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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

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October 7, 2011

The Honorable Kathleen Sebelius
Secretary of Health and Human Services
U.S. Department of Health and Human Services
Hubert Humphrey Building, Room 416G
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Madame Secretary:

On October 5, 2011, the Subcommittee on Contracting Oversight held a hearing entitled, "Food Service Management Contracts: Are Contractors Overcharging the Government?" The hearing was a response to growing concern that contractors are withholding rebates and discounts that they may otherwise be required to pass through to the government. Direct examples of this fraudulent activity have been seen in contracts under the National School Lunch Program and prime vendor subsistence contracts.

As part of the Subcommittee's ongoing oversight of food service management contracts, I am writing to request information regarding the Department of Health and Human Services's procurement, management and oversight of food service management contracts and vendor rebate practices. I request that you provide a list of all of the Department's food service management contracts between fiscal years 2007 and 2011. Please submit your response using the spreadsheet provided with the following information for each contract:

- (1) The contract number;
- (2) The date of contract award;
- (3) The name of the contractor and any subcontractors;
- (4) A brief description of the contract scope and the work performed;
- (5) The type of contract used;
- (6) The timeframe to perform the work;
- (7) The name of the agency or organization requesting the contract;

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- (8) The cost of the contract, including the base and options value, as well as the obligated amount of the contract; and
- (9) The amount of any vendor rebates, discounts or incentives reimbursed to the agency.

I also request that you provide information regarding the Department's policies relating to rebates, discounts and incentives in food service management procurements and any instances where contractors have protested the use of provisions requiring the return of rebates in contracts. In addition, please provide any audit reports performed by internal audit organizations or the Office of the Inspector General regarding contractors withholding rebates.

We request that you provide this information as soon as possible, but in no case later than **Friday, November 4, 2011**. If you determine that you will be unable to make a complete production by this date, please contact Subcommittee staff to discuss possible modifications to this schedule.

The jurisdiction of the Subcommittee on Contracting Oversight is set forth in Senate Rule XXV clause 1(k); Senate Resolution 445 section 101 (108th Congress); and Senate Resolution 73 (111th Congress). An attachment to this letter provides additional information about how to respond to the Subcommittee's request.

Please have your staff contact Sarah Garcia at (202) 224-1014 with any questions. Please send any official correspondence relating to this request to Kelsey_Stroud@hsgac.senate.gov.

Sincerely,



Senator Claire McCaskill
Chairman
Subcommittee on Contracting Oversight

cc: Rob Portman
Ranking Member
Subcommittee on Contracting Oversight

Enclosures (2)