and fraud are prevented or detected in a timely manner.

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## FINDINGS AND RECOMMENDATIONS

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### **DRES RESPONSE**

DRES's response indicates that the COTR will create a monitoring plan and follow the plan to monitor contractor performance.

### **OIG COMMENT**

We consider the actions taken or planned to be responsive and meet the intent of the recommendation. However, DRES did not provide a completion date for its planned corrective actions. Therefore, we request that DRES provide us with a completion date for Recommendation 7 by October 4, 2011.

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS  
RESULTING FROM AUDIT**

<b>RECOMMENDATIONS</b>	<b>Description of Benefit</b>	<b>Amount and Type of Benefit</b>	<b>Status<sup>12</sup></b>
1	<b>Compliance, Economy and Efficiency.</b> Ensures OCP writes contract requirements that are clearly stated prior to issuance of the solicitation.	Non-Monetary	Open
2	<b>Compliance and Internal Controls.</b> Establishes and implements quality control procedures to ensure contract cost analyses, contractor responsibility, and legal sufficiency reviews are performed.	Non-Monetary	Open
3	<b>Compliance and Internal Controls.</b> Requires OCP to select the contract type that allows for the best method of acquiring contracted services and implement that method in accordance with established procedures.	Non-Monetary	Open

<sup>12</sup> This column provides the status of a recommendation as of the report date. For final reports, “**Open**” means management and the OIG are in agreement on the action to be taken, but action is not complete. “**Closed**” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “**Unresolved**” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS  
RESULTING FROM AUDIT**

<b>RECOMMENDATIONS</b>	<b>Description of Benefit</b>	<b>Amount and Type of Benefit</b>	<b>Status<sup>12</sup></b>
4	<b>Compliance and Internal Controls.</b> Requires PSD to develop and implement procedures to ensure contractor invoices are certified for payment based on supporting documentation that reflects actual work performed.	Monetary \$1.9 million	Open
5	<b>Compliance and Internal Controls.</b> Requires PSD to develop and implement procedures to ensure compliance with contract provisions.	Non-Monetary	Closed
6	<b>Compliance, Economy and Efficiency.</b> Establishes and implements procedures to ensure the total contract amount is not exceeded.	Monetary \$11.3 million	Closed
7	<b>Internal Controls.</b> Requires PSD to develop, maintain, and monitor a list of key controls over the contract monitoring process to obtain reasonable assurance that material errors and fraud are prevented or detected timely.	Non-Monetary	Open

## EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF REAL ESTATE SERVICES



2011 SEP 13 PM 2: 05



Office of the Director

September 13, 2011

Charles J. Willoughby  
Inspector General  
Office of the Inspector General  
717 14<sup>th</sup> Street, NW, Suite 500  
Washington, DC 20005

Dear Mr. Willoughby:

In reference to the OIG draft report, *Audit of the Hawk One Security Incorporated Citywide Guard Services Contract* (OIG No. 09-2-07PO) (the "Report"), DRES has compiled the following response.

We would like to state for the record that audits, evaluations and reports such as this one are taken very seriously by DRES and we appreciate your agency's diligence and resolve in conducting this evaluation ("the Evaluation"). We would also like to note the audit was initiated immediately following a time when significant changes were occurring within the Protective Services Police Department (PSPD) including a change in leadership and a thorough internal analysis of PSPD operations. Based on the assessment and review of the new Chief of PSPD, many operational issues cited in the OIG draft report have already been resolved. Nevertheless, we appreciate each of these recommendations and in providing this response, have taken the opportunity to review our procedures for additional improvement. Additionally, it should be noted that Hawk One no longer has a contract with DRES for security services and that the contracts with the new vendors include additional controls and monitoring, both financial and regarding the scope of services.

In response to the "Findings and Recommendations: Key Findings" cited in the Report, DRES provides the following:

Finding #1, including recommendations 1, 2, and 3 were directed by the OIG report to the Chief Procurement Officer (CPO) for response, and therefore, DRES is not providing a response to these recommendations. DRES will be happy to review the responses provided by CPO if the OIG requests.

