



**Office of Inspector General
U.S. General Services Administration**

Semiannual Report to the Congress

October 1, 2009 – March 31, 2010

GSA's SIGNIFICANT MANAGEMENT CHALLENGES

The Congress requested the Inspectors General of major Federal agencies to report on the most significant management challenges facing their respective agencies. Our strategic planning process commits us to addressing these critical issues. The following table briefly describes the challenges we have identified for GSA and references related work products issued by the GSA OIG and discussed in this semiannual report

CHALLENGES	BRIEF DESCRIPTION OF CHALLENGE	PAGE
ACQUISITION PROGRAMS	GSA's procurement organization awards and administers government-wide contracts worth \$100 billion. With growing programs and shrinking numbers of qualified acquisition personnel, attention to important fundamentals such as ensuring competition, meaningful price analysis, and implementation of statutory and regulatory compliance-type requirements has diminished.	2
INFORMATION TECHNOLOGY	Technology applications have increased exponentially as "E-Gov" is used to better manage operations and interface with the public, but complex integration and security issues exist.	4
FINANCIAL REPORTING	GSA systems, including its financial system of record (Pegasys), continue to have deficiencies in interoperability and interfaces. As a consequence, GSA management continues to rely heavily on manual workarounds and significant adjusting entries to prepare the financial statements and related note disclosures.	5
PROTECTION OF FEDERAL FACILITIES AND PERSONNEL	GSA has a role in protecting the life and safety of employees and public visitors in Federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required.	7
HUMAN CAPITAL	GSA has an aging workforce and is facing significant loss of institutional knowledge due to retirements, including a loss of key management staff over the past year. Better recruitment and training programs are needed to develop the 21st century workforce.	No Reports This Period
FEDERAL BUILDINGS FUND	Faced with an aging, deteriorating inventory, GSA is challenged in making the best use of available funds to deliver high performance workplaces on schedule and within budget.	8

Foreword

I am pleased to provide this report to the people of the United States and their elected representatives in Congress. The Office of Inspector General (OIG) at GSA has been working successfully to identify and prevent waste, fraud, and abuse in connection with the programs and operations of GSA. This reporting period, we issued 56 audit reports and identified over \$170 million in funds recommended for better use and questioned costs. We also made 286 referrals for criminal prosecution, civil litigation, and administrative action—activities valuable in their own right, as well as for their deterrent effect. In this reporting period, GSA achieved savings totaling over \$702 million from management decisions on audit findings and from civil settlements and investigative recoveries.

Notable during this reporting period was the \$400 million criminal fine imposed upon BAE Systems, PLC, for alleged false statements and violating the Arms Export Control Act and International Traffic in Arms Regulations. Almost \$14 million in contract fraud settlements were obtained during this reporting period from other companies.

The Recovery Act provides GSA with \$5.5 billion in construction funding. In this reporting period, we reviewed major construction and high performance “green building” projects, the Austin Courthouse project, and the UN Plaza project. In addition to oversight reviews, we provided contract audit support through 37 reports and memoranda on reviews of contractors’ proposals valued at over \$155 million.

During this reporting period, the Senate confirmed Martha Johnson as GSA’s new Administrator. We look forward to working together to address the need for everyone to work faster, smarter, and better as GSA meets the demands of its mission and accepts new challenges. We remain committed to assisting GSA to accomplish its mission with efficiency, effectiveness, and economy. By their steady record of accomplishment, OIG employees continue to show a dedication to effective public service of which our nation can be proud. I commend our employees for their professionalism and performance in discharging their duties and upholding the law. I also recognize the continued strong support of Congress, OMB, and employees throughout GSA.



*Brian D. Miller
Inspector General
April 30, 2010*

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Summary of OIG Performance

October 1, 2009 – March 31, 2010

OIG Accomplishments

Total financial recommendations \$170,983,064

These include:

• Recommendations that funds be put to better use \$145,154,250

• Questioned costs \$ 25,828,814

Audit reports issued 56

Referrals for criminal prosecution, civil litigation, & administrative action 286

Results Attained

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$702,261,692

Indictments and informations on criminal referrals 24

Cases accepted for criminal prosecution 36

Cases accepted for civil action 15

Successful criminal prosecutions 36

Civil settlements 6

Contractors/individuals suspended and debarred 62

Employee actions taken on administrative referrals involving GSA employees 28

Executive Summary

During this semiannual period, the OIG continued to direct its auditing and investigative resources toward what it has identified as the major management challenges facing GSA. The OIG conducted audit reviews and investigations to ensure the integrity of the Agency's financial statements, programs, and operations, and to ensure that the taxpayers' interests were being protected. The OIG also continued to initiate actions to prevent fraud, waste, and abuse, and to promote economy and efficiency throughout GSA.

The OIG's resources have been directed specifically toward conducting preaward, financial, and programmatic audits; management control assessments; contract reviews; investigations of fraud, abuse, and related actions by GSA employees and government contractors; and litigation support in civil fraud actions, enforcement actions, criminal prosecutions, contract claims, and administrative actions, all in an effort to maintain the integrity of GSA programs.

Management Challenges

The OIG continued to strive to provide the high level of quality in reviews and recommendations for which it is known, and which it believes necessary in order for GSA to continue leading the government in contracting and procurement. During this semiannual period, the focus has been on acquisition programs, information technology, financial reporting, protection of federal facilities and personnel, the federal buildings fund, and the American Recovery and Reinvestment Act (Recovery Act). The following are significant audits and reviews that identify major issues facing GSA.

Acquisition Programs

Significant Preward Reviews and Other Audits. The OIG's preaward review program provides information to contracting officers (COs) for use in negotiating contracts. This period, the OIG performed preaward reviews of 34 contracts with an estimated value of \$3.5 billion. We recommended that more than \$145 million of funds be put to better use. During this reporting period, management decisions were made on 55 preaward reports, which recommended that over \$259 million of funds be put to better use. Management agreed with 100 percent of the recommended savings (page 2).

Need for Stronger Guidance for Acquisition Management Support Contracting. GSA's Federal Acquisition Service (FAS) issued three Blanket Purchase Agreements (BPAs) to obtain acquisition management support services from contractors to assist in contracting for Recovery Act projects. Auditors found that broadly-defined requirements in the BPAs' statements of work create a risk that task orders under the BPAs will allow acquisition support contractors to perform inherently governmental functions, or operate under organizational conflicts of interest. The audit report therefore recommended the addition of more specific guidance to several sections of the Acquisition Management Support Services Contracting Officer Ordering Guide. The auditors also found that the contract file included insufficient documentation of the basis for the decision to award a single BPA with two backups, rather than multiple BPAs (page 2).

Millions of Dollars of Potential Losses in Prompt Payment Discounts. Many Multiple Award Schedule (MAS) contracts are negotiated with prompt payment discounts, but auditors found in a sample of 43 vendors that 65% did not properly cite the discount terms on their invoices, impeding ordering agencies' ability to benefit from more than \$9 million in potential discounts in FY 2007 alone from the affected contracts. The audit also discovered that government purchasers do not always include discount terms on order forms as required, and that some MAS customer agencies negotiate away prompt payment discounts in return for other concessions. The audit report recommended, among other things, that FAS take a position on customer agencies negotiating away discounts; ensure that order forms include discount terms; and seek appropriate recoveries from MAS vendors who include inaccurate discount terms on their invoices (page 3).

Information Technology (IT)

Needed Improvements in GSA's Implementation of E2 Travel System. GSA employees manage their official travel through E2 Solutions, one of the three systems available to federal agencies under the e-Government Travel Service initiative. The auditors' review of the E2 system concluded that GSA's implementation of E2 has not provided the level of scrutiny necessary to ensure

Executive Summary

that internal and financial controls adequately mitigate operational risks. In addition, employees using E2 are not satisfied with its performance; it is not user friendly or intuitive, and it is not sufficiently accessible to employees with disabilities (page 5).

Financial Reporting

Some Deficiencies in GSA Financial Controls. An independent public accounting firm (IPA) performed an audit of GSA's FY 2009 financial statements. The independent audit did not identify any material weaknesses relating to GSA's financial management systems, internal controls or financial reporting. However, the IPA did note three significant deficiencies, relating to controls over (1) budgetary accounts and transactions; (2) accounting and reporting of non-cancellable occupancy agreements and (3) financial reporting (page 5).

Protection of Federal Facilities and Personnel

Inadequate Security Controls over Sensitive Public Building Information. An audit found that GSA's Public Buildings Service (PBS) uses electronic project management software applications to manage building projects, but that these information systems do not fall under the oversight of PBS's security program and have not been reviewed for compliance with the Federal Information Security Management Act. The audit also found that regional PBS offices often failed to protect building information accessible through public web pages. The auditors recommended that PBS work under the information security program of the GSA Office of the Chief Information Officer to ensure appropriate controls over sensitive building information (page 7).

Federal Buildings Fund

Separation of Duties Deficiencies Remedied in U.S. Courthouse Construction Project. In a review of the construction of a federal courthouse, auditors determined that a PBS employee in charge of project management had also modified contracts without additional review, contrary to GSA's separation of duties internal control processes. The auditors also found that contract files contained inadequate documentation regarding the scope and cost of change orders. In

response to the audit's preliminary findings, PBS regional management rescinded contracting warrants for construction project managers and proposed a conflict resolution process for disputes between project managers and contracting officials on construction projects (page 8).

American Recovery and Reinvestment Act

Pricing Irregularities in Austin Courthouse Construction. PBS awarded a contract for construction and for design-phase management services for the Austin Courthouse project without negotiating a price for the construction phase of the contract. The contract file does not contain the documentation required for an unpriced option without justification. The construction phase of the contract, which began after the passage of the Recovery Act, was funded with Recovery Act appropriations. The contract was ultimately priced based on the contractor's own cost estimate, but PBS never established that this price was fair and reasonable, as required by the General Services Acquisition Manual. PBS disagreed with the audit's findings; the OIG does not agree with this position and has reiterated the audit's recommendations (page 9).

Failure to Develop Project Management Plan for UN Plaza Modernization. The Office of Audits issued an audit memorandum informing PBS that preliminary audit work had revealed a failure to develop an approved project management plan for the modernization of the 50 United Nations Plaza Federal Building in San Francisco. The project should not have advanced past the planning stage without a project plan. PBS developed a project plan upon notification of this deficiency (page 10).

Other Recovery Act Activities. The GSA OIG has also performed other work related to Recovery Act programs and contracts. As of the end of this reporting period, the Office of Audits has issued 37 reports and memoranda regarding reviews of contractors' proposals, valued at a total of over \$155 million. As part of this effort, the Office of Audits coordinated with the Defense Contract Audit Agency (DCAA) to perform 27 audits of proposals related to a major GSA construction project. The total proposed dollars audited in cooperation with DCAA were over \$126 million (page 10).

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Other Initiatives

FAR Contractor Disclosure Program. The GSA OIG continues to process, evaluate, and act on the disclosures made by contractors pursuant to the FAR rule requiring a contractor code of business ethics and conduct, an internal control system, and disclosure to the government of certain violations of criminal law, violations of the civil False Claims Act, and significant overpayments. During this reporting period, the GSA OIG received four disclosures. These disclosures included timecard mischarges, compliance failures, misuse of task order funds, and overbilling errors (page 11).

Promoting and Protecting Integrity

GSA is responsible for providing working space for one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property, and operates a government-wide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil and other monetary recoveries totaled almost \$415 million.

Significant Civil Actions and Criminal Investigations

Civil Recoveries. Itochu Corporation of Japan and its subsidiary Itochu International, Inc., signed a \$6.75 million settlement of a False Claims Act complaint that the companies had imported and sold defective fiber for use in bullet-proof vests for law enforcement personnel (page 12). Johnson Controls, Inc., entered a \$1 million agreement to settle claims that it had submitted or caused to be submitted false statements in connection with federal construction contracts (page 13). The president of Systems Integration Management, Inc. (SIM), was ordered by a court to pay \$525,000 in a False Claims Act suit over SIM's submission of inflated and fraudulent invoices (page 13).

Theft and Fraud. BAE Systems, PLC pled guilty to conspiring to defraud the United States by making false statements about its Foreign Corrupt Practices Act

compliance program and violating the Arms Export Control Act and International Traffic in Arms Regulations. It was sentenced to three years of probation and a \$400 million fine (page 12). Three U.S. Army Sergeants were sentenced for a scheme to obtain surplus government computers and sell them for the defendants' personal profit. The first received 18 months in prison and \$163,000 in restitution, followed by 3 years of supervised release; the second was sentenced to 6 months of home confinement, 3 years of probation, 200 hours of community service, and \$10,187 in restitution; and the third received 2 months of home confinement, 2 years of probation, 100 hours of community service, and \$12,124 in restitution (page 14). A former employee of an Arlington, Texas auto dealership, who stole an engine from a GSA vehicle and replaced the engine with a damaged one, was sentenced to 2 years of probation, a \$1,000 fine, and \$9,033 in restitution (page 14). A Canadian citizen was sentenced to 4 years in prison and 3 years of supervised release for conspiring with his brother, a federal employee, to steal nearly \$3 million in federal surplus property, most of which they transported to Canada (page 14). A GSA contractor employee was sentenced to 3 years of supervised release, 300 hours of community service, and \$15,000 of restitution for submitting through the mails false concrete test results in conjunction with government construction projects (page 15).

False Statements and Obstruction of Justice. A former GSA Chief of Staff was sentenced to 1 year of incarceration and 2 years of supervised release for false statements and obstruction of justice during a GSA OIG investigation into a golf trip to Scotland with a prominent lobbyist that included several government employees (page 13). The owner of Hose-Mart, Inc., was sentenced to 6 months of probation and an \$1,800 fine for false statements made during a federal investigation of another contractor (page 13).

Fleet and Travel Card Abuse. The GSA OIG's ongoing investigative efforts into Voyager Fleet Charge Card abuse yielded 11 arrests, 12 indictments, and 11 guilty pleas during this reporting period. Among these, current and former employees of the Department of Energy, AMTRAK, a civilian contractor, the Department of Veterans Affairs, the Office of Indian Child Welfare for the Ponca

Executive Summary

Tribe, and the Army National Guard were sentenced to a total of 4 years and 7 months of incarceration, 6 years of supervised release, 14 years of probation, and \$228,254 in restitution, as well as community service and fines, for unauthorized purchases of fuel, food, tobacco products, and beverages using government charge cards (page 16). In addition, a GSA Leasing Specialist was demoted from a GS-11 to a GS-9 and her travel card privileges were terminated after it was determined that she used a government travel card to pay for purchases and travel unrelated to her work (page 15).

