Defense Contractor to Pay Nearly $1 Million to the United States to Resolve Allegation of Overbilling on NSA Contract

BALTIMORE, Md. – iNovex Information Systems, Incorporated (“iNovex”), located in Annapolis, Maryland, has agreed to pay the United States $962,747.42 to resolve federal False Claims Act allegations that iNovex knowingly billed the National Security Agency (“NSA”), a component of the Department of Defense, for work performed by certain iNovex employees who did not meet all of the specialized qualifications required under their contract with NSA.

The civil settlement was announced by United States Attorney for the District of Maryland Robert K. Hur; Assistant Inspector for Investigations G. Shawn Tate of the NSA Office of Inspector General; and Special Agent in Charge Robert E. Craig, Jr. of the Defense Criminal Investigative Service - Mid-Atlantic Field Office.

“Defense contractors are required to bill for costs actually incurred, and to be truthful in the claims they submit to federal agencies,” said U.S. Attorney Robert K. Hur. “The U.S. Attorney’s Office and our partners are committed to protecting taxpayer dollars and ensuring integrity and compliance with federal agency standards. This agreement settles the allegations that iNovex billed the federal government for work performed by employees who did not meet the qualifications required under their contract.”

iNovex provides advanced information technology (“IT”) consulting, engineering, development, and integration services to both the public and private sectors. In March 2012, iNovex was awarded an NSA contract (“the contract”). Given the complexity of the work that was to be performed under the contract, the NSA specifically included as a term of the contract the requirement that iNovex provide personnel possessing the training, qualifications, and clearances to accomplish all tasks identified in the contract. To assure that iNovex understood the skills its employees were required to have to perform the services under the contract, NSA included an appendix to the contract that expressly referenced and attached a set of labor categories prescribing the experience, educational qualifications, and specialized certifications needed for the classes of personnel billed under the corresponding labor category, including the hourly rate that would be paid by the NSA.

According to the civil settlement agreement, the settlement resolves the allegation that between November 9, 2012 and April 14, 2016, iNovex knowingly billed the NSA, and the NSA paid, for work performed by iNovex employees who were identified by iNovex, on the invoices it presented to the NSA, as System Administrator-IV (“SA-IV”) and System Administrator-III (“SA-III”) positions, despite the fact that those employees did not timely obtain a specific certification required for payment of the rates corresponding to those two labor categories.

The claim resolved by this settlement is an allegation. The settlement is not an admission of liability by iNovex, nor a concession by the United States that its claim is not well founded.