**Finding #2: Contract Administration – PSPD did not adequately monitor Hawk One's contract performance during the contract period. Specifically, PSPD did not ensure that the contractor provided adequate support for invoices prior to certifying payments.**

Recommendation #4: That the Director, DRES develop and implement procedures to ensure that invoices are certified for payment based on supporting documentation that accurately reflects security services actually performed.

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## EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT

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DRES Response: Since the new PSPD management structure has been established, PSPD routinely approves invoices and conducts spot checks of contract guard hours reported by the contractor by checking the log books assigned to the various posts in accordance with the "Standard Operating Procedure for Processing Security Invoices" (Attachment I) that was developed for the PSPD COTR use. While this method is effective, PSPD has determined that this is not the most thorough method for verification and ripe for contractor abuse. The attached *Daily Deployment Sheet* (Attachment II) is also used to verify officers, hours and location for the invoices to be certified for payment. This auditing tool ensures that the hours billed by the contractor have been authorized for billing by the COTR.

PSPD relies on PASS and the checks and balances within that system to ensure that District resources are not wasted. However, we do supplement this reliance with our own *Daily Deployment Sheet* (Attachment II) and steps that we have implemented as outlined in our Departmental SOPs (Attachment I) which only enhance the PASS procedures and protocols.

To ensure progressive verification of services for proper payment and accountability, PSPD has been investigating various enterprising methodologies designed to verify the hours reported by the contract personnel. PSPD has established that an electronic Biometric verification platform, in lieu of a PIN code or name identification platform, would perform the task in a more proficient manner. PSPD has determined that the purchase and installation of an electronic Biometric verification platform with palm/fingerprint readers at each of the 84 locations would have software and hardware cost of approximately \$70,000 dollars with additional cost for LAN line and electricity accessibility as well as monitoring oversight. Due to the extensive research, planning and implementation of this type of platform and procedure, PSPD does not envision its incorporation into the budget until FY13. Additionally, the intent is for the contractor to be responsible for installing and maintaining platform while being required to submit accountability reports monthly with 'at will' requests within 24 hrs. The system is similar to that being implemented by the Federal Protective Services (FPS) to monitor contract guards. PSPD will continue to monitor the implementation of the system by the FPS.

Recommendation #5: That the Director, DRES develop and implement procedures to monitor contract performance to ensure compliance with contract terms and conditions.

DRES Response: To maintain contract compliance and government accountability both primary security contractors provide written "*Daily Client Information*" reports that detail how the contractor is meeting the obligations and requirements. The contractor interviews the client (agency) as to any requests, needs and complaints and all information is forwarded to the COTR via email to include: Client/Agency name and location, date and time of interview, and any comments made by client

The COTR conducts random follow-ups with the client agencies to ensure contract compliance and to address and correct any complaints by the client that indicate deficiencies of contractor. All information provided is to ensure proper administration of the contract and the efficient operation of the daily business at all buildings and facilities for the government of the District of Columbia.

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## EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT

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**Recommendation #6:** That the Director, DRES establish and implement procedures to monitor total contract payments to ensure that payments do not exceed the total contract amount.

**DRES Response:** Currently, PSPD conducts spot audits supplemented by site visits to verify that all posts are fully staffed as required by the contract and tenant. Additionally, these spot audits are used to ensure that proper hours are being recorded when the contract officer signs out at the end of the shift. PSPD also has implemented and adheres to "*The Standard Operating Procedure for Contract Payment Monitoring Procedures*" (Attachment III). While these measures ensure that payments align with actual hours worked, PSPD has created a financial management position, a Resource Allocation Analyst. This position assists the COTR in monitoring the financial aspects of the contract including invoice payments. The Resource Allocation Analyst logs and tracks all payments, assists with audits, and works closely with the Contracting Officer to monitor the contract payments against the contract value.

In addition, using the PASS system requisitions that are born from contracts are tied to purchase orders and to the contract itself. The total dollar value of the contract would therefore be monitored at the same time that the value of the purchase order is monitored. Currently, DRES monitors the contract value with a concerted effort between the COTR and the Contracting Officer.

When requisitions are entered into PASS, the Contracting Officer must review, checking for among other things, the value of the requisition is not exceeding the value of the contract. The Contracting Officer will then corroborate with the COTR to ensure that no other requisitions have been entered against the contract.

