




United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

JUN 27 2008

Memorandum

To: Secretary Kempthorne

From: Earl E. Devaney
Inspector General 

Subject: Transmittal of Report of Investigation, Audit Report and Management Advisory:
Chavarria, Dunne & Lamey, Office of Special Trustee Contractor

In May 2006, the Office of Inspector General (OIG) issued a Report of Investigation concerning allegations of improper relationships between senior Office of Special Trustee (OST) officials and the principals of Chavarria, Dunne & Lamey (CD&L), a contractor for OST (copy attached). What we found was that over a period of years, OST awarded and continued to extend and expand, without competition, a contract with CD&L for trust fund accounting and risk management services, while the three most senior ranking officials in OST engaged in extensive outside social activity with the executives of CD&L. This activity included the exchange of gifts of meals and drinks, taking out-of-town trips to a major golf event, playing golf together on almost a weekly basis, and exchanging hospitality at personal residences. We also found that OST contract personnel felt pressured by these senior OST officials to continue to award work to CD&L. The appearance of preferential treatment in this case was palpable.

We directed the Report of Investigation to Chief of Staff, Brian Waidmann, for whatever administrative action was deemed appropriate. We also recommended a thorough review of both the performance of the CD&L contracts as well as any pending or future awards to CD&L.

Almost immediately after your arrival as Secretary of the Interior, the Special Trustee issued letters of reprimand (to be retained in the officials' OPF for one year or less) and directed the three senior officials to take some additional ethics training, presumably, without your knowledge.

Since we expected to see little, if any, further action by OST concerning the CD&L contracts, we launched an audit to determine the quality and timeliness of CD&L contract deliverables, and to review sole-source awards to CD&L. While we concluded this audit in April 2007, we suspended the issuance of a report until our investigation into several other allegations of impropriety concerning OST officials and review of CD&L contract awards and deliverables could be completed.

With this memorandum, I am transmitting the Audit Report, Report of Investigation and our Management Advisory (stemming from our review) concerning these various concerns to you.

In short, our audit found that CD&L has been the beneficiary of "time and material" contracts which are so poorly written and monitored that contracting officials were unable to substantiate that deliverables were received. We found one contract in which CD&L was fully paid without providing all deliverables, and we found pervasive irregularities in sole-source contracting.

Our review of the pre-award process for a contract awarded to CD&L revealed that OST did not plan its contract requirements adequately or timely; the National Business Center made errors on the contract; and the contractor incorrectly billed improper labor categories.

Our investigation determined that allegations received in 2006 concerning CD&L's failure to produce required deliverables were unsubstantiated. However, our investigation also revealed that one of the same three senior OST officials continued to improperly influence the award of contracts to CD&L, and a perpetuate pattern of preferential treatment toward CD&L that, if allowed to continue, will ensure that CD&L (and its acquiring company Clifton Gunderson) will continue to win even competitive OST contracts *in perpetuity*, as "past performance" (which applies only to CD&L) is being considered significantly more important than price. In the most recent award, the lower bidder recommended by an evaluation team lost the contract to CD&L (dba Clifton Gunderson) when the recused official urged the evaluation team to reconsider CD&L as a local company and as having experience. It appears that no amount of ethics training will bring about lessons learned when it comes to the relationship of OST officials to this particular contractor.

Considered separately, these individual reports may not warrant severe administrative action. But considered together, the continuous awarding of contracts to CD&L perpetuates permanent preferential treatment and creates an air of impropriety that generates a stream of seemingly endless allegations. Absent meaningful corrective action, the OIG will be continuously called upon to investigate these issues. We cannot continue to dedicate our scarce resources to a problem that rebuffs solution.

Frustrated by a lack of accountability in this regard, I bring these matters to your direct attention and urge you to ensure that appropriate action is taken to rectify the conduct of OST officials and restore the integrity of the OST contracting process.

We would appreciate a written response from the appropriate officials to these reports outlining their intended action, particularly in response to the recommendations contained in the Audit Report, and the suggestions contained in the Management Advisory. We would also like to be advised of any corrective administrative action taken in response to these reports.

If you have any questions regarding any of these reports, please do not hesitate to contact me at (202) 208-5745.

Attachments



Investigative Report

Chavarria, Dunne & Lamey, LLC

RESULTS IN BRIEF

We initiated this investigation in November 2006 after receiving a complaint from an employee of the U.S. Department of the Interior's (DOI or Department) Office of the Special Trustee for American Indians (OST). The OST employee alleged that Chavarria, Dunne & Lamey, LLC (CD&L) failed to produce the required deliverables on a number of OST and Bureau of Indian Affairs (BIA) contracts. The OST employee also alleged that Delano Lords, Deputy Special Trustee for Trust Services, OST, had an inappropriate relationship with a CD&L employee (involved in a 2005 OST contract), creating the appearance of preferential treatment.

Shortly after receiving this complaint, the OIG Office of Audits submitted a referral to the OIG Office of Investigations that CD&L had been awarded the 2005 OST contract even though another company had provided a lower bid and had received a comparable technical score from an OST evaluation panel.

Finally, in June 2007, we received allegations from a confidential source that Margaret Williams, Deputy Special Trustee for Trust Accountability, OST, violated procurement regulations by allowing a CD&L employee to review and edit the Statement of Work (SOW) for a 2007 OST contract in which CD&L was involved as a subcontractor.

Our investigation determined that the OST employee's allegations that CD&L did not produce the required deliverables and did not fulfill its contractual obligations on OST and BIA contracts were unfounded. After reviewing CD&L subpoenaed documents, our Office of Audits found that CD&L had fulfilled its contractual requirements with OST. However, a separate OIG audit conducted in 2006/2007 found that because the contracts were predominantly "time and materials" contracts, meaning the contractor was paid for hours devoted to the task regardless of completion, no specific deliverables were actually required of CD&L. The audit also found that DOI did not perform adequate oversight of CD&L contracts, among other concerns.

We also found that the behavior of Delano Lords was inconsistent with DOI Standards of Conduct. Lords accepted free lodging at the personal residence of a CD&L employee and did not report this gift on his Public Financial Disclosure Report.

Regarding the referral from the OIG Office of Audits that OST may have improperly awarded the 2005 contract to CD&L, we found that Lords provided preferential treatment to CD&L in the awarding of the contract, failing to properly recuse himself from the procurement process, and used his public office to benefit a friend. We also found that Margaret Williams improperly accepted and incorporated language provided by CD&L into the SOW for the 2007 contract in which CD&L was involved as a subcontractor.

We presented our findings regarding Lords and Williams to the Department of Justice for prosecutorial consideration, and prosecution was declined. We are forwarding this report to the Department for any administrative action deemed appropriate.

