

Directed Subcontracting

Written by Nick Sanders
Thursday, 19 October 2017 00:00

We've all been there.

The phone rings, or an email arrives, and it's the COTR or the PCO and they want you, the prime contractor, to acquire a thing for the contract. You will acquire it and they will take title, and you can bill the cost along with your other costs and it will be paid.

Only you know and they know the item has nothing to do with the contract's SOW.

They want a personal computer or a cell phone or an iPad, or maybe even a hibachi, because they have a need and they can't get the item approved through normal government channels. So they do an end-run and have you acquire it for them.

They have the authority. The COTR and/or the CO have the authority to direct you to acquire stuff, and so you probably will, even though you know and they know they really shouldn't be asking you to take these actions. But you do, probably in the name of customer relationships. After all, why would you want to upset these folks for such a trivial amount of money—even though there's a risk that if anybody looks hard enough, you may have some 'splaining to do.

What's the harm? After all, the government ends up paying for it one way or another. Either through your contract or through some other agency appropriations. At the end of the day, there's no harm and therefore no foul.

Right?

It's not like somebody entirely unconnected to the contract, somebody in the Government agency finance function, called you up and directed you to acquire the thing and charge it to the contract. Because that would be weird, right? It would be weird to have this stranger call you, or email you, and tell you to go to a specified vendor and issue that vendor a P.O. to acquire a thing or two, and then pay the vendor for those things and then bill the prime contract for the cost.

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That would be weird and you probably wouldn't do it.

It's one thing when the PCO or COTR ask you to do something, but it's quite another thing when some stranger unconnected with your prime contract asks you to do something. So you probably wouldn't do it.

Probably.

In completely unrelated news, a former Comptroller for the Navy's Norfolk Ship Support Activity (NSSA) was recently sentenced for accepting illegal gratuities. (*Ed. Note: Are there any other kind of gratuities for government employees?*)

) According to the Department of Justice

[press release](#)

William R. Hutsenpiller, 57, of Mount Dora, Florida, oversaw the \$200 million operating budget for the NSSA while serving as the civilian GS-15 Financial Department Head/Comptroller from October 2009 through November 2013. During this time, Hutsenpiller conspired with others to essentially force a government prime contractor to use a specified subcontractor—Global Services Corporation, based in Fayetteville, North Carolina—that he knew would collaborate with him to misuse government funds. As part of the scheme, Hutsenpiller directed the prime contractor to pass government funds to Global, a defense subcontractor, and in turn, Hutsenpiller directed Global to withhold unexpended funds that should have been returned to the government or to the prime contractor.

Apparently Global used the funds to, among other things, pay “illegal gratuities” to Mr. Hutsenpiller. The DOJ press release stated—

From 2010 through 2014, Hutsenpiller made numerous requests that Global provide him with various items of value and services for his personal use, which Global agreed to purchase with government funds. The gratuities that Global provided to Hutsenpiller included a variety of personal electronic items and accessories for Hutsenpiller and his family, such as cell phone

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service and accessories, multiple iPads, a computer, home thermostat, and streaming television boxes.

So this GS-15 guy told the prime contractor to award a P.O. to Global for stuff, and they did. (Possibly they alerted somebody, because the guy was caught. But the article doesn't say how he was caught so we don't know.) For four years, the prime contractor followed the direction of this stranger and funded a subcontract.

Why?

Why would you do that?

As noted above, we don't know why and we don't know if they tipped somebody off—but four years seems like kind of a lot to keep on following the direction of this stranger who was completely unconnected with the prime contract and who didn't have authority to order the prime contractor to do anything. But that's what the prime contractor did.

And now Mr. Hutsenpiller has been sentenced to 40 months in Federal prison and sentenced to pay approximately \$70,000 to the taxpayers.

No word on fines or penalties to be paid by Global.

No word on fines or penalties to be paid by the unnamed prime contractor, who was just following directions from the government.