The COTR monitors the contract value using the excel spreadsheet tracking utilized for monitoring the requisition.

**Finding #3: Internal Controls – DRES neither documented nor performed sufficient oversight procedures to ensure that the agency employed an adequate system of internal controls to protect the District's resources.**

**Recommendation #7:** The Director, DRES develop, maintain, and monitor a list of key controls over the contract monitoring process to obtain reasonable assurance that material errors and fraud are prevented or detected in a timely manner.

**DRES Response:** The COTR will create a monitoring plan and follow the plan to monitor Contractor performance. The contract will be fully funded after contract award. One requisition will be entered per year and modified accordingly as changes occur.

The COTR will inform the Contracting Officer (CO) of any technical or contractual difficulties encountered during performance in a timely manner. This includes notifying the CO immediately of changes to the contract scope via a memo to the CO with appropriate funding in

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## EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT

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PASS so that Contracting can prepare the contract modification. This will assist in tracking funding under the contract.

Additionally, the COTR should inform the contractor of failures to comply with technical requirements in writing in a timely manner of the contract or to show a commitment to customer satisfaction, particularly if the contractor does not make corrections.

The COTR not make oral commitments or promises to the contractor; issuing verbal instructions to the contractor to start or stop work; and, direct changes orally. All changes will be directed to the CO in writing and will be directed to the contractor from the CO.

From a financial perspective, the COTR monitors payments against the requisition utilizing the daily deployment sheet. The daily deployment sheet tracks any changes to the deployment schedule, and those changes have a financial impact to the requisition. When the requisition requires adjustment, the adjustment is entered into PASS. In PASS there are several layers of review, an OFRM review to ensure that the resources are there. This is followed by an OCP review, to ensure that the contract value is not being exceeded, among other things.

I appreciate the opportunity to provide the OIG with comments on the Report. Again, I would like to thank the OIG for their diligence in conduct evaluations. If you require any additional information, please feel free to contact me on (202) 724-4400.

Sincerely,



Brian J. Hanlon  
Interim Director

**Attachments:**

- I: Standard Operating Procedure for Processing Security Invoices
- II: Daily Deployment Tracking
- III: Standard Operating Procedure for Contract Monitoring Procedures

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## EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT

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### PROCEDURES FOR PROCESSING SECURITY INVOICES

Attachment I

#### Step 1

Determine whether the invoice in question is paid via P-Card or through PASS.  
(Payments over \$2,500 automatically require a Purchase Order to be processed through PASS).

##### Step 1 (A)

For a comprehensive and up-to-date explanation of the P-Card process please reference Dcpedia here:  
<http://wiki.in.dc.gov/index.php/P-CARD>

#### Step 2

Payments for items made via purchase order.  
(For an overview of the entire process, please reference the X drive, Office Documents folder, PSPD Purchasing Process).

OFRM requires the following back-up information in order to pay invoices through the PASS system. Upon receipt of goods the person who receives the goods must retain a copy of the

- A) Vendor packing slip, and sign the slip showing that items ordered were received. A copy of this sign off must be retained to match the invoice when it is received.
- B) In the case where services are provided, the signed copy of the time sheet or document detailing how the service rate is determined should also accompany the invoice at the time it is submitted for payment into the PASS system.
- C) In the absence of either of these documents, a deliverable sheet should be tied to the Statement of Work, and presented along with the invoice to be paid.

In order to meet these minimum requirements of OFRM and facilitate payments PSPD requires the following steps to be performed:

#### Step 3

Once the PASS Receiving Manager (first contact in PASS), obtains the required backup documents of Step 2 from the person who has approved receipt of the goods or services they are ready to perform the receiving role in PASS.

#### Step 4

The Receiving Manager will RECEIVE the services by logging into PASS and go to the "Receive" link located at the top of the page. Once there the Rec. Manager will enter the Purchase Order number that corresponds with the invoice being paid.

#### Step 5

The next step is to select the PO that is associated with the amount that will be paid.

#### Step 6

The Receiving Manger should insure that the PASS Requestor is notified that the payment has been entered so that they can approve the payment.