BACKGROUND

Office of the Special Trustee for American Indians

The American Indian Trust Fund Management Reform Act of 1994 (Public Law 103-412) created the OST to improve the accountability and management of Indian funds held in trust by the federal government. As trustee, DOI has the primary fiduciary responsibility to manage tribal trust funds and Individual Indian Monies accounts, as well as the resources that generate the income for those accounts.

In order to satisfy its fiduciary responsibilities, OST often enters into government contracts with private companies to perform various functions, including providing accounting and consulting services to assist in litigation, Indian trust account reconciliation, and administrative functions, just to name a few. These contracts are governed by the provisions of the Federal Acquisition Regulations, which provide a general requirement for full and open competition. Additional regulations and guidance apply to government employee interaction with government contractors and/or prohibited sources.

Chavarria, Dunne & Lamey, LLC

CD&L, a New Mexico-based business providing accounting and audit services to the federal government, construction companies, government contractors, tribal governments, and nonprofit organizations, was established in 1996. At that time, CD&L's leadership was composed of three principals, Gregory J. Chavarria, Caren L. Dunne, and Bryan Lamey.

In July 2001, OST began contracting with CD&L for "risk management services" – which include the identification, documentation, and assessment of business programs, policies, procedures, and practices to ensure internal controls are in place and "risk" is managed at an acceptable level.

In January 2005, OST issued a contract to CD&L for risk management services (No. SMK00050058), and the contract lasted until December 2006. OST issued a follow-up contract for these services in February 2007 (No. NBCF07169) to Clifton Gunderson, LLP, which used CD&L as a subcontractor on the contract. Clifton Gunderson, reportedly the nation's 13th largest accounting and consulting firm, then acquired CD&L on April 1, 2007. Gregory J. Chavarria, Caren L. Dunne, and Bryan Lamey continue to serve as partners in the merged business.

Prior OIG Investigation

A prior OIG investigation completed in November 2006, initiated based on allegations that CD&L may have been paid for work it did not perform, determined that senior OST managers, including Delano Lords, had created the appearance of preferential treatment through the awarding of OST contracts to CD&L, in violation of the Standards of Conduct and guidance in an internal OST memorandum directing "Arms Length Dealings with Contractors." The investigative report showed that over a period of years, OST awarded and continued to extend and expand, without competition, a contract with CD&L (No. CMK99000001) for trust fund accounting and risk management services. At the same time, the most senior ranking officials in OST engaged in extensive outside social activity with executives of CD&L. Our prior investigation also determined that OST contract personnel felt pressured by senior OST officials to continue to award work to CD&L.

Agent's Note: The 2005 OST risk management contract (No. SMK00050058) did not fall within the scope of the prior OIG investigation since it did not exist when the initial complaint was received in 2003 and was an active/open contract from January 2005 through the completion of our 2006 investigation. The OST-CD&L contract mentioned above as part of the 2006 OIG investigation (No. CMK99000001), which involved trust fund accounting and other risk management services, is a separate contract and is not part of this report.

As a result of our investigation, Delano Lords and other OST personnel received letters of reprimand in their official personnel files for 1 year. Additionally, OST supervisors, contracting officers, contracting officer's technical representatives, and anyone above the GS-12 level were directed to take extensive ethics training.

Relevant Regulations

The following Federal Acquisition Regulations, Standards of Conduct, and gift regulations are relevant to this investigation:

- Title 5 of the Code of Federal Regulations (C.F.R.), Section 2635.702(d), obligates a federal employee to consider recusal from any matter that could affect the financial interests of a friend. The standard for recusal is whether the circumstances would cause a reasonable person with knowledge of the relevant facts to question his/her impartiality in the matter (5 C.F.R. Section 2635.502(a)).
- 5 C.F.R. Section 2635.101(b)(8) obligates an executive branch employee to “act impartially and not give preferential treatment to any private organization or individual.”
- 5 C.F.R. Section 2635.702 prohibits a federal employee from using his or her public office for the private gain of friends.
- 5 C.F.R. Section 2635.202(a)(1) prohibits executive branch employees from accepting a gift from a prohibited source.
- 5 U.S.C. Section 102(a)(2)(A) requires filers to report gifts of more than minimal value “received from any sources other than a relative of the reporting individual during the preceding calendar year, except that any food, lodging or entertainment received as personal hospitality of an individual need not be reported....”
- 5 C.F.R. Section 2635.101(b)(14) requires executive branch employees to “avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part.” The standard for this measure is from the perspective of what a reasonable person with knowledge of the relevant facts would believe.
- 48 C.F.R. Section 9.502-2(b)(1) prohibits a contractor from supplying services, if the contractor prepares, or assists in preparing, a work statement to competitively acquire services, unless it is a sole source contract, the contractor has participated in the development and design work, or more than one contractor has been involved in preparing the work statement.
- 48 C.F.R. Section 9.505-2(b)(2) states that agencies should normally prepare their own work statements. When contractor assistance is necessary, the contractor might often be in a position to favor its own products or capabilities. To overcome the possibility of bias, contractors are prohibited from supplying services acquired on the basis of work statements growing out of their services, unless one of the above exceptions applies.

DETAILS OF INVESTIGATION

We initiated this investigation in November 2006 after receiving a complaint from an OST employee that CD&L failed to produce the required deliverables on a number of OST and BIA contracts. The

OST employee also alleged that Delano Lords, Deputy Special Trustee for Trust Services, OST, had an inappropriate relationship with a CD&L employee (involved in a 2005 OST contract), creating the appearance of preferential treatment.

Shortly after receiving this complaint, the OIG Office of Audits submitted a referral to the OIG Office of Investigations to determine whether procurement regulations had been violated for the 2005 OST-CD&L contract. The Office of Audits had found during a review of the contract file that CD&L was awarded the contract even though Booz Allen Hamilton, Inc. (Booz Allen) had provided a lower bid and had received a comparable technical score from an OST evaluation panel.

Finally, in June 2007, we received allegations from a confidential source that Margaret Williams, Deputy Special Trustee for Trust Accountability, OST, violated procurement regulations by allowing a CD&L employee to review and edit the SOW for a 2007 OST contract in which CD&L was involved as a subcontractor.

During the course of the investigation, we conducted 47 interviews with employees from OST, BIA, CD&L, and other OST contractors. We also reviewed thousands of e-mails, contract files, and other relevant documents.

Our investigative findings are organized into four sections. The first section examines the referral from the OIG Office of Audits that OST improperly awarded the contract to CD&L. The second section involves allegations that Delano Lords and Bryan Lamey, a CD&L partner, lived at each other's homes during their respective divorce processes, which, given the fact that CD&L was a "prohibited source," would create a potential ethics violation. The third section addresses the allegation that Margaret Williams allowed Bryan Lamey to review and edit the SOW for a separate, later OST contract. The last section examines the allegation from the OST employee that CD&L failed to provide final deliverables on a number of OST and BIA contracts.