WPA Artwork. A coordinated initiative of the GSA OIG, the Department of Justice, and the Federal Bureau of Investigation recovered 17 historic works of art produced through the Works Progress Administration during this reporting period. These included the painting *Swift's Packing House*, valued at \$800. GSA also entered an agreement to lend *Simplicity*, valued at \$40,000, to the St. Louis Art Museum. The GSA OIG recovered the painting after learning of its scheduled unauthorized auction. GSA also entered into an agreement to lend 15 works valued at over \$19,000 to an Iowa art museum, after OIG investigators learned that the museum, which had lost its record of an original 1935 agreement lending it the works, was about to sell them at auction (page 15).

Suspension and Debarment – Highlights

During this reporting period, the OIG made 106 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 62 suspension and debarment actions based on current and previous OIG referrals (page 17).

Integrity Awareness – Highlights

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees' roles in helping to ensure the integrity of Agency operations. This period, we presented 34 briefings attended by 467 regional and Central Office employees (page 17).

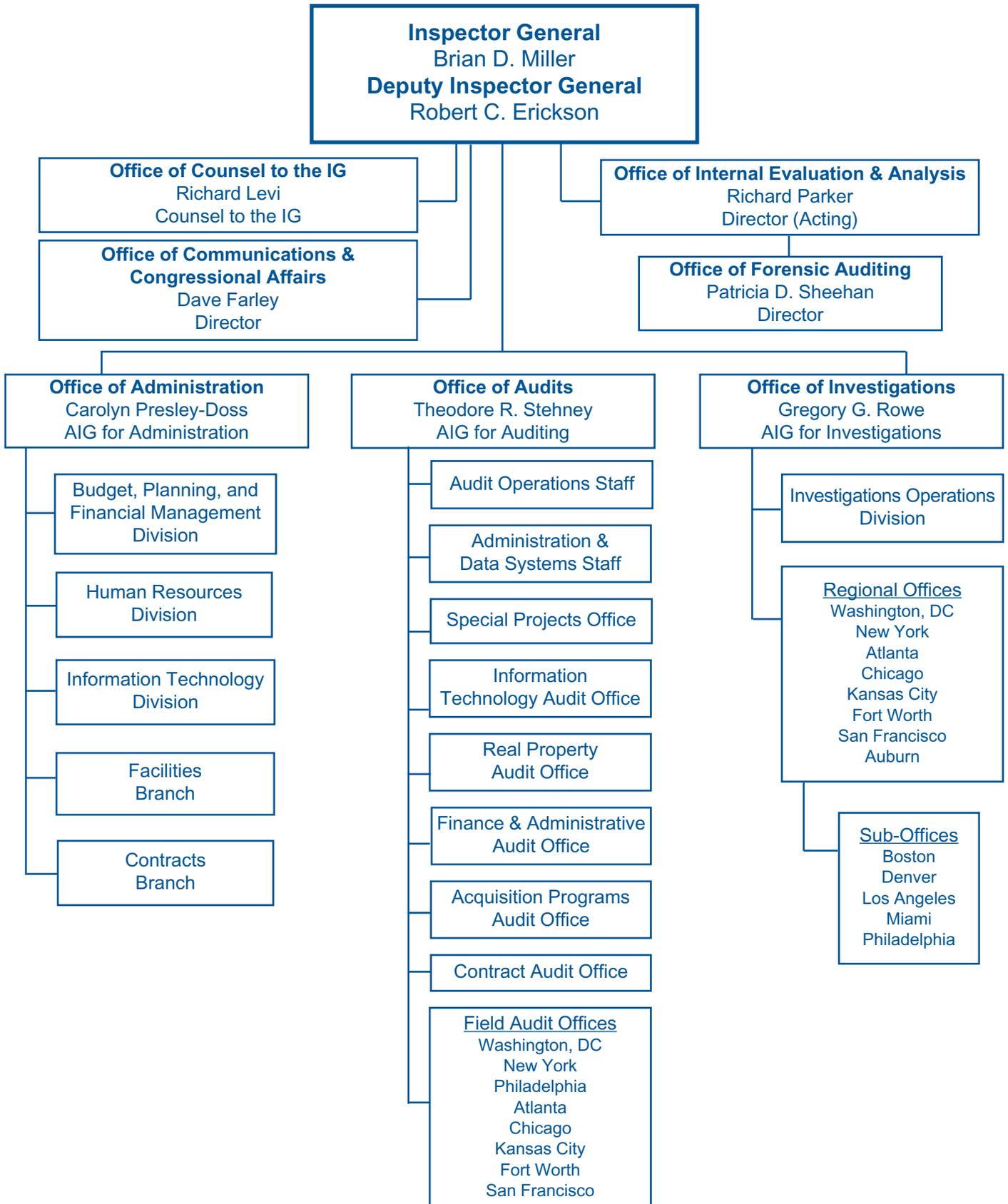
OIG Hotline – Highlights

During this reporting period, we received 1,258 Hotline contacts. On the basis of these contacts, 248 Hotline cases were initiated. In 95 of these cases, referrals were made to GSA program officials for review and action as appropriate; 47 were referred to other Federal agencies for follow up; 92 were referred for OIG criminal/civil investigations or audits; and 14 did not warrant further review (page 17).

Summary of Results

The OIG made over \$145 million in financial recommendations to better use government funds; made 286 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed numerous legislative and regulatory actions; issued 40 subpoenas; and received 1,258 Hotline contacts. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$702 million.

OIG Organization Chart



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OIG Profile

Organization

The GSA OIG was established on October 1, 1978 as one of the original 12 OIGs created by the Inspector General Act of 1978. The OIG's five components work together to perform the missions mandated by Congress.

The OIG provides nationwide coverage of GSA programs and activities. Our components include:

- The Office of Audits, an evaluative organization staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program reviews, assessments of management controls, and financial, regulatory, and system audits. The office conducts external reviews in support of GSA contracting officials to carry out their procurement responsibilities and obtain best value for Federal customers and the American taxpayers. The office also provides other services to assist management in evaluating and improving their programs.
- The Office of Investigations, an investigative organization that conducts a nationwide program to prevent, detect, and investigate illegal and/or improper activities involving GSA programs, operations, and personnel.
- The Office of Counsel, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative and regulatory review.
- The Office of Internal Evaluation and Analysis, a multidisciplinary staff that conducts operational assessments of the OIG components and their field offices; performs special projects for the Inspector General, including research and analysis; provides advice to the Inspector General; and conducts reviews and investigations internal to the OIG. It contains the Office of Forensic Auditing, an independent team that combines auditing and investigative techniques to utilize innovative detection strategies, assess fraudulent situations, and produce evidence meeting the standard of proof required by criminal courts.
- The Office of Administration, a professional staff that provides information technology, budgetary, administrative, personnel, and communications support and services to all OIG offices.

Office Locations

The OIG is headquartered in Washington, DC, at GSA's Central Office Building. Field offices are maintained in Atlanta, Boston, Chicago, Denver, Fort Worth, Kansas City, Los Angeles, Miami, New York, Philadelphia, San Francisco, Auburn, WA, and Washington, DC. (A contact list of OIG offices and key officials is provided in Appendix VIII.)

Staffing and Budget

As of March 31, 2010, our on-board staffing level was 320 employees. The OIG's FY 2010 budget is \$61 million, which includes \$450,000 in reimbursable authority and \$1.55 million in funds appropriated under the American Recovery and Reinvestment Act of 2009.

Management Challenges

Each year since 1998, we have identified and shared with Congress and senior GSA management what we believe to be the major challenges facing the Agency. (The current list is summarized on the front inside cover.) This period we continued our work in addressing these challenges, making recommendations, and working with management to improve Agency operations. The following sections highlight our activities in these areas.

Acquisition Programs

GSA provides Federal agencies with products and services valued in the billions of dollars through various types of contracts. We conduct reviews of these activities to ensure that the taxpayers' interests are protected.

Significant Preaward Reviews and Other Audits

The OIG's preaward review program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward reviews distinguishes them from other audits. This program provides vital and current information to the contracting officers, enabling them to significantly improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward reviews of 34 contracts with an estimated value of \$3.5 billion. We recommended that more than \$145 million of funds be put to better use. Three of the more significant Multiple Award Schedule (MAS) contracts we reviewed had projected government-wide sales totaling more than \$318 million. The review findings recommended that \$48 million in funds be put to better use. The reviews disclosed that these vendors offered prices and discounts to GSA that were not as favorable as the prices and discounts other customers received. For example, one vendor for products and services overstated various components of its cost build-up rates, including its material costs and its overhead and G&A rates. Another vendor for professional services and software maintenance did not disclose that it granted lower prices to non-MAS federal customers and commercial customers. Finally, an information technology vendor provided incomplete pricing information; however, through an analysis of the vendor's labor charges and financial information, we were able to advise the contracting officer to seek significant reductions to the offered labor rates.

As of March 31, 2010, there were 18,275 MAS contracts with over \$20 billion in business for the six-month period

under GSA's procurement programs. Past history has shown that for every dollar invested in preaward contract reviews, at least \$10 in lower prices or more favorable terms and conditions are attained for the benefit of the government and the taxpayer. The Office of Management and Budget (OMB) has long recognized the increasing dollar value of GSA's contract activities and our limited resources in providing commensurate audit coverage. Since 2004, through the Federal Acquisition Service (FAS) contract program revenue, OMB officials have provided us additional financial support to increase our work in this area. These funds enabled us to hire additional staff to support expanded contract review activities including, primarily, an increase in preaward contract reviews, as well as more contract performance reviews that evaluate contractors' compliance with pricing, billing, contract terms, and periodic program evaluations to assess the efficiency, economy, and effectiveness of contracting activities. Starting in FY 2010, OMB has provided this additional support in direct appropriations to the OIG to provide continued service in this area. We will continue to work closely with FAS to develop preaward and contract performance assessment programs that strengthen government-wide contracts and provide value for the taxpayers. During this reporting period, management decisions were made on 55 of the preaward reports, which recommended that over \$259 million of funds be put to better use. Management agreed with 100 percent of the recommended savings.

Review of the Federal Acquisition Service Blanket Purchase Agreements for Acquisition Management Support Services

Report A090018/Q/AIP10002, dated March 30, 2010

This review found that GSA's FAS needs to strengthen its guidance regarding the use of Blanket Purchase Agreements (BPAs) for Acquisition Management Support (AMS) services to reduce the risk that contractors will perform inherently governmental work and to avoid conflicts of interest. GSA anticipates undertaking a number of construction and energy-related projects in response to

Management Challenges

Acquisition Programs (continued)

the American Recovery and Reinvestment Act of 2009 (Recovery Act). In March 2009, FAS awarded three BPAs to obtain AMS services for these projects under its Mission Oriented Business Integrated Services MAS. These BPAs have an estimated value of \$100 million over five years. The OIG initiated a review to (1) evaluate the controls FAS implemented over the use of the BPAs, and (2) determine if FAS planned and executed the award of the BPAs in accordance with Federal Acquisition Regulation (FAR) and Recovery Act requirements.

We believe FAS needs to clarify key steps regarding use of these BPAs. Specifically, ordering activities need to develop a statement of work (SOW) at the order level in lieu of using the requirements listed in the BPAs. Broadly defined requirements heighten the risk that contractors will perform inherently governmental work and impede the government's ability to adequately oversee contractor performance. In addition, FAS should mandate that those individuals involved in ordering activities attend workshops on the use of BPAs with attention given to assessing the type of work that should be done by government resources. Such training would allow ordering activities to better monitor the quality of task order deliverables and overall contractor performance. It would also help ensure that contractors do not perform inherently governmental work.

We also found that, while FAS generally followed FAR requirements in planning and executing the BPA acquisition, it did not consider these requirements when determining the number of BPAs to establish. We noted that the contract file lacked sufficient detail to support management's rationale for shifting the acquisition strategy from awarding multiple BPAs to awarding a single BPA with two backups. As a result, we could not be assured that this strategy was appropriate for this acquisition.

We recommended that the Commissioner of the Federal Acquisition Service:

- Supplement the BPA ordering guidance by:
 - Adding to Section 2.1 of the AMS Services Contracting Officer Ordering Guide the requirement to develop a statement of work at the order level, as outlined in the Sample Acquisition Management

Request for Quotation and prescribed in FAR Subpart 8.405-2(b);

- Adding more specific guidance in Section 2.4 of the AMS Services Contracting Officer Ordering Guide to aid ordering activities on determining the appropriate ratios of contractor employees to government employees when acquiring AMS services;
 - Clarifying in Section 4.3 of the AMS Services Contracting Officer Ordering Guide ordering activity requirements defined in FAR Subpart 8.405-2(d). Specifically, the ordering guide should indicate that the ordering activity contracting officer is responsible for making a written determination that the total price of the task order is fair and reasonable based on an evaluation of the contractor's proposal; and
 - Considering the addition of references to FAR Subpart 7.503, which addresses inherently governmental work, and FAR Subpart 9.5, which addresses organizational conflicts of interest.
- Develop and implement a plan to monitor the effectiveness of the BPA ordering guidance and improve the guidance as necessary.
 - Ensure that the BPA file contains sufficient explanation of how the shift in acquisition strategy will save time and contracting resources.
 - Ensure that future BPA awards reflect consideration of the factors listed in FAR Subpart 8.405-3(a)(1) when determining the number of BPAs to establish for BPA awards.

The FAS Commissioner partially agreed with the report findings and recommendations.

Review of MAS Vendors' Invoicing Practices Relative to Prompt-Payment Discounts

Report Number A090026/Q/7IP10001, dated March 15, 2010

This review found that the Government could be at risk of losing millions of dollars annually in prompt-payment discounts (PPDs). PPDs allow purchasers the opportunity to realize additional savings and reduce their costs in exchange for early payments to vendors. GSA negotiates PPD terms for many of its MAS contracts because PPDs represent significant potential savings to GSA MAS

Management Challenges

Acquisition Programs (continued)

customers. Historically, the OIG audits of GSA vendors have noted incorrect PPD terms cited on vendors invoices. However, because the OIG conducts a limited number of these reviews each year, the extent of this problem was unknown. The purpose of this review was to determine the Government's potential risk exposure for losing PPD savings as a result of this practice. We also evaluated selected GSA internal controls related to PPDs.