#### Step 7

Once approved by the Requestor, the Rec. Manager will approve the batch, that is transmitted to OFRM for payment. A copy of the backup documentation is sent to OFRM (currently to the attention of Channelle Hendrix).

#### Step 8

OFRM then pays the invoice.

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## EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT

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Daily Deployment Tracking

Attachment II

**Daily Deployment Sheet.**

Rows 4-138; Columns A-F. This section contains the Address, Post location, hours, security type, and number of persons.

**PO Trending Analytics**

Rows 163-240 This section captures the purchase order information and how payments against the p.o. are trending. The p.o. value is always entered at an amount far lower than the maximum contract value. If payments against the p.o. trend at a level where spending is exceeding the p.o., this is the first sign that the maximum amount of the contract value is being approached. Any increases to the p.o. must be entered in PASS. In PASS there are several layers of review, a OFRM review to ensure that the resources are there. This is followed by an OCP review, to ensure that the contract value is not being exceeded, among other things.

**EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT**

Daily Deployment Sheet			Attachment II		
Post Location	Agency-Service	Post Hrs	S/G	SPO	# Arm
1001 Half Street S.w.	DMV-Inspection Station	None	No Security Officers		
1100 4th Street, SW	Waterfront Bldg	M-F 0600-1800	2		
1101 4th Street, SW	Waterfront Bldg	M-F 0600-1800	2		
1125 O. Street S.e.	Public Works-Fleet	None	No Security Officers		
1205 Brentwood Road N.E.	DMV-Road Test	M-F 8:00-18:00		1	1
1233 Brentwood Road N.E.	DMV-Licience-Tags	M-F 8:00-20:00			
1233 Brentwood Road N.E.	DMV-Parking Lot	M-F 8:00-18:00			
1241 & 1261 W. Street N.E.	DPW-Fleet	M-F 15-23:00		1	1
1300 1st Street N.E.	DOH-Rehab.-Substance	M-F 7:00-19:00		3	
1300 1st St. NE--2nd Floor	DOH-Rehab.-Substance	M-F 8:00-17:00		1	
1325 New York Ave NE	DCPS Bus Lot	24/7		1	1
1338 G. Street S.E.	DDOT-Traffic Signs	M-F 6:00-16:00	1		
1350 Penn. Ave. N.W. 14th & 13.5	PSD-SSC-City Hall	M-F 7:00-15:00		1	1
1350 Penn. Ave. N.w. 14th & 13.5		M-F 10:00-18:00		3	3
1350 Penn. Ave. N.w. 14th & 13.5		Removed 2/22			
1350 Penn. Ave. N.w. Mailroom		M-F 8:30-16:30		2	2
D St. Entrance		M-F 15:00-23:00		1	1
D St. Entrance		F 23:00-M 7:00		1	1
1400 I Street Nw	Police citizen complaint	Monday-Friday	No Security Officers Present		
1403 W. Street N.e.	DPW-Fleet	24/7		1	1
1500 Franklin Street N.e.	Dept Employment SVCs	M-F 8-16:30		1	1
1700 Fenwick Street N.e.	DPW-Fleet	None	No Security Officers Present		
1725 15 th. Street N.e.	DDOT Parking Enforce	M-F 7:30-21:00	1		
1833 West Virginia Ave. N.e.	DMV-Inspection Station	Su-Sa 16:00-8:00	1		
1900 Mass. Ave. S.e. ACC Bldg	PSD HQ -Bldg 29	None	No Security Officers Present		
1900 Mass. Ave. S.e. Bldg 8	DOH-STD	None	Present		
1900 Mass. Ave. S.e. Bldg 9	OPM-No Occupants	None	No Security Officers Present		
1900 Mass. Ave. S.e. Bldg 12	DOH-Detox Front	Su-Sat 7:00-15:00			
1900 Mass. Ave. S.e. Bldg 12	DOH-Detox Front	M-F 7:00-18:00			
1900 Mass. Ave. S.e. Bldg 12	DOH-Detox Back	Su-Sat 15:00-7:00			
1900 Mass. Ave. S.e. Bldg 13	DOH-Wom.Serv.	M-F 7:00-16:00		1	1
1900 Mass. Ave. S.e. Bldg 13	DOH-Wom.Serv.	Sat. 7:00-11:00		1	1
1900 Mass. Ave. S.e. Bldg 14	DOH-C.P.E.P. Front Ad	24/7		1	
1900 Mass. Ave. S.e. Bldg 14	DOH-C.P.E.P. Back Pat	24/7		1	
1900 Mass. Ave. S.e. Bldg 15	DOH-Chest & X	M-F 8:15-16:45	1		
1910 Mass Ave. S.e. Bldg 27	DOH-Med. Exam.	24/7	1		
2115 5th ST NE	DCPS Bus Lot	24/7		1	1
2146 24th. Place N.E	DOH-Rehab.-Substance	24/7			
2175 West Virginia Ave. N.e.	MPD-Fleet	M-F 14-22:00	1		
2175 West Virginia Ave. N.e.	MPD-Fleet	Sat, Sun 6:00-22:00		1	1
2175 West Virginia Ave. N.e.	MPD-Fleet	Su-Sat 22:00-6:00		1	1
2200 Adams Place N.e.	OPM-DCPS-Warehouse	24/7	1		
222 Massachusetts Ave. N.w.	O.C.T.O.-S.H.A.R.E.	24/7		1	1
2850 New York Ave. N.e.	DOMH-Rehabilitation	None	No Security		
300 Indiana Ave. N.w.	MPD-Main Entrance	24/7		1	1
300 IN Ave. N.w. Park Gar.	MPD-HQ-Parking Gara	24/7		1	1
300 IN Ave. N.W. X Ray Main Ent.	MPD-HQ	M-F 8:00-16:00		1	1

**EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT**

Daily Deployment Sheet			Attachment II		
Post Location	Agency-Service	Post Hrs	S/G	SPO	# Arm
300 IN Ave. N.W. X Ray Main Ent.	MPD-HQ	M-F 7:00-15:00		1	1
300 IN Ave. N.w. J Marshall	MPD-HQ J. Marshall	M-F 7:00-16:00		1	1
300 IN Ave. N.w. 3rd St.	MPD-HQ-Side Ent. 3rd	M-F 8:00-16:30		1	1
300 IN Ave. CSOSA	CSOSA	M-F 9:00-19:00		1	1
300 IN Ave. N.W. Rm 1157	DMV	M-F 8:00-18:00		1	1
301 C St. Rm 1157	DMV	M-F 8:00-18:00		1	1
301 C St.	DMV	M-F 7:00-16:30		2	2
301 C St.	DMV	M-F 7:00-17:00		1	1
33 N. Street N.e.	DHS-Inc-Maint Front D	24/7		1	1
33 N. Street N.E.	DHS-Main Lobby Back	M-F 8:00-17:00		1	
33 N. Street N.E. 2nd Floor	DHS-Income-Maintenar	M-F 10:00-18:30		1	
35 K. Street N.e.	DOMH-Rehabilitation	M-F 7:00-23:00		1	
35 K. Street N.e.	DOMH-Rehabilitation	Sat 8:00-16:00		1	
35 K. Street N.e.	DOMH-Rehabilitation	Sun 10:00-16:00		1	
400 6th. Street S.w.	Lobby X-Ray	M-F 8:00-16:00	1		
400 6th. Street S.W.(Park Garage)	Child & Family Services	M-F 6-10; 16:00-18:00	1		
400 6th. Street S.w. Rover	Lobby X-Ray Machine	24/7		1	
400 6th. Street S.w. Lobby	Child & Family Services	M-F 5:00-18:00	1		
400 6th. Street S.w. Lobby	Child & Family Services	24/7	1		
4058 Minnesota Ave	DOES HQ	M-F 8:00-18:00	2		
4058 Minnesota Ave	DOES HQ	M-F 7:00-19:00		0	0
4058 Minnesota Ave	DOES HQ	M-F 7:00-23:00		1	1
4058 Minnesota Ave	DOES HQ	Sa-Su 8:00-16:30		1	1
429 O St. NW	Bundy School	M-F 7:00-19:00	2		
441 4th Street. N.w. Lobby South	PSD-Watch Command	M-F 6:00-16:00	1		
441 4th Street. N.w. Lobby N.	PSD-Watch Command	M-F 8:00-19:00	2		
441 4th Street. N.w. Lobby	PSD- Overnight Cov.	M-F 19-7:00	1		
441 4th Street. N.w. Lobby	PSD-Weekend Cov.	Sat 7:00-M 6:00	1		
441 4th Street. N.w. Dock	PSD-Watch Command	M-F 6:00-18:00	1		
441 4th Street. N.w. 5th Fl.		M-F 8:00-19:00		No Security Officers Present	
450 H. Street N.w.	DOH-Dept. of Correct.	M-F 8-16:30	1		
490 1st. Street N.w.	OPM / Parking Lot	None	No Security Officers Present		
51 N. Street N.e. X-Ray	Visitor's Entrance	M-F 7:00-18:00	0		
51 N. Street N.e. X-Ray	Visitor's Entrance	W 18:00-21:00	0		
51 N. Street N.e. Front Desk	Roving Patrol	M-F 3:00-9:00		0	0
515 D. Street N.w.	Recorder of Deeds	M-F 9:00-12:30	1		
515 D. Street N.w.	Recorder of Deeds	M-F 7:30-16:30			
600 C. Street S.e.	OPM / Eastern Market	24-Hrs	No Security Officers Present		
609 H. Street N.e.	DOES-Youth-Employ.	M-F 7:00-19:00	0		
625 H. Street N.e.	DOES-Adults-Employ.	M-F 7:00-19:00	0		
64 New York Ave. N.e.	Main Entrance	M-F 7:00-18:00	1		
64 New York Ave. N.e.	Visitor Entrance	M-F 7:00-17:00	1		

**EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT**

Daily Deployment Sheet				Attachment II		
Post Location	Agency-Service	Post Hrs	S/G	SPO	# Arm	
645 H. Street N.e.	Main Ent. Search Proce	M-F 6:30-18:00	2			
645 H. Street N.e.	Sign-In Desk/Patrol	M-F 7:00-15:00	1			
645 H. Street N.e.	Main Ent. Search Proce	M,T,TH,F 18:00-20:00	2			
645 H. Street N.e.	Sign-In Desk/Patrol	W 15:00-22:00	1			
645 H. Street N.e.	Lobby	Alternate Sat 7:30-16:00	1			
717 14th Street N.w.	Inspector General	None				No Security Officers Present
801 North Capitol Street N.e.	DHS-Headquarters	None				Present
810 Ist. Street N.e. 8th Floor	DOMH-Rehabilitation	None				No Security Officers Present
810 Ist. Street N.e. 9th Floor	DOMH-Rehabilitation	None				No Security Officers Present
825 North Capitol Street N.e.	DCPS-Front Lobby	M-F 8:00-19:00	1			
825 North Capitol Street N.e.	DCPS-Front Lobby	M-F 7:00-19:00	1			
900 New Jersey Ave. S.e.	Public Works-Fleet	S-S 15:00-7:00	0			
921 Pennsylvania Ave. S.e.	Office of Prop. Mangam	Vacant Building				
925 13th. Street N.w.	DOH - Shelter - Men	Not active				No Security Officers Present
941 N. Cap. N.e.	First Level Parking	M-F 6:00-18:00	1			
941 N. Cap. N.e.	2nd Level Parking	M-F 6:00-18:00	0			
941 N. Cap. N.e.	Tax & Revenue	M-F 6:00-18:00		1		
941 N. Cap. N.e.	X-Ray Machine	M-F 7:00-20:00	2			
95 M. Street S.w.	DMV Lobby	Tu-Sa 9:00-17:00		1	1	
95 M. Street S.w.	DMV Lobby	M-Sa 6:00-20:00	1			
95 M. Street S.w.	DMV Parking Lot	Tu-Sa 8-16:00	1			
955 La'Enfant Plaza S.w.	Child & Family Services	Monday-Friday				No Security Officers Present
			Total Guard Type	39	48	

  