***Agent's Note:** The allegations discussed in the first and second sections of this report pertain to Delano Lords when he served as OST's Director of Trust Accountability. Lords subsequently became the Director of Trust Review and Audit. On January 23, 2008, Lords was promoted to the position of Deputy Special Trustee for Trust Services.*

Delano Lords' Involvement and Influence in Award of OST Contract

After the OIG Office of Audits referred concerns in November 2006 to the Office of Investigations that OST may have improperly contracted with CD&L, we began reviewing the 2005 OST risk management contract file (No. SMK00050058). During this review, we found that BIA's Division of Acquisition and Property Management released a Request for Quotes (RFQ) on behalf of OST on November 8, 2004. The RFQ, due November 29, 2004, cited two requirements: (1) a content requirement and (2) an operations and maintenance requirement. The content requirement involved extending the use of the risk-based management control process to Indian trust operations. The operations and maintenance requirement involved updating and changing OST's risk management database for risk assessments and providing training for DOI and tribal personnel. The RFQ allowed for bidding on either requirement or both.

The period of performance was for one base year with four 1-year option periods. The evaluation factors for the contract placed an emphasis on technical knowledge and past performance over price considerations. Bidders were also required to provide oral presentations (See Attachment 2).

A review of the contract file disclosed that a three-person evaluation team, composed of a former OST Program Analyst (now an OST auditor) and COTR of the contract, a former OST Program Analyst, and another OST Program Analyst, evaluated and rated bid proposals submitted for the contract by CD&L, Booz Allen, and Neff & Ricci, LLP (doing business as Time Solutions). Our review revealed that Neff & Ricci submitted the overall lowest bid (\$807,869), followed by Booz Allen (\$897,473), and CD&L (\$987,426). The selection panel's technical review of the proposals scored CD&L first (89 points), Booz Allen second (88 points), and Neff & Ricci last (73 points). The OST Contracting Officer's Technical Representative (COTR), representing the selection panel, informed BIA's Contracting Specialist, via e-mail, of the panel's selection of CD&L based on CD&L's knowledge and experience on the contract. The COTR's e-mail to the BIA Contracting Specialist also provided a number of justifications for not awarding the contract to Booz Allen, citing inadequacies in Booz Allen's proposal and the additional time it would take to train Booz Allen's staff in OST processes.

OST awarded the contract (No. SMK00050058) to CD&L on January 14, 2005. The original period of performance was January 10, 2005, through January 9, 2006. However, the contract was modified 14 times between March 1, 2005, and January 27, 2007, to extend the period of performance and increase funding by an additional \$1,427,374 over the original \$987,426 bid by CD&L in 2004.

When we interviewed the three-member evaluation team, we learned that it had unanimously selected Booz Allen – not CD&L – for the award, even though CD&L was ultimately awarded the contract by OST management.

The COTR, OST, told investigators that he was responsible for putting the evaluation team together. The COTR stated that a part of the selection process included oral presentations by the vendors, although the presentations were not formally scored or ranked.

The COTR told investigators that although the BIA Contracting Specialist was responsible for making the final selection of the vendor on the contract, the BIA's selection was based upon a recommendation from OST. The COTR said he had initially thought the recommendation for the vendor would be a collaborative effort between the former OST Director, John Bennett, Lords, and himself. However, the COTR said Lords ultimately made the decision to select CD&L by himself.

The COTR said he scored CD&L considerably higher than the other vendors because of CD&L's knowledge of the contract, understanding of the proposals, and its relevancy to the contract. Although the COTR scored CD&L higher, he admitted that he ultimately recommended Booz Allen for the award since he felt change was needed.

The COTR said that when he met with Lords to give him the recommendation of the evaluation team in December 2004, he told him the recommendation was Booz Allen. He recalled telling Lords that he thought new blood was needed for the contract and he wanted to give Booz Allen a chance. Lords responded to him that he was there to make sure he did not make mistakes or the wrong selection. Although the COTR could not recall Lords' exact words, he said it was clear to him that Lords was telling him to recommend CD&L for the contract.

The COTR further stated that although his direct supervisor, John Bennett, was present during this meeting and witnessed this discussion, Bennett would likely cover for Lords if questioned. He explained that Bennett and Lords were friends and that Lords was responsible for promoting Bennett to a Senior Executive Service position. The COTR said that at the time, he had been unaware of Lords' personal relationship with CD&L personnel and had assumed that Lords' decision was based upon

CD&L's experience. He said Lords and Bennett never even looked at the evaluation scores that the evaluation team had completed for the vendors.

The COTR acknowledged that Lords had attended the vendor presentations but had no recollection of Lords asking any questions. Instead, he recalled that Lords sat quietly through all three presentations made by CD&L, Booz Allen, and Neff & Ricci. In addition to Lords and the evaluation team members, he recalled that the former BIA Contracting Specialist also attended the presentations.

The former Program Analyst, Office of Trust Review and Audit, OST, said he scored Booz Allen's proposal the highest since Booz Allen had the better proposal and was capable of performing the entire contract. Additionally, the Program Analyst said he was impressed by Booz Allen's oral presentation. Conversely, he said he scored CD&L lower because its proposal did not meet two of the requirements of the contract and had a "rinky-dink" presentation. At the time of his interview, the former Program Analyst said he did not recall which two requirements CD&L's proposal did not meet. According to the former Program Analyst, he told the COTR and the other Program Analyst, OST, that he recommended Booz Allen because "fresh blood" was needed and Booz Allen's credentials exceeded the competition. Additionally, he said CD&L could only perform the content portion of the contract and would have to pair up with another vendor for other work involved. The Program Analyst further confirmed that Lords was present during the oral presentations, although Lords was not a rating official. He recalled that CD&L's presentation was made by Bryan Lamey.

The former Program Analyst, OST, stated that he had incorrectly believed that the evaluation team was empowered to make the selection of the vendor on the contract. Instead, he said he learned from the COTR that the decision would be made by Lords. He recalled the COTR saying that Lords had told him (COTR) to select CD&L. He believed that Lords' involvement in selecting CD&L for the contract created an "appearance problem."

When interviewed, a Program Analyst, Office of Trust Review and Audit, OST, said he recommended Booz Allen for the award because its proposal stood out. He explained that although CD&L had more experience on similar types of contracts, Booz Allen had better technical abilities, was a larger company, and provided the better proposal.

The Program Analyst, Office of Trust Review and Audit, stated that he was unable to attend the oral presentations because of other OST work responsibilities. He said that on the day of the presentations, Lords called his supervisor and complained that he was not present. The Program Analyst said he subsequently contacted Lords and explained that he had received permission from the COTR to miss the presentations. Although Lords accepted the Program Analyst's explanation, he said he (Lords) was upset with the COTR for excusing him (the Program Analyst) from the presentations.