We determined that 65 percent of the 43 vendors in our audit sample did not properly cite their PPDs on their invoices. These vendors had negotiated PPDs ranging from 0.15 to 5.0 percent, but submitted invoices which cited "0" percent, "Net 30" or "PAYABLE UPON RECEIPT OF INVOICE" as the payment terms instead of the contractually agreed-upon PPD terms. FY 2007 sales for these 28 vendors exceeded \$900 million and the associated PPD savings at risk exceeded \$9 million. The 1-year potential PPD savings for all vendors under the eight schedules included in our scope exceeded \$33 million¹ based on FY 2007 reported sales.

Moreover, GSA contracting officials and ordering offices compound the problem because they do not always include PPD terms on Orders for Supplies and Services (GSA Forms 300) as required by the GSA acquisition manual. In addition, GSA Industrial Operation Analysts (IOAs) who evaluate vendors' compliance with contract terms and conditions during Contractor Assist Visits (CAVs) are not always aware of applicable PPD terms, and therefore, may not identify vendors who cite incorrect payment terms on their invoices.

In addition, we found that some MAS customers negotiate away PPD terms in exchange for other discount considerations even though the contracts do not specifically grant them the authority to do so.

We recommended that the Commissioner of the Federal Acquisition Service:

¹The \$33 million in potential PPD savings may be slightly mitigated because the FY 2007 sales may include credit card payments for which PPDs are not applicable. Moreover, Government paying offices' inability to obtain and gather required documentation in time to take advantage of the PPD could also impact PPD savings.

- Remind all MAS vendors of their contractual responsibility to include applicable PPD terms on invoices.
- Seek recoveries, when economical, advisable, and feasible from MAS vendors who fail to cite contractual PPD terms on invoices.
- Take corrective actions to ensure that the ITSS software application is corrected to allow entry of accurate contractual PPD terms for all applicable MAS vendors.
- Take appropriate actions to ensure that GSA Forms 300, prepared manually and through the ITSS application², include applicable PPD terms in accordance with the GSA acquisition manual.
- Take appropriate actions to ensure that IOAs are aware of PPDs when conducting CAVs.
- Ensure that appropriate corrective actions are taken when IOAs identify MAS vendor invoicing discrepancies during their CAVs.
- Take a formal position as to whether ordering activities can or cannot negotiate away PPDs, and if FAS takes exception to ordering activities negotiating away PPDs, they should take action(s) to ensure that such a practice does not continue.

The FAS Commissioner mainly agreed with the report findings and recommendations.

Information Technology

GSA is in the process of replacing or upgrading a number of its legacy information systems to improve performance and take advantage of technological advances. Since GSA has had difficulty sharing usable data between systems, many of the new IT projects are intended to go beyond automating current business functions and to create real change in the way that GSA does business. However, GSA

²ITSS is an online web-based purchase order system that is designed to facilitate the development of delivery and purchase orders within the FAS program.

Management Challenges

systems development projects have typically experienced significant schedule delays and cost overruns, the need for frequent redesign, and a prolonged period of time in development.

Opportunities Exist to Improve GSA's Implementation of the E2 Travel

Report Number A080180|BITIF10002, dated March 31, 2010

This review disclosed that GSA's implementation of the E2 Solutions (E2) travel management system could be improved through better internal control processes and by enhancing system usability and customer satisfaction. E2 is one of three travel management systems provided under the e-Government Travel Service initiative, which was launched in April 2002. This on-line travel system provides comprehensive electronic travel management services; from planning and authorization through reimbursement of travel expenditures. Approximately 36,000 travel vouchers, valued at \$28 million, are processed through this system each year. E2 functions as both a financial management system and a Privacy Act system. It contains sensitive but unclassified information including financial data, credit card information, and travel transaction amounts, as well as personal identity information. The objective of our review was to determine whether E2 effectively meets GSA's travel management goals for an e-Government travel system.

GSA's implementation of E2 has not provided the level of scrutiny necessary to ensure that internal and financial controls adequately mitigate operational risks. In addition, targeted goals and performance measures necessary to comprehensively assess how well E2 meets GSA's travel management needs are not yet in place. Specifically, GSA needs to capture a more complete picture of the costs incurred with the implementation of the E2 system including the multiple contracts used to facilitate E2 operations. Also, additional oversight and control points are needed in relation to the obligation and disbursement of funds.

Our review also found customer satisfaction concerns that need to be resolved. Employees do not consider E2 to be user friendly or intuitive. In particular, management needs to reexamine the system to ensure that people with disabilities have appropriate access to maneuver through the system and complete online official travel transactions as required.

We recommended that GSA's Chief Financial Officer take the necessary actions to improve:

- E2 controls by:
 - Ensuring that relevant costs for GSA's implementation of E2 are identified and tracked;
 - Developing specific goals and performance measures for GSA's implementation of E2 and monitoring actual performance compared to expected results;
 - Ensuring that needed components of required assessments are completed;
 - Working with the GSA Office of the Chief Information Officer to clarify roles and responsibilities; and
 - Gaining assurance that E2 successfully meets Joint Financial Management Improvement Program/Financial Systems Integration Office requirements.
- E2 usability by:
 - Coordinating with the E-Gov Travel Program Management Office to have GSA employee concerns addressed with system modifications;
 - Promoting training for E2; and
 - Reconsidering Section 508 compliance requirements for the Agency to ensure that employees with disabilities can more easily complete travel transactions.

The Chief Financial Officer concurred with the report findings and recommendations.

Financial Reporting

GSA systems, including its financial system of record (Pegasys), continue to have deficiencies in interoperability and interfaces. As a consequence, GSA management continues to rely heavily on manual workarounds and significant adjusting entries to prepare the financial statements and related note disclosures.

Audit of the General Services Administration's Fiscal Year 2009 Financial Statements

Report Number A090062|B|FIF10001, dated January 8, 2010

GSA's Financial Statement Audit was performed by an independent public accounting firm (IPA), with oversight,

Management Challenges

Financial Reporting (continued)

support work, and guidance provided by the OIG. The firm issued an unqualified opinion on the balance sheets of GSA's major Funds as well as their related consolidated and individual statements of net cost, changes in net position, and the combined and individual statements of budgetary resources for the fiscal year ended September 30, 2009.

The IPA did not identify any material weaknesses relating to the financial management systems, internal controls or financial reporting. However, the IPA did note three significant deficiencies relating to controls over: (1) budgetary accounts and transactions (2) accounting and reporting of non-cancellable occupancy agreements and (3) financial reporting.

Budgetary Accounts and Transactions

The IPA determined that undelivered orders were not properly monitored nor were they always recorded accurately or timely. In some instances, they were not recorded at all. Also, unfilled customer orders were not being cancelled in a timely manner. In addition, GSA's financial management system lacks the appropriate posting models to account for recoveries of prior years' obligations, requiring extensive manual reviews and adjustments. These issues caused GSA to incorrectly record recovery of prior years' obligations for undelivered orders thereby overstating these recoveries by approximately \$29 million.

The IPA made the following recommendations:

- Evaluate the design and implementation of a system interface between the contracting system and the financial management system of record;
- Perform procedures to ensure all obligations are captured and accurately recorded in the financial management system;
- Provide additional training to reinforce existing policies and procedures; and
- Improve communications with GSA's procurement operations, regions and Services to better facilitate response times by regions for award acceptance and

delivery and perform periodic reviews of cost transfers and outstanding unfilled customer orders.

Accounting and Reporting of Non-cancellable Occupancy Agreements

The IPA noted that GSA needs to improve controls over how it accounts for and discloses its non-cancellable occupancy agreements. Adequate controls help ensure that rental revenue for these types of arrangements is properly recorded, summarized, and disclosed in the financial statements. These control deficiencies resulted in GSA understating its assets by approximately \$27 million in fiscal year 2009 and omitting future disclosures by nearly \$3.6 billion.

The IPA made the following recommendations:

- Develop policies and procedures to evaluate the accounting and disclosure requirements of all non-cancellable occupancy agreements at the inception of each agreement; and
- Establish policies and procedures requiring a thorough review of all the business policies periodically to determine the changes in the business operations.

Financial Reporting

The IPA noted that GSA has a large volume of worksheet adjustments which take place outside the financial management system and associated control environment. This increases the risk of errors and potential misreporting of financial information.

The IPA also determined that GSA did not have adequate controls related to system access and segregation of responsibilities. In addition, GSA had issues with system change management. These conditions could affect GSA's ability to: (1) prevent and detect unauthorized changes to financial information, (2) control electronic access to sensitive information, and (3) protect its information resources.

The IPA made the following recommendations:

- Implement a process to reduce the number of worksheet adjustments by utilizing the functionalities of the financial management system of record to perform complete budgetary transaction processing and financial reporting;

Management Challenges

Financial Reporting (continued)

- Utilize the Office of the Chief Financial Officer to serve as the primary coordinator of the involvement of Regional and Program areas;
- Implement an integrated financial management system for use by program offices to promote consistency and reliability of financial information;
- Develop and implement a process to review and document the review of audit logs related to financial system access and processing;
- Ensure policies to approve and remove access are consistently adhered to across information systems;
- Maintain a unified updated listing of all of the roles for the general ledger and the specific rights and privileges assigned to a user;
- Ensure policies to recertify users are consistently adhered to across information systems; and
- Ensure changes for systems are documented so that evidence of authorization is maintained for changes, testing of changes and approval for change implementation.

Protection of Federal Facilities and Personnel

GSA has a role in protecting the life and safety of employees and public visitors in Federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required.

Audit of PBS's Controls over Security of Building Information in Online Environments

Report A070216/PIRIR10003, dated March 31, 2010

This review found that GSA's Public Buildings Service (PBS) needs to improve access controls to sensitive building information in certain online environments. Unrestricted access to information such as construction documents and building designs pose a vulnerability that could be exploited by terrorists or other criminal elements. While protecting Federal employees, the

visiting public, and government facilities is a priority, PBS must balance security concerns with the need to make building-related information accessible to those authorized to conduct government business. Consequently, it is imperative that there are effective controls in the systems containing this type of data. The objective of our review was to determine if PBS had implemented managerial, physical, and technical controls to mitigate the risks inherent to sensitive but unclassified building information in online systems.

Despite the fact that PBS project teams use electronic project management (e-PM) software applications and groupware, such as intranet websites to electronically share project data with contractors, PBS has not included these systems under the purview of its security program or ensured their compliance with Federal Information Security Management Act (FISMA) requirements. This occurs because many of these systems do not fall under the purview of either the GSA Office of the Chief Information Officer (OCIO) or the PBS OCIO. Further, the current contracts with e-PM providers do not specifically enforce information technology security requirements, data archival requirements or provide for testing rights.¹ PBS also needs to address controls over sensitive but unclassified data shared on its regional web pages. We noted multiple instances of inadequately protected information on these sites including building plans with secure functions, a report on the structural analysis of a Federal building, links to the Customer Profile System, and banking information for contractors.

Overall, PBS needs to place a greater emphasis on security over its sensitive building information in online environments. In particular, PBS needs to develop and implement a security strategy for existing e-PM applications and any that may be employed in the future. PBS also needs to conduct more security awareness training to raise the level of attention to online data security within the organization.

¹ Many of these security concerns appear to be addressed in the contract for the new PBS enterprise-side e-PM system; however, data remains vulnerable until the new system is successfully implemented.

Management Challenges

Protection of Federal Facilities (continued)

We recommended that the Commissioner of the Public Buildings Service:

- Work within the framework of the GSA OCIO security program to develop and implement a security strategy for e-PM applications.
- Develop and conduct additional security awareness training for project management and contracting personnel, especially those with significant security responsibilities. Include a focus on requirements for extranet based e-PM applications where appropriate, a review of PBS sensitive but unclassified policy, and instruction on the protection of sensitive but unclassified data in PBS groupware/intranet environments.

The PBS Commissioner generally concurred with the report findings and recommendations

Federal Buildings Fund

As the landlord for the civilian Federal government, GSA is being challenged to provide quality space to agencies using an aging, deteriorating inventory of buildings. GSA needs a comprehensive strategy to enable an evaluation of its building projects nationwide to make the best use of available funds to deliver high performance workplaces on schedule and within budget.

Limited Review of the Contract Administration of the U.S. Courthouse Project in Cape Girardeau, Missouri

Report Number A080186/PI6/R10002, dated March 17, 2010

This review disclosed significant internal control weaknesses related to contract administration at the Rush H. Limbaugh, Sr., United States Courthouse in Cape Girardeau, Missouri. The objective of the review was to determine if the contract was administered in accordance with applicable GSA procedures and regulations. Our review focused on change orders issued under the contract which impacted the timeliness and associated construction costs of the project.

The review identified control issues related to separation of duties and conflict of interest. As it relates to construction projects, PBS personnel who are responsible for

monitoring and overseeing these projects should not also have the authority to modify a contract without additional review. We determined that the construction project manager who monitored and oversaw the Cape Girardeau project also approved two change orders even though other contracting officials refused to do so. As a result, separation of duties, one of the key concepts of internal control processes for the prevention of fraud and errors, was violated. Also, executing these change orders could constitute a conflict of interest on the part of the project manager. It raises questions as to whether the project manager was more concerned with meeting deadlines as opposed to protecting the taxpayers' interests.

Additionally, we determined that the contract change order files were not properly documented, as required by the Federal Acquisition Regulation and the General Services Acquisition Manual. Our review found that the file documentation oftentimes did not adequately explain the actions taken by PBS personnel to establish the final negotiated change order amount. Specifically, contractor's proposals did not always include detailed breakdowns of the individual costs; referenced drawings and specifications were sometimes not included in the change order file; work items were sometimes deleted or added to the scope of work without explanation; and Government estimates did not address all change order costs. Compliance with appropriate regulations will ensure that contract files are adequately documented.

In response to our preliminary findings, Heartland Regional PBS management agreed that project managers should not have contracting authority and therefore, advised us that they were taking actions to rescind contracting warrants for construction project managers as well as Contracting Officer Representatives. In addition, PBS management has suggested a conflict resolution process for any disagreements between construction project management and contracting officials. Further, PBS management informed us that it is implementing training for project teams regarding file documentation requirements and is going to have Branch Chiefs review files to ensure that the files are documented properly.