PO Trending Analytics		
FY11 US Securities P.O.	10-1 Proj. Expenditure	13,845,772.98
FY11 Allied Barton P.O.	10-1 Proj. Expenditure	2,047,389.50
	Total Proj. Expenditure	15,893,162.48
PO347744 US Securities	\$	13,013,448.47
PO343962 Allied Barton		2,000,000.00
Total Contract Security Encumbrance	\$	15,013,448.47
Dollars Remaining PO347744	\$	13,013,448.47
Oct.	980,548.68	\$ 12,032,899.79
Nov.	959,611.08	\$ 11,073,288.71
Dec.	1,011,742.21	\$ 10,061,546.50
Jan	959,611.08	\$ 9,101,935.42
Oct-Jan St. E's	454,008.03	\$ 8,647,927.39
Feb	1,034,903.48	\$ 7,613,023.91
Mar	1,193,843.69	\$ 6,419,180.23
Apr	1,129,419.19	\$ 5,289,761.03

**EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT**

Daily Deployment Sheet				Attachment II		
Post Location	Agency-Service	Post Hrs	S/G	SPO	# Arm	
May	1,155,990.47	\$ 4,133,770.57				
Jun	1,136,982.08	\$ 2,996,788.49				
Jul		\$ 2,996,788.49				
Aug		\$ 2,996,788.49				
Sep		\$ 2,996,788.49				
<b>Dollars Remaining PO 343962</b>						
Oct.	155,148.09	\$ 1,844,851.91				
Nov.	171,357.42	\$ 1,673,494.50				
Dec.	183,391.19	\$ 1,490,103.31				
Jan	150,192.74	\$ 1,339,910.57				
Feb	149,900.00	\$ 1,190,010.57				
Mar	222,000.00	\$ 968,010.57				
Apr	165,711.00	\$ 802,299.57				
May	162,275.77	\$ 640,023.80				
Jun	202,584.25	\$ 437,439.55				
Jul	161,390.83	\$ 276,048.72				
Aug		\$ 276,048.72				
Sep		\$ 276,048.72				
<b>Dollars Remaining PO349897</b>						
Oct.	73,962.76	\$ 586,158.14				
Nov.	-	\$ 512,195.38				
Dec.	-	\$ 512,195.38				
Jan	-	\$ 512,195.38				
Feb	-	\$ 512,195.38				
Mar	73,083.40	\$ 439,111.98				
Apr	71,617.75	\$ 367,494.23				
May	73,653.36	\$ 293,840.87				
Jun	71,487.44	\$ 222,353.43				
Jul		\$ 222,353.43				
Aug		\$ 222,353.43				
Sep		\$ 222,353.43				
<b>US Security Trend</b>						
US Security Payments	10,016,659.98					
AVG US Sec. Bill	1,112,962.22					
Proj. Total Payment Remaining	3,338,886.66					
Proj. Surplus/(Shortfall)	(342,098.17)					
<b>Allied Barton Trend</b>						
AB Payments	1,755,701.29					
AVG AB Bill	172,395.13					
Proj. Total Payment Remaining	344,790.26					
Proj. Surplus/(Shortfall)	(68,741.54)					
<b>US Security RFK Trend</b>						
US Security Payments	363,804.71					
AVG US Sec. Bill	72,760.94					
Proj. Total Payment Remaining	218,282.83					

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## EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT

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Daily Deployment Sheet					Attachment II	
Post Location	Agency-Service	Post Hrs	S/G	SPO	# Arm	
Proj. Surplus/(Shortfall)	4,070.60					

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## EXHIBIT B. DRES' RESPONSE TO THE DRAFT REPORT

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Attachment III

### Contract Payment Monitoring Procedures

- 1) Each year the amount of the requisition for contract security services is considerably less than the total dollar amount of the ceiling on the annual contract (e.g. Annual Contract amount = \$18M, the requisition however is for \$15M).
- 2) The requisition is entered into the PASS system, and the dollar amount in PASS can not be exceeded without taking several steps to increase the value of the requisition.
- 3) There are several steps and approvals that must take place in order to increase the value of a requisition.
- 4) The first is approval by the DRES Resource Allocation Team. Once approved at that stage, the OFRM must approve. Once approved at that stage, the OCP must approve. OCP acts as the backup verification that the contract dollar amount is not being exceeded.
- 5) Each payment against the requisition is monitored in PASS as well as on the daily deployment schedule to provide a trend of invoice payments.