The Program Analyst stated that the purpose of the evaluation team was to recommend a vendor, not to select the vendor. Through his knowledge of the procurement process, he said he knew the selection of the vendor would ultimately be the contracting officer's decision to make. Therefore, he said he did not question CD&L's contract award over Booz Allen. The Program Analyst said he was told that Booz Allen did not receive the contract because its proposal was too expensive. He said he assumed that another team focusing on the cost, composed of the contracting officer and Lords, evaluated the bid prices and awarded the contract to CD&L.

Former OST Director John Bennett, who was not a member of the evaluation team but was involved in making the final selection of the vendor, stated that CD&L had an advantage since it was familiar with the program and the OST organization. Additionally, Bennett said OST had a bad experience with

Booz Allen before, when it had started with a low bid on a contract and then expanded the scope and the cost.

Bennett said he had no recollection of being present during a meeting with Lords and the COTR to discuss the selection of a vendor on the 2005 risk management contract. He admitted that he probably did have conversations with Lords regarding the contract, but he did not remember any. Bennett said he did recall having several discussions about the contract with the COTR. He said he and the COTR both had misgivings about CD&L since CD&L had been around a long time and knew the system. However, Bennett said he still believed CD&L should have been awarded the contract since any other vendor would need to be trained, and CD&L was the best vendor to complete the job. Bennett told investigators that to the best of his knowledge, Lords never recused himself from dealings with CD&L. He said the decision to select CD&L was probably more his than Lords', and he did not recall, or believe, that Lords made the selection.

Delano Lords, who was also not a member of the evaluation team, stated that he had very little to do with the selection of CD&L for the 2005 risk management contract. He said he turned over the selection process to two of his subordinates, the COTR and Bennett. He said the COTR and Bennett developed the Request for Proposals and the SOW, and the COTR had the responsibility of rating and ranking the vendors. Lords said he was not involved in the selection process since he had previously recused himself, orally, from all matters involving CD&L. He said Bennett and, possibly, the COTR knew of his verbal recusal. Lords said he believed Bennett was responsible for making the final decision to select CD&L.

Agent's Note: Lords' verbal recusal had been reported by Lords in our prior investigation that examined whether OST officials had provided preferential treatment through the award of contracts to CD&L. During an interview with Lords on August 24, 2005, he told OIG investigators that he verbally recused himself to John Bennett in 2004, prior to the award of the 2005 risk management contract. When we asked Bennett about Lords' reported recusal, he said he had no recollection of Lords verbally recusing himself from matters involving CD&L. Although the COTR told investigators that he had no recollection of Lords' oral recusal, he said it was possible that he (Lords) provided one and "it did not register" with him.

Lords stated that although he had no involvement in evaluating the vendors since that was the responsibility of the evaluation team, he admitted that he attended the oral presentations made by the vendors. He said he did not ask questions during the presentations since the BIA Contracting Specialist had told him to only observe and not ask questions. Lords acknowledged to investigators that mistakes were made and he should have provided a written recusal and not participated, in any way, in the contractor selection process.

Lords confirmed that he met with Bennett and the COTR to discuss the evaluation team's recommendation for the contract and that the COTR had recommended Booz Allen for the award. Lords thought that this was not the best idea and asked the COTR to consider that CD&L was a local firm and already had experience with the risk management contract. He also told the COTR it would take 6 months to train Booz Allen.

Agent's Note: In our prior investigation, Lords stated that he had never awarded, or had the opportunity to award, a contract to CD&L since he had lacked the authority in the positions that he had held. He also stated that he had never showed favoritism toward CD&L and if he had, it was because of CD&L's ability to complete the work. Lords denied ever directing, threatening, or pressuring contracting employees into awarding work to CD&L or any other contractor.

When initially questioned, former BIA Contracting Specialist stated that he thought Lords had asked questions during the vendor presentations for the 2005 risk management contract. However, the Contracting Specialist later said he did not recall whether Lords had asked questions and admitted that he might have instructed Lords, prior to the presentations, to only observe and not ask questions during the oral presentations. He explained that the presentations happened so long ago that he could no longer remember what questions were asked or who asked them.

The BIA Contracting Specialist told investigators that he worked with the COTR to select a vendor on the contract. He said the COTR ultimately recommended CD&L for the award and the BIA Contracting Specialist chose CD&L since he typically accepted the vendor that the program office (OST) recommended.

Although the BIA Contracting Specialist said he never had the impression that OST had pre-selected a particular vendor, he said the COTR did express his frustration that Lords would interfere if he (COTR) complained about CD&L.

An IBM Consultant, who had prepared Booz Allen's presentation, stated that he did not recall anyone asking questions following his presentation. He said the evaluators gave him the impression that they were just "going through the motions" to get three bids.

An employee of Moss Adams, LLP, (Moss Adams), an Accounting firm that acquired Neff & Ricci, told investigators that a few weeks after his oral presentation to OST, he ran into the COTR in passing. He said the COTR told him that although he (COTR) had enjoyed Neff & Ricci's presentation, Neff & Ricci had not been selected for the award. The Moss Adams employee said that while he was unable to recall the COTR's exact words, the COTR indicated that Lords had influenced his (COTR's) decision.

Delano Lords' Acceptance of Lodging From Bryan Lamey

On December 12, 2006, an OST Auditor reported to the OIG that Lords and CD&L Partner Bryan Lamey were close friends and had been living together. The Auditor alleged that sometime in 2003, Lords and Lamey had lived at one another's residences during periods of time when both men were going through a divorce from their spouses – and while CD&L was contracting with OST. The Auditor identified the Chairman of the Quapaw Nation of Oklahoma as being a person with possible knowledge of this matter.

In an attempt to substantiate this allegation, we conducted a number of public record searches that proved to be unsuccessful in identifying an address where Lords and Lamey cohabitated. Although public records failed to link Lords and Lamey to a common address, two witnesses confirmed that both men had lived together.

The Quapaw Tribal Chairman told investigators that, while working with OST, he noticed that OST management had frequent social interaction with OST vendors, including CD&L. While attending a conference in Phoenix, AZ, on August 30, 2004, he played golf with Delano Lords and Bryan Lamey. While golfing with Lords and Lamey, both men mentioned that Lords had broken up with his girlfriend and was staying at Lamey's residence. The Chairman said Lords asked him to keep this information confidential.

The Chairman said that while he did not know how long Lords lived with Lamey, he thought it was for a long enough period of time for Lords to buy property and to build a house. While golfing with Lords approximately 1 year later, the Chairman said Lords told him that Lamey was going through a divorce and would be staying at Lords' new home.

Our investigation confirmed that Lords purchased and took possession of a newly built home in October 2004.