Accordingly, because the Heartland Regional PBS management had already taken appropriate action to

Management Challenges

Federal Buildings Fund (continued)

address all of the deficiencies identified during our review, formal audit recommendations were not warranted.

American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was enacted to create jobs and stimulate the economy through a variety of measures that modernize the Nation's infrastructure and improve energy independence. The Recovery Act provides GSA with \$5.85 billion to renovate and repair Federal buildings to improve energy efficiency, construct land ports of entry (LPOE), and acquire fuel-efficient vehicles. The Recovery Act also provides \$7 million to the GSA OIG for oversight activities.

The oversight of GSA's implementation of the Recovery Act requires a full range of oversight activities including contract, financial, and internal audits, as well as criminal investigations, over the long term. As part of its core oversight activities, the OIG performs internal audits that evaluate GSA functions and programs for economy, efficiency, and effectiveness; contract audits of proposals as well as high value contract modifications and claims under PBS construction contracts; and investigations of criminal activities that impact GSA programs.

Recovery Act Report – Austin Courthouse Project Review of PBS's Major Construction and Modernization Projects

Report Number A090172/PIR/R10001, dated March 12, 2010

Our review of the Austin Courthouse project found that the Construction Manager as Constructor (CMc) contracting approach was incorrectly executed. As a result, the construction portion of the contract was awarded as a \$102 million "unpriced" option without a justification for using other than full and open competition. Moreover, the basis for price reasonableness was not substantiated. In effect, exercising this phase of the contract amounted to a sole-source procurement without authorization and without a basis for the pricing.

The Austin Courthouse project began prior to the passage of the Recovery Act. However, when Recovery

Act funds became available, the agency selected this project's construction phase to receive funding under the Recovery Act. When the original request for proposal was issued for the Austin Courthouse project, the contract was intended to be awarded as a CMc contract with a Guaranteed Maximum Price. This type of contract is initially awarded for design phase services, generally at a firm fixed price with an option for construction phase services at a Guaranteed Maximum Price. This figure is established at contract award as a ceiling price for the actual construction phase services.

According to the General Services Acquisition Manual, if an unpriced option is exercised, the statutory authority permitting the use of other than full and open competition (i.e. unusual and compelling urgency or one responsible offeror) needs to be documented in the project file. However, at the time of our review, the contract file did not contain any documentation citing this authority, nor was it provided when requested.

In addition, since the cost of the construction phase services was not evaluated under the initial award, a price reasonableness determination needed to be performed prior to exercising the construction phase option. In this case, price reasonableness was based on a comparison of the total project cost according to the CMc contractor's July 12, 2009 estimate of \$103,836,188 to the FY09 ECCA² of \$110,118,414 and FY10 ECCA of \$104,704,779. However, these amounts were not derived from any of the cost estimates for the project and no support for these amounts was provided. As such, the price reasonableness was not established.

We recommended that the Commissioner of the Public Buildings Service:

- Take action to correct the infirmities in the award of the option for construction phase services for the Austin Courthouse project.
- Perform a review of the cost of construction for the Austin Courthouse project to ensure that it is fair and

²ECCA stands for Estimated Contract Cost at Award.

Management Challenges

American Recovery and Reinvestment Act of 2009 (continued)

reasonable based on information that is current, accurate, and complete.

PBS Management disagreed with the two findings and concluded that the recommendations did not need to be followed.

We do not agree with this position and have reiterated our recommendations.

Audit Memorandum – Preliminary Observations on PBS’s Major Construction and Modernization Projects: Project Management Plan for the 50 United Nations Plaza Federal Building

Audit Number A090172, dated February 25, 2010

Based on our preliminary observations, we believe GSA’s PBS may have exposed GSA to unnecessary risks by not developing a timely project plan for the modernization of the 50 United Nations Plaza Federal Building (UN Plaza) project in San Francisco, California. PBS identified UN Plaza as a Green Modernization project under the Recovery Act and allocated \$121,033,000 of funds to this effort.

During our review we determined that PBS had not developed an approved project management plan (management plan), formally known as a Comprehensive Project Plan for UN Plaza. A management plan presents project goals and objectives. It also establishes the scope, schedule, budget, and implementation strategy. In addition, it describes the roles and responsibilities of all team players and documents the plan for communication between the Project Manager and the customer. A management plan should be prepared after project initiation as part of the planning phase in order to articulate the project goals and strategies and to ensure efficient and effective project delivery. Under PBS’s routine project planning process, a project should not advance past the planning stage without a project management plan approved by a division director. That such a plan was not prepared for the UN Plaza project may have exposed GSA to unnecessary project risks.

We initially notified PBS of this deficiency on August 18, 2009 and followed up with a formal Audit Memorandum on

September 29, 2009. PBS management concurred with our observations and a project plan was subsequently developed for the UN Plaza project.

The full impact of this issue will be explored further in our continuing fieldwork and reported in a future audit report.

Other Activities to Date

In addition to these oversight reviews, the GSA OIG has been performing work in coordination with the Recovery Accountability and Transparency Board. This work has centered on two projects to date: (1) the Review of Contracts and Grants Workforce Staffing and Qualifications issued in March 2010 and (2) the Recovery Act Data Quality: Errors in Recipient Reports Obscure Transparency issued in February 2010. On the Contracts and Grants Workforce Review, the GSA OIG coordinated the data collection on the GSA contracting workforce for the Board, and for the Data Quality Review the GSA OIG examined GSA’s processes to monitor recipient reporting and verified GSA’s submission of non-reporting recipients.

To assist and support the contracting personnel in their efforts to assess and evaluate offers from potential contractors, the OIG has also provided contract audit support to GSA contracting personnel. As of March 31, 2010, the OIG had issued 37 reports and memoranda on reviews of contractors’ proposals valued at over \$155 million. As part of this effort, the OIG Office of Audits coordinated with the Defense Contract Audit Agency to perform 27 audits of proposals related to a major GSA construction project. The total proposed dollars audited were over \$126 million. All of these audits have now been completed and issued to GSA contracting personnel.

To assist the Agency, the OIG has provided fraud awareness briefings related to the Recovery Act and performed outreach to GSA personnel as well as to others. As a broadened part of the Recovery Act oversight, the OIG Office of Audits also provided detailed, technical instruction on how to audit construction claims generated from Recovery Act projects. Further, the OIG has assembled a claims team to perform audits and oversight of the Recovery Act construction projects. Also, the Office of Forensic

Management Challenges

American Recovery and Reinvestment Act of 2009 (continued)

Auditing conducted three reviews involving contracts awarded under the Recovery Act and coordinated its efforts with the Office of Investigations. It also provides assistance to audits and investigations in areas such as data matching and analysis. Finally, in support of the OIG's mission to prevent and detect fraud, waste, and abuse, the OIG has opened multiple investigations related to the Recovery Act. Several of these investigations are ongoing.

Other Initiatives

In response to recent legislative actions regarding the Federal Acquisition Regulation (FAR) rule that requires government contractors to disclose to agencies' OIGs credible evidence of violations of Federal criminal law under U.S.C. Title 18 or the civil False Claims Act, we initiated a website for contractor self reporting and internal procedures for evaluating such disclosures.

FAR Rule for Contractor Disclosure

Effective December 12, 2008, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) agreed on a final rule amending the FAR to amplify the requirements for a contractor code of business ethics and conduct, an internal control system, and disclosure to the Government of certain violations of criminal law, violations of the civil False Claims Act, and significant overpayments. The final rule implements the Close the Contractor Fraud Loophole Act, Public Law 110-252, Title VI, Chapter 1.

Under the rule, a contractor must timely disclose to the relevant agency's Office of Inspector General (OIG) in connection with the award, performance, or closeout of a Government covered contract performed by the contractor or a subcontract awarded thereunder, credible evidence of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code, or a violation of the civil False Claims Act. The rule provides for the

suspension or debarment of a contractor when a principal knowingly fails to timely disclose, in writing, such violations. The statute defines a covered contract to mean "any contract in an amount greater than \$5,000,000 and more than 120 days in duration." The final rule also provides that the contractor's internal control system shall be established within 90 days after contract award, unless the contracting officer establishes a longer time period (see FAR 52.203-13(c)). The internal control system is not required for small businesses or commercial item contracts.

The GSA OIG put in place a website for contractor self-reporting and GSA's contractors may make the required disclosures through this website. Further, the OIG developed internal procedures to process, evaluate, and act on the disclosures made by contractors. As disclosures are made, the Office of Audits, Office of Investigations, and Office of Counsel to the Inspector General work together examining each acknowledgment and making a determination as to what actions are warranted. During this period, the OIG received four disclosures. These disclosures included timecard mischarges, compliance failures, misuse of task order funds, and overbilling errors.

In cases involving substantial contractor overpayments, the contractor's disclosure can be made to either the OIG or the GSA contracting officer. An example of a type of disclosure involves activities discovered as the result of company mergers whereby the remaining company performs systems reviews and uncovers a potentially reportable issue, such as the failure of the company no longer existing to pass on a contractual discount to the Government. A further cause for potentially reportable activity is found in overlooking the inadvertent mixing of two companies' accounting and procedures systems that were in place to ensure contract compliance. The OIG will work closely with the GSA contracting officers to insure the disclosures are reviewed fully.

Promoting and Protecting Integrity

GSA is responsible for providing working space for one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a government-wide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations, and that the taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil, and other monetary recoveries totaled almost \$415 million (see Tables 5 and 6).

Significant Civil Actions and Criminal Investigations

BAE Systems Pleads Guilty to Conspiracy to Defraud the U.S. Government and is Ordered to Pay \$400 Million Criminal Fine

On March 1, 2010, BAE Systems, PLC (BAES), pleaded guilty to conspiring to defraud the U.S. Government by impairing and impeding its lawful functions, to making false statements about its Foreign Corrupt Practices Act compliance program, and violating the Arms Export Control Act and International Traffic in Arms Regulations. BAES was subsequently sentenced to 3 years of probation and ordered to pay a \$400 million criminal fine. This fine marks one of the largest criminal fines ever levied as the result of efforts to combat foreign corruption in international business and the enforcement of U.S. export control laws.

This sentence is the result of a joint investigation conducted by the Federal Bureau of Investigation, U.S. Immigration and Customs Enforcement, GSA OIG and the Defense Criminal Investigative Service (DCIS), which revealed that BAES deliberately failed to report commissions paid to third parties for their assistance in soliciting, promoting or otherwise securing sales of defense items.

Maker of Defective Bulletproof Vests Repays \$6.75 Million for False Claims and Company Agrees to Pay \$4 Million to Settle Defective Bulletproof Vest Lawsuit

On December 7, 2009, the Department of Justice executed a \$6.75 million settlement with Itochu Corporation of Japan and its American subsidiary, Itochu International Inc., to resolve claims under the False Claims Act in connection with the companies' importation

and sale of defective Zylon fiber used as the key ballistic material in bullet-proof vests purchased by the U.S. for federal, state, local and tribal law enforcement agencies.

Investigation leading to the settlement revealed the Itochu companies imported the Zylon fiber on behalf of the manufacturer, Toyobo Co., Ltd., of Japan, and it was alleged that the companies were aware that the fiber degraded quickly over time. The accelerated deterioration caused the protections afforded by the bullet-proof vests to degrade to the point of being unfit for use. The government further alleged that Itochu personnel actively participated in the marketing of the Zylon fiber and downplayed the extent of the degradation problem.

Similarly, on February 12, 2010, Lincoln Fabrics, Ltd. (Lincoln), a Canadian weaver of ballistic fabrics, and its American subsidiary, also agreed to pay the U.S. \$4 million to settle a lawsuit that the Department of Justice filed against Lincoln for violations of the False Claims Act for their role in the weaving of Zylon fabric. Previous investigation revealed Lincoln wove ballistic Zylon fabric for the body armor industry and it was used in the manufacture of bulletproof vests sold by several GSA contractors, including Second Chance Body Armor, Inc., First Choice Armor, Inc. and Point Blank Body Armor, Inc. These vests were purchased by various federal, state, and local law enforcement agencies, which were partially reimbursed by the U.S. government.

These settlements were the result of an ongoing investigation by the GSA, OIG of the Zylon body armor industry. Federal agencies assisting in this investigation include the Justice Department's Civil Division, the U.S. Attorney's Office for the District of Columbia, the Department of Homeland Security (DHS) OIG, the Treasury IG for Tax Administration, the DCIS, the U.S. Army Criminal Investigative Command (CID), the Air

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

Force Office of Special Investigations, the Department of Energy (DOE) OIG, the U.S. Agency for International Development OIG and the Defense Contracting Audit Agency (DCAA).

The U.S. had previously settled with five other participants in the Zylon body armor industry for over \$47 million. The U.S. has pending lawsuits against Toyobo Co., Honeywell, Inc., Second Chance Body Armor, Inc., and First Choice Armor, Inc. Several former executives of Second Chance and First Choice are also named in those suits.

\$1.2 Million Settlement from GSA Contractor for Trade Agreement Act Violations

On September 8, 2009, the U.S. Department of Justice executed a \$1.2 million settlement agreement with GSA contractor, OCE North America (OCE), for alleged false claims violations. OCE denied the contentions of the United States but compromised to avoid continued litigation and its associated risks. The GSA OIG investigation was initiated after a qui tam was filed. The complaint alleged that OCE made false claims and used the GSA Advantage program to sell products in violation of the Trade Agreements Act and the pricing requirements of the GSA contract. It was further alleged that OCE did not offer the government the best price and that it was common practice to offer lower prices to nongovernmental customers without offering the price to the government and/or reporting it to the contracting officer.

GSA Contractor Repays \$1 Million in False Claims Settlement

On December 14, 2009, the U.S. Department of Justice entered into a \$1 million settlement agreement with Johnson Controls, Inc., a GSA contractor. The settlement is the result of an investigation that was initiated based on a qui tam complaint alleging that Johnson Controls, Inc., Johnson Controls Building Automation Systems, LLC, and Adecco USA, Inc., violated the False Claims Act by knowingly submitting, causing to be submitted, or facilitating the submission of false and fraudulent documents to Federal agencies, as well as to general contractors and subcontractors, for a period of several years in connection with construction contracts they were performing.