In June 2007, a confidential source provided further confirmation that Lords and Lamey were close friends and had lived together. The source said that the OIG's prior investigation, completed in May 2006, caused Lords and Lamey to become more cautious about socializing together.

When we questioned Lords, he admitted that he began living at Lamey's residence after breaking up with his girlfriend in August or September 2004. Lords said he stayed at Lamey's home, and others, to give his girlfriend time to move out of the home they had been sharing. He said he stayed with several different people, including Lamey, during those 2 months and added that he probably never stayed 2 days in a row at Lamey's residence or more than a total of 10 days. Additionally, he said he only stored a few articles of clothing and a fish aquarium at Lamey's home. Lords denied that Lamey ever stayed at his (Lords') residence.

Agent's Note: The RFQ for risk management contract No. SMK00050058 was released on behalf of OST on November 8, 2004. The contract was to benefit OST's Office of Trust Accountability, an office that Lords directly oversaw. As stated previously, the COTR said during his interview that he met with Lords in December 2004 to recommend Booz Allen for the risk management contract and Lords told him to recommend CD&L. The contract was subsequently awarded to CD&L on January 14, 2005.

We also questioned Lords about any gifts that he may have received from CD&L. He stated that except for the lodging at Lamey's residence, and a few meals and drinks that were previously reported in the prior investigation, he had never accepted anything of value from CD&L, including loans. After the last OIG investigative report was issued on OST and CD&L in May 2006, Lords signed a letter on October 31, 2006, officially recusing himself from any official dealings with CD&L. Subsequent to his interview, Lords voluntarily submitted to a polygraph examination to corroborate the statements he had provided to investigators. The results of the examination were that Lords showed no signs of deception in his responses to questions.

Agent's Note: Lords' October 31, 2006 recusal letter indicates that Lords had an outside-of-work social relationship with members of CD&L, including membership in the same country club where he routinely played golf. The letter indicates that Lords' current job responsibilities included work on a CD&L contract and that he was to refrain from working on or discussing the contract. Additionally, should matters involving the CD&L contract be brought to Lords, he was directed to immediately redirect those matters to Special Trustee Ross Swimmer for resolution.

Our review of federal regulations found that federal employees are prohibited from accepting any gift, including lodging, from a prohibited source, such as a contractor or an employee of a contractor (5 C.F.R. § 2635.202(a)(1)). An exception permitting acceptance of a gift based on a personal relationship applies only where the totality of the circumstances makes it clear that the gift is motivated by personal friendship rather than the position of the employee (5 C.F.R. § 2635.204(b)). The history of the relationship is a relevant factor in making this determination. Where the relationship originated as a business relationship and where the source of the gift has ongoing business dealings with the

agency, such as a currently effective contract, there is a strong indication of a business motivation, or at a minimum, a mixed business and personal motivation.

***Agent's Note:** Our prior investigation established that Lords first became acquainted with Lamey in the late 1990s when CD&L worked as a subcontractor on an OST financial statement audit. Lords reported that he began socializing (i.e. playing golf) with Lamey around this time. Between 2000 and 2004, Lords and Lamey reciprocated in buying lunch (approximately four to six times) and drinks (approximately 20 times) for one another.*

As a part of our investigation, we obtained and reviewed Financial Disclosure Reports (SF-278) that Lords filed annually with the Department. We found that Lords did not disclose his acceptance of free lodging at Lamey's residence on the Financial Disclosure Report he filed with the Department on January 28, 2005. Schedule B – Part II of the Financial Disclosure Report, titled "Gifts, Reimbursements and Travel Expenses," requires a public filer to report any gift (i.e. tangible items, transportation, lodging, food, or entertainment) that he/she received exceeding \$260 from any one source. Federal regulations require that a gift of lodging that exceeds the reporting threshold be listed on the SF-278 unless the lodging was received as the "personal hospitality of any individual" (5 C.F.R. § 2634.304(c)). Personal hospitality of any individual means "hospitality extended for a non-business purpose by an individual, not a corporation or organization, at the personal residence of or on the property or facilities owned by that individual or his family" (5 C.F.R. § 2634.105(k)).

***Agent's Note:** Although Lamey originally agreed to a face-to-face interview, it did not happen. Instead, Lamey provided a letter to the OIG on November 19, 2007, responding to some of the allegations involved. Lamey did not address his relationship with Lords or his work on the 2005 CD&L contract in this letter, but he did address issues with the 2007 CD&L contract that will later be discussed in this report.*

Margaret Williams' Incorporation of CD&L Recommended Wording Changes to Contract's SOW

On June 4, 2007, a confidential source reported to the OIG that CD&L Partner Bryan Lamey helped write and edit the SOW for OST task order No. NBCF07169 under General Services Administration contract No. GS-10F-0050K in which CD&L was involved as a subcontractor. Specifically, the source reported that in January 2007, Lamey assisted OST Deputy Special Trustee Margaret Williams in preparing and editing the SOW. The source also reported that Lamey and Williams had known each other for several years and had socialized together outside of the office.

Background of 2007 Risk Management Contract

Our review of the 2007 risk management contract file determined that on December 1, 2006, DOI's National Business Center, on behalf of OST, issued an RFQ for task order No. NBCF07169 under GSA contract No. GS-10F-0050K. The contract entailed implementing a comprehensive risk management plan to support financial, technical, and administrative controls for OST and other DOI bureaus/offices that conduct Indian trust responsibilities. Although the RFQ was initially due December 22, 2006, it was modified six times to extend the closing date to January 23, 2007. The RFQ established a fixed-price task order under a General Services Administration Mission Oriented Business Integrated Services contract. The task order (the "contract") would be awarded based on a best value determination and four technical factors, with past performance being equal in importance to the technical factors and significantly more important than price. The performance period would be a base year with one option period up to a year if required.

According to the contract file, a three-person Technical Proposal Evaluation Committee (TPEC), composed of OST Chief Information Officer Robert McKenna, DOI Senior Staff Accountant David Horn, and former OIG employee Curtis Crider, now Inspector General, U.S. Election Assistance Commission, reviewed and rated proposals submitted by Moss Adams and Clifton Gunderson, LLP. Clifton Gunderson's proposal indicated that it intended to use CD&L as a subcontractor on the contract.

Agent's Note: On December 7, 2006, OST requested that the OIG participate in the committee reviewing the risk management contract. The OIG declined to participate due to conflict-of-interest concerns with an ongoing OIG audit of OST's risk management program; however, the OIG recommended that former OIG employee Curtis Crider participate on the committee due to his experience with risk management and contracts.

Although the TPEC decided that both vendors were capable of performing on the contract, the panel ultimately recommended Clifton Gunderson for the award after consideration of best and final offers. Moss Adams' best and final offer was \$782,945 and Clifton Gunderson's was \$615,352.