Tech Company Ordered to Pay U.S. Government \$525,000 for False Claims

On December 23, 2009, the president of Systems Integration Management, Inc. (SIM), was ordered to pay the U.S. Government \$525,000. Previously, in November 2006, the government alleged that SIM submitted false claims to GSA under multiple task orders administered by the GSA Federal Technology Service. According to the complaint filed in the civil suit, SIM submitted multiple invoices to GSA that contained inflated labor hours/cost, fraudulent "other direct costs," and work that was never performed by SIM.

Former GSA Chief of Staff Sentenced for Making False Statements and Obstruction of Justice

On October 16, 2009, a former Chief of Staff for GSA was sentenced to 1 year of incarceration and 2 years of supervised release for federal violations stemming from his false statements and obstruction of justice during a GSA OIG investigation.

The former Chief of Staff was previously convicted on June 20, 2006, on similar charges, and subsequently sentenced to 18 months of incarceration. However, the U.S. Court of Appeals for the District of Columbia reversed and vacated his convictions on June 17, 2008. As a result of the ruling, he was indicted for a second time and, on December 19, 2008, found guilty of the charges after a jury trial.

The conviction stemmed from lobbyist Jack Abramoff's invitation of the (then) Chief of Staff and (then) Representative Robert Ney from Ohio's 18th District on a golf trip to Scotland. To date, the continuing investigation of Abramoff's lobbying activities has yielded the conviction of 13 lobbyists and public officials for various federal violations, including convictions for Ney and a former Deputy Secretary at the U.S. Department of the Interior.

Man Pleads Guilty to Making False Statements

On March 8, 2010, the owner of Hose-Mart, Inc., was sentenced to 6 months of probation and ordered to pay an \$1,800 fine after pleading guilty to Federal false statements violations. The sentence follows an investigation that was initiated after a previous GSA

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

investigation revealed that the subject of an unrelated investigation (GSA Vendor BJC Sales, Inc.) admitted that he conspired with Hose-Mart and its owner to substitute products and provide inferior products to GSA under several GSA Multiple Award Schedule contracts. The joint DCIS and GSA OIG investigation of Hose-Mart determined that the owner knowingly made a false and material statement to the Government regarding his knowledge of the identity of the BJC subject of investigation.

Three Soldiers Sentenced for Stealing Computers

On March 24, 2010, three U.S. Army Sergeants were sentenced in Federal court for theft of Government property. The first sergeant was sentenced to serve 1 year, 6 months in prison, to be followed by 3 years of supervised release, and was ordered to pay \$163,000 in restitution. The second was sentenced to 6 months of home confinement, 3 years of probation, 200 hours of community service, and ordered to pay \$10,187 in restitution. The third was sentenced to 2 months of home confinement, 2 years of probation, 100 hours of community service, and was ordered to pay \$12,124 in restitution.

A joint investigation with Veterans Administration (VA) OIG, Army CID, and other agencies was initiated when it was reported that surplus VA computers may have been stolen. The investigation found that the first sergeant submitted false documents and provided false statements to obtain surplus VA computer equipment through the GSA surplus property program. Investigative surveillance and controlled deliveries of Government surplus computers to the first sergeant determined that he targeted several Government agencies and routinely sold most of the Government computers to various computer retailers and private individuals for his financial gain. The investigation led to the identification of the two other sergeants who participated in the fraudulent scheme to obtain and sell surplus Government computers under false pretenses. The sergeants falsely represented to Government agencies that they were collecting the surplus equipment for a legitimate Army program. Investigative agencies were able to recover a significant number of the computers that were sold to private entities.

Individual Sentenced for Theft of Government Property

On November 18, 2009, an individual was sentenced in U.S. District Court for theft of Federal government property to 2 years probation and a \$1,000 fine, and ordered to pay \$9,033 in restitution. The investigation was initiated when it was alleged by Department of Defense (DoD) investigators that a former employee of a local auto dealership may have stolen an engine from a GSA owned F-350 Ford truck in Arlington, Texas. An inspection of the GSA vehicle revealed the engine had been replaced with one that had been damaged in a flood. The ensuing investigation revealed that the identification number stamped on the engine block in the suspect's truck matched the last eight digits of the GSA truck's Vehicle Identification Number. Ford Motor Company and the National Insurance Crime Bureau verified that the engine belonged to the GSA vehicle.

Canadian Man Sentenced in \$3 Million Fraud and Theft Scheme

On February 25, 2010, a Canadian man was sentenced to 4 years, 6 months of Federal imprisonment and 3 years of supervised release. On June 29, 2009, the man had been convicted of wire fraud, theft of honest services, mail fraud, and perpetrating an unlawful monetary transaction after a three week trial in which the government proved he had helped his half-brother, a Federal Aviation Administration (FAA) repair technician, to steal nearly \$3 million in Federal government property.

The investigation leading to this sentence was initiated when it was reported that the FAA repair technician had used an "activity code" not assigned to him to screen excess property on behalf of various Department of Transportation agencies. The investigation revealed that the technician and his Canadian brother schemed to convert the excess federal property for their personal use and transported much of it to Canada. The technician pled guilty on March 22, 2010, and will be sentenced on June 28, 2010.

The case was investigated by GSA OIG, IRS Criminal Investigations, the Department of Transportation OIG, the Naval Criminal Investigative Service, Army CID, DCIS, and the FBI.

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

GSA Contractor Employee Sentenced for Mail Fraud

On January 15, 2010, a Senior Project Manager for Omega Service Maintenance Corporation (OMEGA), a GSA contractor, was sentenced to 3 years supervisory release, 300 hours of community service, and restitution of \$15,000. The sentence is the result of a joint investigation with the U.S. Postal Service Office of Inspector General (OIG), the Port Authority of New York and the New Jersey OIG, which revealed the project manager deliberately submitted fraudulent concrete test results in conjunction with government construction projects. The investigation also revealed that OMEGA had received approximately \$360,000 in payments from GSA for substandard concrete work performed in conjunction with the renovation of a loading dock at the Mitchell H. Cohen Federal Building & U.S. Courthouse in Camden, New Jersey. Previously, on August 13, 2009, the project manager pleaded guilty to mail fraud.

GSA Employee Demoted for Travel Card Abuse

On January 26, 2010, a GSA Leasing Specialist resigned her position and was demoted from a GS-11 to a GS-9 Asset Management Specialist position having no promotion potential. Additionally, the employee's government issued travel credit card was cancelled and travel card privileges were terminated as a result of the personal use of a government issued travel credit card.

This investigation was initiated when it was alleged that the employee had used an official travel card to pay for non-travel related purchases and travel unrelated to the business of the government. During an interview, the employee admitted to using the government travel credit card to purchase airline tickets, hotel packages and vacations for herself and others.

Works Progress Administration Artworks Recovered

GSA is the custodian of the many works of art produced through the Works Progress Administration (WPA). Since the United States commissioned countless pieces of art during the New Deal era, many precious historical pieces have unlawfully made their way into the marketplace and collectors' hands. The OIG continues its proactive efforts to recover these historical items by monitoring art sales in an effort to identify government-owned art and return it to GSA. These efforts have been coordinated with the

Department of Justice and the FBI to develop a list of lost and stolen WPA artwork, and have resulted in the recovery of 17 WPA works of art during this reporting period.

On October 21, 2009, *Swift's Packing House*, a painting from the WPA era, was received by GSA's Fine Arts Program Office (FAP) to be restored by GSA prior to its loan to a museum in Connecticut. The painting, valued at approximately \$800, maintains significant historical value and was recovered after it was identified on eBay through sales photographs containing a clearly legible WPA label. After verification as a WPA piece, the possessor was advised of the Government's ownership of the painting and voluntarily surrendered the painting to the Lyman Allyn Art Museum in New London, Connecticut.

On November 3, 2009, the GSA FAP executed an agreement to loan the WPA painting *Simplicity* to the St. Louis Art Museum for public display. The painting, valued at approximately \$40,000, is of significant historical value and was effectively returned to the U.S. Government after 37 years. The piece was recovered after the OIG learned that *Simplicity* was scheduled to be auctioned in Ohio. GSA subsequently authenticated the piece as a WPA work of art through its label and verified that it was one of the paintings entered as lost or stolen in the FBI stolen art database. Upon notification, the auction house agreed to hold the painting and the FAP worked with them to find a suitable location for public display.

On November 17, 2009, the GSA FAP executed an agreement to loan 15 New Deal Era artworks valued at approximately \$19,000 to the Blanden Memorial Art Museum in Fort Dodge, Iowa. This agreement updated an outdated agreement that was signed in 1935 with the museum and the Federal Emergency Relief Agency. This agreement is the result of an investigation that was initiated after an art enthusiast requested that GSA stop an auction by the Blanden Memorial Art Museum in Fort Dodge, Iowa, because he suspected the auction included federally-owned WPA art which should not be sold. The director of the art museum identified 15 pieces that were previously unknown to the FAP, which could find no record of the 1935 loan agreement for the art. Our investigation facilitated the execution of the new agreement.

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

GSA Voyager Fleet Charge Card Abuse

The GSA OIG has an ongoing proactive investigative project to identify and investigate fraud associated with the misuse of GSA-issued Voyager fleet charge cards (VFCC). As a result of those efforts, eleven subjects were arrested, twelve subjects were indicted, and eleven subjects pleaded guilty in connection with cases arising out of VFCC investigations.

Noteworthy project accomplishments included the following convictions:

- On December 29, 2009, a former Department of Energy employee pleaded guilty to theft and was sentenced to 3 years of confinement (with all but 25 days suspended), 5 years of supervised release, and ordered to pay \$12,986 in restitution. The conviction follows a joint investigation with Department of Energy OIG that disclosed the VFCC assigned to a Government vehicle was making multiple, same-day purchases of gasoline and receiving more fuel than its tank capacity. The investigation revealed that the employee had previously committed similar purchases with other vehicles as far back as October 2005.
- On November 12, 2009, a former AMTRAK employee was sentenced to three years of probation and ordered to pay \$17,000 in restitution. This investigation was initiated when it was alleged that possible fraudulent fuel purchases were being made with the VFCC for a vehicle assigned to the AMTRAK Automotive Group. The investigation found that from late June 2008 through September 2008, approximately eight AMTRAK-assigned VFCCs showed multiple same-day transactions for amounts of fuel which exceeded the vehicles' tank capacities. The total amount of the unauthorized transactions made with the eight VFCCs is approximately \$83,000.
- On November 6, 2009, a civilian contractor responsible for the oversight of fleet vehicles assigned to the U.S. Army Recruiting Battalion in Michigan and his brother both pleaded guilty to conspiracy to steal and convert government property. The contractor was sentenced to 3 years of probation and 30 days of confinement and ordered to pay \$93,338 in restitution. His brother was sentenced to 3 years of probation and 18 months of confinement and ordered to pay \$93,338 in restitution. The investigation revealed that 15 different GSA fuel cards were used to make over \$90,000 in fraudulent charges.
- On December 29, 2009, a Veterans Affairs Medical Center (VAMC) Program Support employee pleaded guilty to theft of government property. As a result of his plea, he received deferred adjudication with 2 years of probation, 30 hours of community service, and fines. This sentence is the result of an investigation that was initiated after GSA Fleet Management reported the suspected fraudulent use of a Wright Express fuel card assigned to a Government vehicle leased by the VAMC in Houston, Texas. Interviews and analysis of surveillance videos obtained from local fuel stations revealed that the VA employee was making the fraudulent charges.
- On March 10, 2010, a former secretary for Indian Child Welfare for the Ponca Tribe was sentenced to 2 years of probation and 104 hours of community service, and ordered to pay \$9,534 in restitution. This sentence follows an investigation that was initiated after the OIG received information indicating the VFCC was used to make several back-to-back purchases in excess of the tank capacity of a government vehicle assigned to the Bureau of Indian Affairs. The evidence showed that the former secretary and her husband used the VFCC to purchase fuel for friends and family in exchange for money. Previously, the pair pleaded guilty to embezzlement and theft violations.
- On January 26, 2010, a former VA employee was sentenced to 1 year of Federal supervised release and ordered to pay restitution in the amount of \$1,734 after pleading guilty to theft of government property. A joint investigation with the VA OIG was initiated when it was alleged that a GSA VFCC was being used fraudulently and that receipts indicated that two cards assigned to the VA Medical Clinic in Martinez, CA, were being used to purchase food, cigarettes and drinks. The investigation disclosed that the VA employee was entrusted with two GSA leased vehicles and the

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

VFCCs assigned to those vehicles. Additionally, he also had access to the area where the vehicle keys and VFCCs were stored. The evidence showed that the VA employee unlawfully possessed and knowingly utilized the VFCCs to purchase fuel, tobacco products, food and beverages for his personal use and the personal use of his associates.

- On December 3, 2009, a specialist with the U.S. Army National Guard was sentenced to 1 year of Federal probation, fined \$1,000 and ordered to pay restitution of \$224 after pleading guilty to theft of government monies for fraudulently using a VFCC. Suspicious transactions on this VFCC had previously led to the identification of two other subjects who were also found to be using the card for their personal benefit. One of these, a U.S. Army Sergeant, was sentenced to 1 year of probation, fined \$1,000 and ordered to pay restitution of \$199 on October 1, 2009; and, on July 2, 2009, the third, an Army Specialist, was sentenced to 1 year of probation, fined \$500 and ordered to pay restitution of \$34.

Suspension and Debarment Initiative

GSA has a responsibility to ascertain whether the people or companies it does business with are eligible to participate in federally-assisted programs and procurements, and that they are not considered “excluded parties.” Excluded parties are individuals and companies debarred, suspended, proposed for debarment, or declared ineligible to receive contracts by a Federal agency. The Federal Acquisition Regulation authorizes an agency to suspend or debar individuals or companies for the commission of any offense indicating a lack of business integrity or business honesty that directly affects the present responsibility of a government contractor or subcontractor. The OIG has made it a priority to process and forward referrals to GSA, so GSA can timely ensure that the government does not award contracts to individuals or companies that lack business integrity or honesty.

During this reporting period, the OIG made 106 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 62 suspension and debarment actions based on current and previous OIG referrals.

Integrity Awareness

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees’ roles in helping to ensure the integrity of Agency operations. This period, we presented 34 briefings attended by 467 regional and Central Office employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

Hotline

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. We also use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 1,258 Hotline contacts. Of these contacts, 248 Hotline cases were initiated. In 95 of these cases, referrals were made to GSA program officials for review and action as appropriate, 47 were referred to other Federal agencies for follow up, 92 were referred for OIG criminal/civil investigations or audits, and 14 did not warrant further review.

Governmentwide Policy Activities

We regularly provide advice and assistance on governmentwide policy matters to the Agency, as well as to other Federal agencies and to committees of Congress. In addition, as required by the Inspector General Act of 1978, we review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of the Agency's programs and operations and on the prevention and detection of fraud and mismanagement. Because of the central management role of the Agency in shaping governmentwide policies and programs, most of the legislation and regulations reviewed invariably affect governmentwide issues in areas such as procurement, property management, travel, and government management and information technology systems.

Interagency Committees and Working Groups

We participated in a number of interagency committees and working groups that address crosscutting and governmentwide issues:

- **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The IG is a member of the Investigations Committee, Professional Development Committee, and Homeland Security Roundtable.

- **Federal Audit Executive Council (FAEC) Contracting Committee.** The Deputy Assistant Inspector General, Acquisition Programs Audit Office, participates in the FAEC Contracting Committee, created in December 2007. This Committee provides a forum to share information and coordinate reviews of significant contract and procurement community issues of interest across the IG community and Federal Government. The Committee also proposes the development and recommendation of best practices to be used by IGs to address contracting issues.

- **Recovery Accountability and Transparency Board Working Group (Recovery Working Group).** The GSA OIG is a participating member of the Recovery Working Group, comprised of the 29 OIGs that are responsible for performing oversight of Recovery Act funds. The Working Group is responsible for examining oversight issues that cross all of the federal agencies that received Recovery Act funds. Further, the Working Group provides advice and makes recommendations to the Recovery Funds Working Group Committee on coordinated oversight efforts that cross the federal, state, and local governments.

- **Regional Procurement Fraud Working Group.** The Regional Inspector General for Auditing in our

Heartland Region Field Audit Office participates in quarterly meetings of the Western District of Missouri and Kansas Regional Procurement Fraud Working Group meetings. The goal of the regional Working Group is to detect, prevent and prosecute procurement fraud. The meetings are chaired by Assistant United States Attorneys from both districts and attended by investigators, agents and auditors from various Federal Government investigative branches, including Offices of Inspectors General, the Federal Bureau of Investigations, and the Department of Justice. In addition to improving contact between agencies and U.S. Attorneys Offices, these meetings have resulted in innovative methods to identify and prosecute fraud and have resulted in the development of collaborative cases between different Government agencies.

- **TeamMate Technical Support Group.** Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the CCH TeamMate Users Group to discuss concerns and new challenges facing TeamMate users. TeamMate is an automated audit paperwork management system that strengthens the audit process and increases efficiency.

Legislation, Regulations, and Subpoenas

During this reporting period the OIG reviewed legislative matters and proposed regulations as well as commented on agency directives. We also responded to requests from Congressional members on behalf of their constituents. Additionally, we issued 40 subpoenas in support of our audit and investigative work. The OIG also made substantive comments on several proposed laws and regulations.

Professional Assistance Services

Government Auditing Standards prohibit Federal audit organizations from performing certain types of management consulting projects because they may impair the independence of the auditors when performing subsequent audit work in the same area. To maintain our independence when working closely with GSA management, we carefully assess our services to ensure compliance with the standards. As allowed under the standards, we participate in Agency improvement task forces, committees, and working groups in an observer or advisory capacity.

Task Forces, Committees, and Working Groups

The OIG provides advice and counsel to GSA while monitoring ongoing Agency initiatives. Our representatives advise management at the earliest possible opportunity of potential problems, help ensure that appropriate management controls are provided when installing new or modifying existing Agency systems, and offer possible solutions when addressing complex financial and operational issues.

Our direct participation with the Agency on task forces, committees, and working groups allows us to contribute our expertise and advice, while improving our own familiarity with the Agency's rapidly changing systems. We nevertheless maintain our ability to independently audit and review programs. Our participation on task forces is typically as nonvoting advisory members.

Some areas in which we have been involved this period include:

- **The Multiple Award Schedule (MAS) Working Group.** The Working Group was established as a result of an OIG report released in August 2001 relating to MAS contracting pricing practices. The Working Group is currently comprised of senior level management of the Federal Acquisition Service (FAS) and the OIG. The Working Group has had several areas of focus, including preaward contract reviews and MAS negotiations issues. It developed guidance to MAS contracting officers (COs) regarding the performance and use of preaward MAS contract reviews. Further, the Working Group reinvigorated the process by which FAS and the OIG collaboratively select and commence preaward reviews of vendors, and has built into this process a specific mechanism for COs to request reviews of particular vendors. In 2009, the MAS Working Group was restructured to limit participation in order to better communicate broad policy issues at a

higher level. Based on these discussions, subgroups were established to discuss discrete issues having to do with particular contracts or reviews. For example, an MAS subgroup was tasked to examine the time frames necessary to ensure audit results are available in sufficient time to minimize the use of temporary contract extensions. Another subgroup provides an avenue to resolve issues relating to audit reviews of MAS contracts. This subgroup also identifies FAS policy issues for referral to the Working Group.

- **GSA IT Governance Groups.** Through collaboration with the GSA Chief Information Officer, our Information Technology Audit Office monitors the Agency's efforts to establish a streamlined, enterprise-level IT governance structure and process in which the responsibilities of key Services and Staff Offices, and individual positions, are clear. This includes the IT Executive Council (ITEC) that reviews and makes decisions and recommendations on agency-wide technical issues, strategic IT planning, IT portfolio management, and enterprise architecture guidance, and oversees five standing committees: (1) Enterprise Applications and Services Committee, (2) Enterprise Architecture Committee, (3) Enterprise Infrastructure Committee, (4) Information Assurance Committee, and (5) Portfolio Management Committee.

Internal Evaluation

- **Operational Assessments.** The OIG Office of Internal Evaluation and Analysis conducts operational assessments of OIG components and their field offices.

- **Office of Forensic Auditing.** The Office of Forensic Auditing, (Forensic Auditing), employs innovative strategies to assess situations in which fraud is suspected, detect fraudulent activities, and provide evidence that meets the standard of proof required by criminal courts. In this regard, Forensic Auditing is an adjunct to the traditional investigative and auditing

Professional Assistance Services

Internal Evaluation (continued)

regimens of the OIG. For example, during this reporting period, Forensic Auditing continued monitoring suspicious purchase card activities. As a result, it referred transactions totaling \$716,000 to the Office of Investigations for further investigation.

- **Statistical Support for OIG Audits and Investigations.**

JE continued to provide assistance in scientific sampling and database analysis to the OIG auditors and investigators. JE has applied statistical methods to

such varied areas of concern as purchase card usage, fleet vehicle use and charge card use, leased office space for Federal employees, procurement fraud, suspension and debarment databases, and wage rates on construction projects. JE has begun new analyses of small business data contained in the Federal Procurement Data System and has continued its examination of the Excluded Parties List System (EPLS) and the timeliness of suspension/debarment actions.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 56 audit reports. The 56 reports contained financial recommendations totaling \$170,983,064 including \$145,154,250 in recommendations that funds be put to better use and \$25,828,814 in questioned costs. Due to GSA's mission of negotiating contracts for government-wide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other Federal agencies.

well as the status of those audits as of March 31, 2010. There were 9 reports more than 6 months old awaiting management decisions as of March 31, 2010. Table 1 does not include 6 implementation reviews that were issued during this period because they are excluded from the management decision process. Table 1 also does not include 3 reports excluded from the management decision process because they pertain to ongoing investigations.

Management Decisions on Audit Reports

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as

Table 1. Management Decisions on OIG Audits

	Number of Reports	Reports with Financial Recommendations*	Total Financial Recommendations
For which no management decision had been made as of 10/01/2009			
Less than six months old	62	43	\$143,612,555
Six or more months old	2	2	\$ 17,552,844
Reports issued this period	<u>50</u>	<u>34</u>	<u>\$170,983,064</u>
TOTAL	114	79	\$332,148,463
For which a management decision was made during the reporting period			
Issued prior periods	55	39	\$142,447,786
Issued current period	<u>32</u>	<u>26</u>	<u>\$144,897,923</u>
TOTAL	87	65	\$287,345,709
For which no management decision had been made as of 03/31/2010			
Less than six months old	18	8	\$26,085,141
Six or more months old	<u>9</u>	<u>6</u>	<u>\$18,717,613</u>
TOTAL	27	14	\$44,802,754

*These totals include audit reports issued with both recommendations that funds be put to better use and questioned costs.

Statistical Summary of OIG Accomplishments

Management Decisions on Audit Reports with Financial Recommendations

Tables 2 and 3 present the audits identified in Table 1 as containing financial recommendations by category (funds to be put to better use or questioned costs).

Table 2. Management Decisions on OIG Audits with Recommendations that Funds be Put to Better Use

	<u>Number of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 10/01/2009		
Less than six months old	38	\$139,468,608
Six or more months old	0	\$ 0
Reports issued this period	<u>26</u>	<u>\$145,154,250</u>
TOTAL	64	\$284,622,858
For which a management decision was made during the reporting period		
Recommendations agreed to by management	55	\$259,464,996
Recommendations not agreed to by management	<u>0</u>	<u>\$ 0</u>
TOTAL	55	\$259,464,996
For which no management decision had been made as of 03/31/2010		
Less than six months old	6	\$24,010,910
Six or more months old	<u>3</u>	<u>\$ 1,146,952</u>
TOTAL	9	\$25,157,862

Statistical Summary of OIG Accomplishments

Table 3. Management Decisions on OIG Audits with Questioned Costs

	Number of Reports	Questioned Costs
For which no management decision had been made as of 10/01/2009		
Less than six months old	11	\$ 4,143,947
Six or more months old	2	\$17,552,844
Reports issued this period	<u>12</u>	<u>\$25,828,814</u>
TOTAL	25	\$47,525,605
For which a management decision was made during the reporting period		
Disallowed costs	18	\$27,880,713
Costs not disallowed	<u>0</u>	<u>\$ 0</u>
TOTAL	18	\$27,880,713
For which no management decision had been made as of 03/31/2010		
Less than six months old	4	\$ 2,074,231
Six or more months old	<u>3</u>	<u>\$17,570,661</u>
TOTAL	7	\$19,644,892

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 124 investigative cases and closed 135 cases during this period. In addition, the OIG received and evaluated 55 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

Referrals

The OIG makes criminal referrals to the Department of Justice or other authorities for prosecutive consideration, and civil referrals to the Civil Division of the Department of Justice or to U.S. Attorneys for litigative consideration. The OIG also makes administrative referrals to GSA officials on certain cases disclosing wrongdoing on the part of

GSA employees, contractors, or private individuals doing business with the government.

During this period, the OIG also made 31 referrals to GSA officials for information purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 36 cases (64 subjects) were accepted for criminal prosecution and 15 cases (19 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 24 indictments/informations and 36 successful prosecutions. OIG civil referrals resulted in 6 case settlements. Based on OIG administrative referrals, management debarred 34 contractors/individuals, suspended 28 contractors/individuals, and took 28 personnel actions against employees.

Table 4. Summary of OIG Referrals

Type of Referral	Cases	Subjects
Criminal	66	139
Civil	18	29
Administrative	51	118
TOTAL	135	286

Statistical Summary of OIG Accomplishments

Monetary Results

Table 5 presents the amounts of fines, penalties, settlements, recoveries, forfeitures, judgments, and restitutions payable to the U.S. Government as a result

of criminal and civil actions arising from OIG referrals.

Table 6 presents the amount of administrative recoveries and forfeitures as a result of investigative activities.

Table 5. Criminal and Civil Recoveries

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$400,013,346	
Settlements		\$13,512,000
Recoveries		4,908
Forfeitures	3,983	
Seizures	1,844	
Restitutions	<u>580,020</u>	
TOTAL	\$400,599,193	\$13,516,908

Table 6. Other Monetary Results

Administrative Recoveries	\$755,648
Forfeitures	<u>44,234</u>
TOTAL	\$799,882

APPENDICES

Appendix I—Significant Audits from Prior Reports

Under the Agency audit management decision process, the GSA Office of the Chief Financial Officer, Office of the Controller, is responsible for tracking the implementation of audit recommendations after a management decision has been reached. That office furnished the following status information.

Twenty audits highlighted in prior reports to the Congress have not yet been fully implemented; eighteen are being implemented in accordance with currently established milestones, two are awaiting audit resolution.

Consistency in Implementing Policy Across Acquisition Centers

Period First Reported: April 1, 2009 to September 30, 2009

The objectives of the audit were to determine if policy and related guidance for the Multiple Award Schedule (MAS) Program are being implemented effectively by the Centers, and to identify best practices for use by the Centers. The objectives were further narrowed to focus on pricing, including rate escalation and price adjustment. The report contained four recommendations.

The recommendations involve developing and implementing policy and training for acquisition personnel on a number of subjects, including most favored customer pricing, the use of cost analyses, and the use of volume discounting during negotiations; assessing the viability of developing or establishing resources at the national level to support contracting officers in all Centers; fully implementing FSS Acquisition letter FX-03-1; and ensuring the accuracy of contract information published in GSA Advantage. Audit resolution is pending.

The Procurement Management Review (PMR) Process

Period First Reported: April 1, 2009 to September 30, 2009

The objectives of the audit were to determine (1) whether the PMRs are effective in identifying and communicating compliance issues to improve contracting officer performance in complying with Federal acquisition laws and regulations; and (2) the Chief Acquisition Officer has a mechanism for measuring the effectiveness of PMRs. The report contained three recommendations that have not been implemented.

The recommendations involve implementing program improvements, including the use of a broad risk-based approach across contracting activities and modifying the contract sampling process, the dissemination and use of best practices, and pursuing focused reviews when appropriate; improving the Outcome Analysis Tool and refining its usage to enhance quantification and trend analysis of PRM results; and continuing with the current OMB A-123 implementation effort, integrating it with prior audit recommendations. They are scheduled for completion between July 15, 2010 and September 15, 2010.

Performance Measurement Improvements for the MAS Program

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to determine if the Federal Acquisition Service (FAS) has performance measures for MAS contracting officers that stress the importance of contract quality, including pricing, and if not, to identify potential performance measures FAS could implement to ensure that MAS contracts reflect the intent and goals of the Schedules program. The report contained three recommendations.