Agent's Note: As previously stated, at the time of the proposal, Clifton Gunderson planned to use CD&L as a subcontractor on the contract. Following the award of the contract, Clifton Gunderson subsequently purchased CD&L on April 1, 2007.

On February 22, 2007, an NBC Contracting Officer awarded the risk management contract (No. NBCF07169) to Clifton Gunderson for \$410,064.82. The period of performance was the award date through May 1, 2008.

Robert McKenna, the TPEC chairperson, stated that when the TPEC initially reviewed Clifton Gunderson and Moss Adams' proposals, the vendor's cost information was intentionally left out. After evaluating both proposals, McKenna said members of the TPEC unanimously agreed that both vendors were technically capable of performing on the contract, and the final selection would be dependent on cost. After TPEC members provided their feedback to the NBC Contracting Officer, McKenna said the NBC Contracting Officer re-contacted the members and asked them to make a recommendation based upon the vendor's best and final offers. He said the TPEC recommended Clifton Gunderson for the award since its bid was considerably lower than Moss Adams'.

Curtis Crider, Inspector General, U.S. Election Assistance Commission, stated that he was invited to serve on the TPEC based upon the OIG's recommendation to the NBC Contracting Officer. Crider confirmed that the TPEC initially told the NBC Contracting Officer that Clifton Gunderson and Moss Adams were both technically qualified to perform on the contract and that it would come down to cost. He also confirmed that the NBC Contracting Officer later asked the TPEC to consider Clifton Gunderson and Moss Adams' best and final offers and that he and other TPEC panel members recommended Clifton Gunderson for the award based upon Clifton Gunderson's lower bid.

David Horn, Senior Staff Accountant, DOI, and member of the TPEC, also stated that the TPEC evaluated Clifton Gunderson and Moss Adams' proposals and decided that both vendors were technically capable to perform on the contract. However, Horn said he had no recollection of the TPEC being asked to evaluate best and final offers. Horn said it was possible that members of the panel did try to contact him in February 2007 to consider best and final offers and that he was out of the office.

Revisions to Statement of Work

OIG investigators subpoenaed CD&L documents during the course of the investigation and identified two CD&L documents that Williams appeared to have copied verbatim into the final SOW that she completed on January 11, 2007. The first document contained recommended wording for contract deliverables. The second document provided recommended wording establishing non-audit services that could be provided in the contract.

We determined that Nina Alexander, Director of Trust Regulation, Policy, and Procedures, OST, created drafts of the SOW for the 2007 OST risk management contract through coordination with Williams and the NBC Contracting Officer on August 14, 2006; September 14, 2006; September 20, 2006; October 26, 2006; November 30, 2006; and December 21, 2006.

In late December 2006, Alexander took extended leave for the holidays and Williams assumed the responsibility of revising the SOW. On January 11, 2007, Williams submitted her final revisions for the SOW to the NBC Contracting Officer, which were subsequently incorporated into the final award contract.

Nina Alexander, who created various drafts of the SOW between August and December 2006, said she was responsible for approximately 90 percent of the work that went into preparing these initial versions. Alexander explained that an earlier version of the SOW, created in November 2006 and incorporated into the December 1, 2006 RFQ, provided conflicting information about the type of non-audit services being called for in the contract. Alexander said vendors attending the pre-award conference pointed out these contradictions and asked questions to clarify the type of non-audit services required. She said vendors were told that the contract was a non-attest engagement. Following the pre-award conference, Alexander said a modification was issued to the RFQ to further clarify that the contract was a non-attest engagement.

***Agent's Note:** Under the Government Auditing Standards, there are three types of audit engagements – attestation engagements, performance or financial audits, and non-audit services. Attestation engagements can cover a broad range of financial or nonfinancial services and result in an examination, a review, or an agreed-upon procedures report. Before a company can perform a non-attestation service, it must evaluate whether providing that service would create an independence impairment, either in fact or appearance, especially if it has performed work previously with the organization or plans to bid on later contracts. These limitations are designed to prevent a company from auditing or attesting to the validity and accuracy of its own work.*

Alexander said that to her knowledge, Lamey had no involvement in preparing or editing the SOW. She said Lamey “shouldn’t have touched” the SOW prior to it being finalized and awarded. Had Williams shared a draft version of the SOW with Lamey, Alexander said the contract should have “started over.” Alexander did not know whether anyone assisted Williams in revising the SOW. She said that when she took annual leave between December 20, 2006, and January 8, 2007, Williams had taken on the responsibility of revising the SOW, and she (Alexander) had been kept “out of the loop.”

We questioned Alexander about the CD&L documents recommending edits to the SOW, identified by the OIG from subpoenaed documents, regarding the contract deliverables and non-audit services (non-attest issues). She stated that she had never seen these documents and she was unaware that CD&L had provided them to OST. Although Alexander said she saw the revised SOW that incorporated the CD&L documents, she said she never knew or suspected that the documents had originated with CD&L. After investigators showed her the CD&L documents, she said the language appeared nearly

verbatim in the SOW that Williams finalized on January 11, 2007, which NBC Contracting Officer e-mailed to her (Alexander) on January 16, 2007. Alexander said she believed the incorporation of CD&L's recommended wording for the contract deliverables and non-audit services violated the government's rules for procurement.

During his interview, the NBC Contracting Officer stated that he was "heavily" involved in helping prepare the SOW for the 2007 risk management contract. He confirmed that the SOW began with Alexander and was completed by Williams. He said it had to be revised several times so that potential vendors could understand what was being asked for in the contract. Although Williams had initially delegated the responsibility of writing the SOW to Alexander, the NBC Contracting Officer said Williams had always intended to bring the contract "back into her fold."

The NBC Contracting Officer confirmed that he issued a modification to the RFQ in January 2007 to clarify that the risk management contract was a non-attest engagement. Although the Contracting Officer acknowledged that Lamey called and asked him to clarify this issue, the NBC Contracting Officer denied that the modification was issued and the SOW revised for the sole benefit of CD&L and Clifton Gunderson. He explained that other vendors questioned and expressed concerns about this issue at the pre-award conference. At the time of the pre-award conference, the Contracting Officer said he feared that other vendors might not respond to the RFQ because of the ambiguity of this matter in the SOW. The NBC Contracting Officer stated that it was in the best interest of the government to clarify this issue.

Agent's Note: While other vendors originally showed interest in the 2007 OST risk management contract, in the end, only Moss Adams and Clifton Gunderson (with CD&L) bid on the contract.

The NBC Contracting Officer said he had no knowledge of Lamey having any involvement in preparing, revising, and/or editing the SOW on the contract. He acknowledged that it would have been inappropriate for Lamey to have had any such involvement. He said he could not imagine Alexander or Williams collaborating with Lamey on the SOW since Alexander and Williams were people of high integrity. Additionally, he said there would have been no incentive or benefit to Lamey to collaborate in revising the SOW since Clifton Gunderson's proposal had already been submitted and he would not have allowed Clifton Gunderson to change its bid.