Two recommendations involve the development of organizational measures emphasizing the importance of pricing to the Schedules program, and price analysis for risk-based sample of proposed awards or modifications for FY 2010 and future scorecards. The third recommendation centers on the establishment of an internal review program that can quantifiably assess whether MAS contracts meet requirements for quality in terms of compliance with laws, regulations and guidelines. Audit resolution is pending.

Unnecessary Duplication within the Office of General Supplies and Services (GSS)

Period First Reported: April 1, 2009 to September 30, 2009

The audit objective was to determine if unnecessary duplication exists within GSS, with a specific focus on OMB's assertion that unnecessary duplication exists between GSA Global Supply and MAS. The report contained five recommendations that have not been implemented.

Appendix I—Significant Audits from Prior Reports

The recommendations involve creating an accurate and complete inventory of GSS MAS duplication; developing and implementing a plan regarding prior audit recommendations on the 1649 process; implementing operational and educational improvements to the Consolidated Schedule; issuing updated guidance on the 1649 process; and submitting a formal Federal Procurement Data System change request to resolve the issue that requires GSS to award separate MAS contracts for small business set-asides. They are scheduled for completion between May 15, 2010 and October 15, 2010.

Implementation of GSA's IT Infrastructure Support Services Consolidation Initiative

Period First Reported: April 1, 2009 to September 30, 2009

The audit objective was to assess whether risks with GSA's IT support services consolidation have been adequately mitigated. The audit focused on determining if: the GSA Infrastructure Technology Global Operations (GITGO) initiative is generating expected cost savings and other benefits; GSA's consolidated IT Service Desk is operating effectively, efficiently, and securely; and GSA and the GITGO contractor are developing and implementing Information Technology Infrastructure Library (ITIL) processes to align IT support services to customer needs. The report contained eight recommendations; five have not been implemented.

The remaining recommendations involve the Chief Information Officer (CIO) addressing GITGO security vulnerabilities, including those for USD infrastructure and remote support solution audit trains; ensuring that a governance body reviews and approves GITGO service level agreements; providing additional oversight for the adoption of the ITIL; and improving infrastructure support services cost monitoring. They are scheduled for completion between May 15, 2010 and June 15, 2010.

FY 2009 FISMA Review of GSA's Information Technology Security Program

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to determine if GSA has developed, documented, and implemented an agency-wide information security program to provide information security for the data and systems that support the operations and assets of the Agency. The audit focused on five of GSA's systems. The report contained four recommendations that have not been implemented.

The recommendations involve strengthening system certification and accreditation processes; working with GSA Services/Staff Offices/Regions to enhance the security of internal applications; improving the security of GSA's social media technologies; and working with Agency officials as appropriate to enhance security of systems supported by contractors. They are scheduled for completion between July 15, 2010 and October 15, 2010.

E2 Travel System Security Controls

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to determine if GSA has implemented security controls to effectively manage risks inherent with the E2 travel and financial management system, in accordance with FISMA and GSA's Information Technology (IT) Security Program. The report contained three recommendations that have not been implemented.

The recommendations involve the Chief Financial Officer working with other GSA officials to strengthen management, operational and technical controls to better manage IT security risks with E2 implementation and to ensure the confidentiality, integrity, and availability of the system and the data it maintains. They are scheduled for completion between April 15, 2010 and August 15, 2010.

Appendix I—Significant Audits from Prior Reports

Enterprise Communications System (ECS) Security Controls

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to determine if GSA has implemented security controls to effectively manage risks inherent with ECS, in accordance with FISMA and GSA's IT Security Program. The report contained three recommendations that have not been implemented.

The recommendations involve the CIO strengthening management and technical controls, and monitoring processes over the Enterprise Communications System. In particular, they discuss certification and accreditation activities; audit monitoring activities to better detect potential malicious activity; and to protect sensitive system functions and information. They are scheduled for completion between April 15, 2010 and October 15, 2010.

System Security Controls Over eLease

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to determine if GSA has implemented security controls to effectively manage risks inherent with PBS' eLease system, in accordance with FISMA and GSA's IT Security Program. The report contained three recommendations; two have not been implemented.

The remaining recommendations involve the Commissioner of PBS improving technical controls and enhancing the operational readiness of the eLease system. Specifically, the recommendations call for working with the Enterprise Service Center to improve web application and web server security; establishing a process to ensure that audit records for eLease are reviewed regularly for unauthorized activity or other security-related events, and ensuring that eLease procedures and staff are included in contingency plan testing. They are scheduled for completion between September 15, 2010 and October 15, 2010.

Personal Property Management Donation Program

Period First Reported: April 1, 2009 to September 30, 2009

The objectives of the audit were to determine whether the Personal Property Office was providing effective oversight of State Agencies for Surplus Property (SASP), and whether the property not processed through the internet based GSAXcess® system was given adequate visibility and properly allocated. The report contained three recommendations that have not been implemented.

The recommendations involved the Assistant Commissioner, Office of General Supplies and Services, placing more reliance on internal GSA automated records to monitor SASP operations; evaluating whether SASP review procedures can be simplified and carried out more frequently; limiting the processing of property outside the GSAXcess® system whenever possible. They are scheduled for completion on September 15, 2010.

Management Controls over the Lease Prospectus Process

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to determine if management controls are in place to provide reasonable assurance that PBS leasing transactions adhere to prospectus requirements. The report contained five recommendations; four have not been implemented.

The remaining recommendations involve: establishing a consistent approach for evaluating leasing actions for prospectus compliance; improving communication and coordination among the prospectus process participants; developing controls to monitor prospectus leases after award; and removing or identifying superseded prospectus guidance in PBS' internal websites. They are scheduled for completion on April 15, 2010.

Appendix I—Significant Audits from Prior Reports

Cost Estimates for the Los Angeles Courthouse Project

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to address Congress's request to determine if the project alternatives cost estimates are supported and based on valid criteria, analysis and assumptions. The report contained one recommendation that has not yet been completely implemented.

The remaining recommendation involves improving PBS's construction cost-estimating accuracy by monitoring cost estimates against actual results to identify factors that could be enhanced. It is scheduled for completion on December 15, 2010.

Fiscal Year 2008 EDP Management Recommendation Letter

Period First Reported: October 1, 2008 to March 31, 2009

The objective of the audit was to discuss findings, recommendations and suggestions for improvements in internal controls and other management issues that were observed during the Fiscal Year 2008 financial statement audit. The report contained fifty seven recommendations; one has not been implemented.

The remaining recommendation involves the Office of the Chief Financial Officer developing, documenting and implementing an approval process for creating new and modifying existing vendor records. It is scheduled for completion on April 15, 2010.

FY 2008 Office of Inspector General FISMA Review of GSA's Information Technology Security Program

Period First Reported: April 1, 2008 to September 30, 2008

The objectives of the audit were to assess the effectiveness of controls over GSA systems and data and to address specific questions and reporting requirements identified by OMB. Four systems were reviewed, including one contractor system, to assess implementation of GSA's IT Security Program. The report contained five recommendations; three have not been implemented.

The remaining recommendations involve working with the Office of the Chief Acquisition Officer (OCAO) to develop standard requirements and deliverables for IT service contracts and task orders that promote compliance with GSA IT Security Policy and procedures; working with OCAO and the Office of the Chief Human Capital Officer (OCHCO) to ensure consistent background investigation requirements in policies, procedures, and task orders; and expediting actions to implement encryption of mobile devices and two-factor authentication and to work with the OCHCO to promptly fulfill responsibilities for implementing a comprehensive breach notification policy. They are scheduled for completion between April 15, 2010 and October 15, 2010.

Audit of Reimbursable Work Authorizations

Period First Reported: April 1, 2008 to September 30, 2008

The objectives of the audit were to determine if RWAs are properly accounted for and whether controls over RWAs are adequate and effective. The report contained two recommendations; neither has been implemented.

The recommendations include ensuring the controls recommended by the National Team are effectively implemented and adhered to and that the results achieved are monitored; and, the residual risks associated with the RWA process identified in this report are incorporated into the National Team's reengineered process, addressed by management where clarifications are needed and/or disseminated to GSA associates as part of their overall training/implementation process. They are scheduled for completion by June 15, 2010.

Improvements to the GSA Privacy Act Program Are Needed to Ensure That PII is Adequately Protected

Period First Reported: October 1, 2007 to March 31, 2008

The objectives of the audit were to determine if GSA: manages sensitive personal information pursuant to legal and regulatory requirements, including e-Government provisions for privacy controls; has

Appendix I—Significant Audits from Prior Reports

implemented technical, managerial, and operational privacy-related controls to effectively mitigate risks inherent to Privacy Act systems of records; and, has established procedures and automated mechanisms to verify control efficacy. The report contained four recommendations; one has not been implemented.

The remaining recommendation involves ensuring that the Privacy Act Program is integrated with the agency's security program. It is scheduled for completion by October 15, 2010.

Use of Inventory Management Software, Federal Acquisition Service

Period First Reported: October 1, 2007 to March 31, 2008

The objectives of the audit were to determine whether: FAS was using the Manugistics inventory management software to the fullest extent possible, and if not, what were the reasons for inconsistent usage; and the Manugistics software could be improved to better manage inventory in the depots and stores. The report contained seven recommendations; two have not been implemented.

The remaining recommendations involve the FAS Commissioner removing redundant inventory management functionality from the legacy systems; and conducting a cost/benefit study related to implementing improvements to transportation management information. They are scheduled for completion between July 15, 2010 and September 15, 2012.

Multiple Award Schedule Program Contract Workload Management

Period First Reported: April 1, 2007 to September 30, 2007

The objective of the audit was to determine if FAS was effectively managing the workload associated with processing contract actions in the Schedules program. The report contained ten recommendations; four have not been implemented.

The remaining recommendations involve adopting a more structured approach to reduce the number of existing underutilized schedule contracts; establishing specific nationwide guidance related to Price Analysis Documentation Requirements and Negotiation Policies and Techniques for schedule contracts; establishing performance measures that evaluate CO/CS (a) verification of vendor disclosures related to Commercial Sales Practice, (b) effectiveness in analyzing prices and conducting negotiations, and (c) consideration of the field pricing assistance; and developing standardized procedures for the initial screening of offers. They are scheduled for completion between April 15, 2010 and February 15, 2011.

GSA's Electronic Contract Proposal and Modification System

Period First Reported: October 1, 2006 to March 31, 2007

The objective of the audit was to determine whether eOffer/eMod is realizing expected benefits and if sufficient security controls have been designed and implemented. The report contained four recommendations; one has not been implemented.

The remaining recommendation involves analyzing usage rates and developing strategies to address the causes of low usage. It is scheduled for completion by May 15, 2010.

Consolidation of Distribution Centers

Period First Reported: October 1, 2002 to March 31, 2003

The objective of the audit was to examine the operations of the FSS Stock Program. The report contained two recommendations; one has not been implemented.

The remaining recommendation, which requires developing access to sufficient and reliable data for all delivery methods, is scheduled for completion by September 15, 2013.

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs

(Note: Because some audits pertain to contract awards or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.)

PBS Internal Audits

03/12/10	A090172	Recovery Act Report - Austin Courthouse Project Review of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		
03/17/10	A080186	Limited Review of the Contract Administration of the U.S. Courthouse Project in Cape Girardeau, Missouri		
03/26/10	A100089	Implementation Review of Corrective Action Plan, Audit of Greater Chicagoland Service Center (Report Number A060125/P/5/R08004, June 4, 2008) Public Buildings Service		
03/31/10	A070216	Audit of PBS's Controls over Security of Building Information in Online Environments		
03/31/10	A100096	Implementation Review - Review of PBS's Appraisal Process for Rent Pricing, Audit Report Number A060197/P/R/R08002, January 2, 2008		

PBS Contract Audits

10/07/09	A090148	Preaward Review of Termination Settlement Proposal: GM Engineers and Associates, Contract Number GS-05P-07-GA-C-0027		
10/08/09	A090249	Report on Audit of Parts of a Firm-Fixed-Price Proposal for Architect and Engineering Services: Project Management Services, Inc., Solicitation Number GS11P08MKC0080		
10/30/09	A090111	Review of Claim: Midtown Development, L.L.C., Lease Number GS-06P-60003		
11/02/09	A090194	Review of Architect and Engineering Services Contract: Gruzen Samton Architects LLP, Contract Number GS-02P-01-DTC-0027		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
12/16/09	A090240	Report on Audit of Direct Labor, Direct Labor Escalation, Other Direct Costs, and Labor Overhead/G&A Rates: Zimmer Gunsul Frasca Architects LLP, Solicitation Number GS11P08MKC0080		
12/16/09	A090101	Review of a Claim: Paramount Mechanical Corp., Subcontractor to PJ Dick Inc., Contract Number GS-11P-02-MKC-0055		
12/30/09	A090200	Preaward Review of Architect and Engineering Services Contract: Dattner Architects, Solicitation Number GS-02P-04-DTC-0031		
12/30/09	A090224	Preaward Review of A/E Services Contract: WSP Flack + Kurtz Inc., Consultant to Gruzen Samton Architects LLP, Contract Number GS-02P-01-DTC-0027		
01/26/10	A090105	Review of a Claim: Marelich Mechanical Company, Incorporated, Subcontractor to Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002		
02/01/10	A080206	Examination of a Claim: Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002		
02/24/10	A090216	Postaward Review of Architect/Engineering Progress Billings: Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091		\$1,753,518
03/10/10	A090218	Postaward Review of Architect/Engineering Progress Billings: AECOM Transportation, a Division of AECOM U.S., Subcontractor to Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091		\$498,890
03/17/10	A100087	Postaward Review of Architect/Engineering Progress Billings: AECOM Design, a Division of AECOM U.S., Subcontractor to Ross Drulis Cusenbery Architecture, Inc., Contract Number GS-09P-03-KTC-0091		\$1,116,352