The NBC Contracting Officer stated that he had never seen the CD&L documents subpoenaed by the OIG recommending changes to the SOW and was unaware that CD&L had provided them to OST. He denied that CD&L had provided the documents to him at a meeting on December 20, 2006, as alleged by Williams. *Agent's Note: Williams' allegations regarding the Contracting Officer's involvement will be discussed later in this report.* The Contracting Officer also said Lamey had never asked him permission to give the documents to Williams, as alleged by Williams. He acknowledged that CD&L gave him a copy of a Government Accountability Office report during a meeting he had with CD&L on December 20, 2006, that provided guidance for non-audit services. He said he gave a copy of the Government Accountability Office report to Williams following the meeting. The Contracting Officer stated that there was nothing wrong with his acceptance of the Government Accountability Office report from CD&L since the report was prepared by the government and was widely available to the public through the Government Accountability Office's Web site.

After we showed the NBC Contracting Officer the CD&L documents recommending changes to the SOW, he said OST's acceptance of CD&L's recommended wording changes were improper since they were prepared by CD&L. He said that had his procurement managers known about OST's incorporation of the document into the SOW, they would have pulled the solicitation. However, he

said he did not believe the changes gave CD&L and Clifton Gunderson an unfair advantage. He explained that the recommended wording only clarified the government's role versus the vendor's role and outlined what was expected from the vendors.

The NBC Contracting Officer said that it was unlikely that someone like Williams' could rise to an SES level and not understand the government's procurement processes. Additionally, the Contracting Officer recalled that Williams had previously attended Contracting Officer's Technical Representative training. The Contracting Officer said that if he had known that Williams was using information provided by CD&L or Lamey, he would have given Williams two choices – (1) do not accept the information from Lamey or (2) accept the information and bar CD&L from competing on the contract.

Investigators interviewed Margaret Williams, Deputy Special Trustee for Accountability, OST, on three separate occasions about CD&L Principal Bryan Lamey's alleged involvement in preparing and editing the SOW. During her first interview, Williams stated that Lamey had no involvement in writing or editing the SOW. She also said she never showed or discussed the SOW with Lamey before it was finalized and incorporated in the Request for Proposals.

During her second interview, Williams said that she had little involvement in preparing the initial SOW for the 2007 risk management contract and that the development of the SOW requirements, from start to finish, had been accomplished by Alexander. Williams said there was good reason to assign this responsibility to Alexander since Alexander had been the contracting officer's technical representative on the 2005 risk management contract (SMK00050058) and had all of the necessary documents.

Although Alexander had the responsibility of writing the SOW, Williams said she oversaw Alexander's work and periodically provided her with feedback and input. Williams claimed that the development of the SOW was a collaborative effort between Alexander, the NBC Contracting Officer, and herself. She said the NBC Contracting Officer only provided feedback and did not write or edit the SOW since she did not know the program requirements. Williams also admitted that she took on the responsibility of revising the SOW following the pre-award conference on December 19, 2006, since it needed to be done. She said she completed her revisions to the final SOW on January 11, 2007, without anyone's assistance.

During her second interview, Williams admitted that she had shown Lamey a draft version of the SOW to get his input on whether the revised language clarified that the contract was a non-attest engagement. She said the confusion over the type of non-audit services by vendors attending the pre-award conference was one of the reasons she and the NBC Contracting Officer felt it was necessary to revise and clarify the SOW. Williams said Lamey called and told the NBC Contracting Officer that unless the issue was clarified, his company might not bid on the contract.

Williams told investigators that Lamey looked at the draft SOW and told her she was "on the right track." Once again, Williams denied that Lamey had prepared or made any edits to the SOW. Williams told investigators that she was "just trying to get out a good product" for the government and did not realize that the SOW was a procurement sensitive document that needed to be protected.

Williams subsequently submitted to a polygraph examination to corroborate the statements she provided during her first two interviews. She was asked whether she (1) intentionally withheld, misled, or concealed information during her previous interviews with investigators, (2) allowed anyone at CD&L to edit the SOW, or (3) received any edited copies of the SOW from anyone at CD&L.

Williams responded “no” to all three questions. The result of the examination was that Williams showed no sign of deception in her responses.

During our third interview with Williams, she said she no longer believed she had showed Lamey a draft version of the SOW (as previously reported during her second interview). Williams claimed that investigators had made her feel that she had done something wrong and she felt “pressured” to admit to something. She said that after much thought, she believed that she never showed a procurement sensitive document to Lamey. Williams said she had not contacted investigators to set the record straight because she thought these issues had been laid to rest with her successful completion of a polygraph examination.

After agents showed Williams the CD&L documents obtained by subpoena showing CD&L’s proposed edits to the SOW regarding contract deliverables and non-audit services, Williams stated that she had, in fact, received CD&L documents providing recommended wording for non-audit services to the SOW on two separate occasions. Williams said she first received the recommended wording changes for non-audit services from CD&L when the NBC Contracting Officer faxed it to her along with a Government Accountability Office report titled, “Government Auditing Standards.” According to Williams, the NBC Contracting Officer told her that he had received the documents from Lamey during a meeting at CD&L offices on December 20, 2006. Williams said she received these documents a second time when someone from CD&L (i.e. Lamey, a CD&L employee, or a “runner”) gave them to her sometime between December 20, 2006, and January 11, 2007, providing recommended wording changes for contract deliverables and non-audit services. She said she believed it was okay to accept the documents from Lamey since Lamey said he had already spoken to the NBC Contracting Officer about them and the Contracting Officer said it was okay to provide them to Williams. She admitted that she never followed up with the Contracting Officer to confirm this.

Agent’s Note: As stated previously, the NBC Contracting Officer denied sending the CD&L documents that recommended wording changes for contract deliverables and non-audit services to Williams and said he only sent her the Government Accountability Office Report. The NBC Contracting Officer also denied ever speaking to Lamey about providing the documents to Williams.

Williams readily admitted that she incorporated CD&L’s recommended wording for non-audit services and deliverables into the final SOW; however, she said she had thought she was “operating under [the NBC Contracting Officer’s] purview” and “within the procurement process.” She denied that she knowingly or intentionally did anything wrong by incorporating both documents into the SOW. She explained that Lamey had assured her that the NBC Contracting Officer was aware and had consented to the documents being provided to her. Williams said this belief was further confirmed in her mind because the NBC Contracting Officer had previously faxed the CD&L document, recommending wording for non-audit services, to Williams. Because Williams trusted the NBC Contracting Officer’s knowledge, experience, and guidance in the procurement process, Williams said she was not concerned that she might be doing something wrong by accepting and incorporating both documents into the final SOW. Williams said her intention was not to give CD&L and Clifton Gunderson a competitive advantage but to “take care of the attest issue” that needed to be clarified.

Williams adamantly denied that she ever intentionally provided CD&L and Clifton Gunderson with any unfair advantage in the procurement process. She said the following precautions were taken to ensure fair and open competition: (1) an experienced and seasoned contracting officer was assigned to handle the procurement of the contract, (2) she relied upon the NBC Contracting Officer’s guidance throughout all stages of the procurement process, (3) the OIG’s input was solicited and received during the pre-bid process, (4) a technical review panel objectively assessed the bid proposals, (5) members of

the technical review panel had no prior involvement/contact with CD&L, and (6) the SOW was revised to incorporate Government Accountability Office guidance to clarify the SOW and attract additional bidders. Williams stated that the CD&L documents she incorporated into the SOW did not change the contract's scope of work and only sought to "clear up" confusion about the contract's deliverables and non-audit services.

Regarding allegations that she had a personal relationship with Lamey, Williams said she had a professional association with Lamey through her work at OST. She said most of her interaction with Lamey began in 2004 when she assumed her current OST work responsibilities. Williams said she only socialized with Lamey on a few occasions at golf scrambles or other office functions. She last socialized with Lamey around December 2006, when she met Lamey and another OST employee at a local tavern to discuss work. Williams said she never accepted a gift, or anything of value, from Lamey or any individual who was considered to be a prohibited source.

In a letter provided to the OIG on November 19, 2007, Lamey denied that he had any involvement in drafting or revising the SOW for the 2007 risk management contract. In this letter, he said the wording of the SOW provided in the RFQ failed to describe the deliverables "in a concrete enough way for bidders to be able to make proposals." Therefore, he said he had a number of discussions about this issue with the NBC Contracting Officer and Williams. Lamey claimed in his letter that in January 2007, the Contracting Officer told him that he had no problem with Williams consulting with Lamey about the revisions to the SOW. Lamey reported that he related this to Williams. Although Lamey had no recollection or record of providing the deliverable table to Williams, he recalled that he had specific conversations about it with Williams. However, Lamey said he did not intend for the deliverable table to be a part of the revised SOW. Rather, Lamey said he considered the document to be an aid to his consultations with OST.

In Lamey's letter to the OIG, he also claimed that the wording of the SOW, provided in the RFQ, failed to indicate that the solicited work would be "non-attest" in nature. Lamey said he had several discussions about this issue with the NBC Contracting Officer and Williams.

As previously mentioned, Lamey wrote that the Contracting Officer allowed the Program Manager (i.e. Williams) to consult with him while Williams revised the SOW. Lamey further reported that CD&L provided Williams with a copy of a Government Accountability Office report titled, "Government Auditing Standards." Although Lamey's letter to the OIG made no mention of the specific CD&L document that Williams incorporated into the SOW, Lamey reported that he considered the documents he provided to be nothing more than an aid to his consultations with OST.

Agent's Note: Because we did not interview Lamey, we were unable to substantiate whether he had a personal relationship with Williams.

CD&L Deliverables on OST and BIA Contracts

In November 2006, an Auditor, Office of Trust Review and Audit, OST, told the OIG that CD&L deliverables had not been produced on OST and BIA contracts. The OST Auditor reported that when he asked questions about CD&L deliverables, OST managers told him to "shut up and mind [his] own business." He reported that although OST managers had claimed that CD&L deliverables were completed, implemented, and operating, the OST Auditor suspected that final deliverables had not been provided based upon his conversations with other government employees.

As a result of the OST Auditor's complaint, the OIG Office of Audits obtained and examined more than two dozen boxes of OST contract files. On May 3, 2007, the Office of Audits reported that it was unable to determine whether CD&L had provided the required deliverables since OST contract files were disorganized, incomplete, or missing. The OIG Office of Audits referred this matter to the OIG Office of Investigations so that CD&L records could be obtained and a determination made as to whether deliverables were provided on OST and BIA contracts. Our investigation into this matter began with the issuance of a subpoena for CD&L's records on seven OST and BIA contracts.

Analysis of CD&L Deliverables

In June 2007, we served a subpoena to CD&L for records relating to OST and BIA contract numbers CMK99000001, CMK60099013, GS-10F-0407P, GS-10F-0050K, K6002K1413, NBCDOP00346, and TSPR02REQ57. Between August 6, 2007, and August 29, 2007, CD&L provided a rolling production of records to satisfy the production requirements of the subpoena.

To determine whether CD&L deliverables had been provided on OST and BIA contracts, the OIG Office of Audits reviewed the subpoenaed documents. On November 5, 2007, the Office of Audits completed its review of the materials and determined that CD&L had fulfilled the contractual requirements of the OST and BIA contracts reviewed.

In 2006 and 2007, our Office of Audits conducted a separate audit of DOI's contracts with CD&L and determined the following:

- DOI did not provide adequate government oversight over CD&L's performance to give reasonable assurance that the contractor was using efficient methods and cost controls;
- Most of the DOI contracts reviewed for CD&L services had ill-defined requirements, were insufficiently monitored, or lacked the required documents necessary for evaluation;
- DOI could not consistently demonstrate that it received full value for money spent or substantiate the receipt of timely and quality deliverables on contracts with CD&L;
- DOI suffered an increased vulnerability to waste because most CD&L contracts were time-and-materials contracts in which DOI paid CD&L based on its level of effort rather than completion or progress toward completion of defined contract deliverables;
- DOI did not properly document its determination and findings that no other contract type, other than time-and-material, was suitable for award to CD&L;
- DOI inappropriately awarded two contracts to CD&L as time-and-materials contracts;
- When using time-and-materials contracts, DOI did not always sufficiently describe the scope of work for CD&L to perform;
- DOI contracting officials failed to track CD&L's progress toward completion of deliverables as part of contract monitoring;
- DOI contracting officials failed to enforce contract provisions that would have allowed for better monitoring of CD&L's progress in completing deliverables;
- DOI contracting officials said they felt pressured by senior OST managers to continue to award work to CD&L and to approve invoices without review or validation, and
- DOI personnel failed to perform a timely review of contract deliverables.

Agent's Note: The full details of the Office of Audit's findings in this matter will be issued in an accompanying audit report.

SUBJECT(S)

Name: Lords, Delano J.
Grade: Senior Executive Service
Title/Position: Deputy Special Trustee for Trust Services, OST
Post of Duty: Albuquerque, NM

Name: Williams, Margaret
Grade: Senior Executive Service
Title/Position: Deputy Special Trustee for Trust Accountability, OST
Post of Duty: Albuquerque, NM

DISPOSITION

We discussed this case with the U.S. Attorney's Office, District of New Mexico, which declined prosecution of both Lords and Williams.