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/18/10	A100041	Examination of a Claim: T&M Manufacturing, Incorporated, Subcontractor to Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002		
<i>FAS Internal Audits</i>				
03/15/10	A090026	Review of Multiple Award Schedule Vendors' Invoicing Practices Relative to Prompt-Payment Discounts		
03/17/10	A100101	Implementation Review of the Review of Federal Supply Service Travel and Transportation Management Division's Freight Management Program, Report Number A060153/F/7/V07004, Dated May 21, 2007		
03/30/10	A090018	Review of the Federal Acquisition Service Blanket Purchase Agreements for Acquisition Management Support Services		
03/30/10	A100132	Implementation Review of the Federal Acquisition Service's Alliant Ordering Guide, Report Number A090009/Q/ AP09002, Dated May 1, 2009		
<i>FAS Contract Audits</i>				
10/08/09	A080143	Preaward Review of Multiple Award Schedule Contract Extension: Stanley Associates, Inc., Contract Number GS-35F-5900H		
10/14/09	A090138	Preaward Review of Multiple Award Schedule Contract Extension: Garrett Container Systems, Inc., Contract Number GS-07F-6095P		
10/19/09	A090152	Preaward Review of Multiple Award Schedule Contract Extension: Cogent, Inc., Contract Number GS-35F-0763J		\$6,354

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
10/21/09	A080155	Limited Scope Postaward Review of Multiple Award Schedule: Cascades Technologies, Inc. for Review Period February 1, 2003 to March 31, 2008, Contract Number GS-35F-0293N		\$261,525
10/23/09	A090170	Preaward Review of Multiple Award Schedule Contract Extension: Etouch Systems Corporation, Contract Number GS-35F-0627P		
10/28/09	A090146	Review of Company-Reported Overbillings: United Rentals, Inc., Contract Number GS-06F-0068R		\$1,367,965
10/29/09	A090124	Preaward Review of Multiple Award Schedule Contract Extension: Intergraph Corporation, Contract Number GS-35F-0011K		\$8,080
10/30/09	A090115	Limited Scope Preaward Review of Multiple Award Schedule Contract Extension: Square One Armoring Services Company, Contract Number GS-07F-0303J		
11/04/09	A090119	Limited Scope Postaward Review of Multiple Award Schedule Contract: Itin Scale Company, Inc., Contract Number GS-07F-9655S		
11/09/09	A090098	Postaward Review of Multiple Award Schedule Contract: Point Blank Body Armor, Inc., Contract Number GS-07F-8942D		\$18,115,740
11/09/09	A090202	Preaward Review of Multiple Award Schedule Contract Extension: Computech, Inc., Contract Number GS-35F-0108K		
11/10/09	A090156	Preaward Review of Multiple Award Schedule Contract Extension: Irving Burton Associates, Inc., Contract Number GS-10F-0037K		
11/10/09	A090173	Preaward Review of Multiple Award Schedule Contract Extension: Accenture National Security Services, LLC, Contract GS-35F-0371N		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
11/13/09	A090097	Preaward Review of Multiple Award Schedule Contract Extension: Compusearch Software Systems, Inc., Contract Number GS-35F-0585J		
11/17/09	A080144	Preaward Review of Multiple Award Schedule Contract Proposal: BMC Software, Inc., Solicitation Number FCIS-JB-980001-B		
12/03/09	A080120	Limited Scope Postaward Review of Multiple Award Schedule Contract Number GS-07F-0017K for the Period October 1, 2004 to October 31, 2007: Q-Matic Corporation		\$2,488,555
12/07/09	A090157	Preaward Review of Multiple Award Schedule Contract Extension: ICF Incorporated, LLC, Contract Number GS-10F-0124J		
12/10/09	A090159	Preaward Review of Multiple Award Schedule Contract Extension: RCF Information Systems, Inc., Contract Number 35F-0613J		\$4,459
12/21/09	A090189	Preaward Review of Multiple Award Schedule Contract Extension: Cascade Designs, Incorporated, Contract Number GS-07F-5451R		
01/12/10	A090209	Preaward Review of Multiple Award Schedule Contract Extension: Cross Match Technologies, Inc., Contract Number GS-35F-0199R		\$75,077
01/26/10	A090182	Preaward Review of Multiple Award Schedule Contract Extension: National Instruments Corporation, Contract Number GS-24F-0007K		
02/01/10	A100059	Preaward Review of Multiple Award Schedule Contract Extension: Cole Technology Corporation, Contract Number GS-10F-0226R		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
02/02/10	A090114	Preaward Review of Multiple Award Schedule Contract Extension: Draft, Foote, Cone & Belding d/b/a/ True North Communications, Inc., Contract Number GS-23F-0037K		
02/16/10	A090257	Preaward Review of Multiple Award Schedule Contract Extension: Technical and Management Resources, Inc., Contract Number GS-35F-0142K		
02/22/10	A090179	Preaward Review of Multiple Award Schedule Contract Extension: Optimos Incorporated, Contract Number GS-35F-0051K		
02/24/10	A090198	Preaward Review of Multiple Award Schedule Contract Extension: IBIS Tek, LLC, Contract Number GS-07F-5505R		\$132,299
03/16/10	A090262	Preaward Review of Multiple Award Schedule Contract Extension: Capitol Supply, Incorporated, Contract Number GS-21F-0001K		
03/22/10	A090187	Preaward Review of Multiple Award Schedule Contract Extension: B&H Foto & Electronics Corp., Contract Number GS-03F-0022R		

Other Internal Audits

01/08/10	A090062	Audit of the General Services Administration's Fiscal Year 2009 Financial Statements		
03/31/10	A080180	Opportunities Exist To Improve GSA's Implementation of The E2 Travel System		
03/31/10	A090126	FY 2009 Office of Inspector General Information Technology Security Audit of the Office of the Chief Financial Officer's Corporate Information Network		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/31/10	A100099	Implementation Review of Alert Report on Security of GSA's Electronic Messaging Services and National Notes Infrastructure, Report Number A070180/O/T/W07001, Dated September 12, 2007		

Non-GSA Internal Audits

03/31/10	A100098	Implementation Review of Controls Over FECA Compensation and Medical Benefits Expense, Report Number A060152/S/F/S07004, Dated June 5, 2007		
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Appendix III—Audit Reports over 12 Months Old, Final Agency Action Pending

Public Law 104-106 requires the head of a Federal agency to complete final action on each management decision required with regard to a recommendation in an Inspector General's report within 12 months after the date of the report. If the head of the Agency fails to complete final action within the 12-month period, the Inspector General shall identify the matter in the semiannual report until final action is complete.

In GSA, the Office of the Chief Financial Officer (OCFO) is responsible for monitoring and tracking open recommendations. While we continue to assist the Agency in resolving these open items, various litigative proceedings, continuing negotiations of contract proposals, and corrective actions needed to undertake complex and phased-in implementing actions often delay timely completion of the final action.

The OCFO provided the following list of reports with action items open beyond 12 months:

Date of Report	Audit Number	Title
Contract Audits		
04/30/01	A010127	Audit of Billing under Contract Number GS-06P-99-GZC-0315: DKW Construction, Inc., Contract Number GS-06P-99-GZC-0315
10/18/01	A63630	Postaward Audit of Multiple Schedule Contract: The Presidio Corporation, Contract Number GS-00K-95-AGS-6170
03/25/03	A030140	Limited Scope Review of Termination Claim: Science Applications International Corp., Contract Number GS-35F-4461G
03/09/04	A030186	Postaward Audit of Multiple Award Schedule Contract: Nova Solutions, Contract Number GS-29F-0173G
03/09/04	A040162	Price Adjustments on Multiple Award Schedule Contract: Nova Solutions, Inc., Contract Number GS-29F-0173G
05/10/05	A050112	Preaward Review of Multiple Award Schedule Contract Extension: Entrust, Inc., Contract Number GS-35F-0332K
10/12/05	A050105	Preaward Review of Multiple Award Schedule Contract Extension: BCOP Federal, Contract Number GS-14F-003K
03/30/06	A050248	Postaward Review of Lease Costs and Pricing Data: Information Systems Support, Inc., Contract Number GS-09K-99-BHD-0006
04/18/06	A050122	Review of Industrial Funding Fee Remittances: Fastenal Company, Contract Number GS-06F-0039K
10/24/06	A060148	Preaward Review of Multiple Award Schedule Contract Extension: Kimball International, Contract Number GS-29F-0177G
10/31/06	A060206	Postaward Review of Lease Costs and Pricing Data: Information Systems Support Incorporated, Contract Number GS-09K-99-BHD-0006
04/30/07	A060245	Preaward Review of Multiple Award Schedule Contract Extension: Comstor, Division of Westcon Group N.A., Inc., Contract Number GS-35F-4389G
08/28/07	A060196	Preaward Review of Request for Equitable Adjustment: Tigard Electric, Incorporated, Contract Number GS-10P-02-LTC-0025
12/18/07	A070176	Preaward Review of Multiple Award Schedule Contract Extension: T-Mobile USA, Incorporated, Contract Number GS-35F-0503M

Appendix III–Audit Reports over 12 Months Old, Final Agency Action Pending

Date of Report	Audit Number	Title
04/10/08	A070168	Preaward Review of Multiple Award Schedule Contract Extension: MSC Industrial Direct Company, Inc., Contract Number GS-06F-0010N
04/29/08	A080084	Review of Change Order Proposal for Resolution of Wage Rate: Kenmor Electrical Company, LP, Contract Number GS-07P-05-URC-5007
05/05/08	A080107	Preaward Review of Multiple Award Schedule Contract Extension: Superior Protection Service, Inc., Contract Number GS-07F-0605N
05/22/08	A070229	Preaward Review of Multiple Award Schedule Contract Extension: Citrix Systems, Incorporated, Contract Number GS-07F-0332N
06/05/08	A070095	Preaward Review of Multiple Schedule Contract Extension: GTSI Corporation, Contract Number GS-35F-4120D
06/11/08	A040224	Review of Multiple Award Schedule Contract: ADT Security Services, Inc., Contract Number GS-07F-8854D
08/05/08	A080077	Preaward Review of Multiple Award Schedule Contract Extension: Gartner, Inc., Contract Number GS-35F-5014H
10/29/08	A080069	Preaward Review of Multiple Award Schedule Contract Extension: Intririon Corporation, Contract Number GS-21F-0091H
10/29/08	A080151	Preaward Review of Multiple Award Schedule Contract Extension: SeaArk Marine, Inc., Contract Number GS-07F-0012J
10/30/08	A080001	Review of MAS Contract: SunGard Availability Services, LP, Contract Number GS-35F-0545K
12/12/08	A080177	Preaward Review of Multiple Award Schedule Contract Extension: Tecolote Research, Incorporated, Contract Number GS-35F-5115H
12/16/08	A080185	Review of a Claim: Pacific Coast Steel, Contract Number GS-09P-02-KTC-0002
12/29/08	A090042	Postaward Audit Report on Direct Costs Incurred on Trilogy Project: Computer Sciences Corporation, Contract Number GS-00T-99-ALD-0204
12/31/08	A080191	Preaward Review of Multiple Award Schedule Contract Extension: Corporate Lodging Consultants, Inc., Contract Number GS-33F-0009P
01/09/09	A080220	Review of a Claim: Boyett Door and Hardware, Contract Number GS-09P-02-KTC-0002
01/20/09	A080136	Preaward Review of Multiple Award Schedule Contract Extension: Dynamic Decisions, Inc., Contract Number GS-35F-5879H
01/28/09	A090005	Preaward Review of Multiple Award Schedule Contract Extension: Intratek Computer Incorporated, Contract Number GS-35F-0178J

Appendix III–Audit Reports over 12 Months Old, Final Agency Action Pending

Date of Report	Audit Number	Title
02/04/09	A080067	Preaward Review of Multiple Award Schedule Contract Extension: Haworth, Inc., Contract Number GS-28F-8014H
02/05/09	A080208	Preaward Review of Multiple Award Schedule Contract Extension: System Studies and Simulation, Inc., Contract Number GS-00F-0037P
02/12/09	A080178	Preaward Review of Multiple Award Schedule Contract Extension: Ocean Systems Engineering Corporation, Contract Number GS-35F-5278H
02/19/09	A080200	Preaward Review of a Claim: WM. T. Spaeder Co, Inc., Contract Number GS-03P-02-CDC-0137
03/03/09	A080085	Preaward Review of Multiple Award Schedule Contract Extension: The HON Company, Contract Number GS-28F-8047H
03/23/09	A080212	Preaward Review of Multiple Award Schedule Contract Extension: Phillips Corporation-Federal Division, Contract Number GS-07F-7729C

Date of Report	Audit Number	Title	Projected Final Action Date
Internal Audits			
03/18/03	A020161	Audit of the Consolidation of Distribution Center Operations: Impact on Shipment Costs and Delivery Times	09/15/2013
03/06/07	A060149	Review of eOffer/eMod, GSA's Electronic Contract Proposal and Modification System	05/15/2010
07/31/07	A060190	Review of Multiple Award Schedule Program Contract Workload Management	02/15/2011
03/21/08	A070164	Review of the Use of Inventory Management Software, Federal Acquisition Service	09/15/2012
03/31/08	A060228	Improvements to the GSA Privacy Act Program are Needed to Ensure that Personally Identifiable Information is Adequately Protected	10/15/2010
09/11/08	A080081	FY 2008 Office of Inspector General FISMA Review of GSA's Information Technology Security Program	10/15/2010
09/30/08	A060101	Audit of Reimbursable Work Authorizations	06/15/2010
12/18/08	A080108	Fiscal Year 2008 EDP Management Recommendation Letter	04/15/2010

Appendix IV—Government Contractor Audit Findings

The *National Defense Authorization Act for Fiscal Year 2008*, P.L. 110-181, requires each Inspector General appointed under the *Inspector General Act of 1978* to submit an annex on final, completed contract audit reports issued to the contracting activity that contain significant audit findings – unsupported, questioned, or disallowed costs in an amount in excess of \$10 million, or other significant findings – as part of the Semiannual Report to the Congress. During this reporting period, the OIG issued one contract audit report under this requirement. The audit was a postaward review of a multiple award schedule contract with Point Blank Body Armor, Inc. We reviewed the contract sales during the period October 1, 2000 through November 30, 2005, and found unreported price reductions and billing discrepancies of nearly \$16.7 million and \$1.4 million, respectively.

Appendix V—Audits Without Management Decision

Section 5(a)(10) of the IG Act as amended, requires a summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period. GSA has a system in place to track audit reports and management decisions. Its purpose is to ensure that recommendations and corrective actions indicated by the OIG and agreed to by management are addressed as efficiently and expeditiously as possible. This period there are four OIG reports that meet this requirement.

Review of Consistency in Implementing Policy Across Acquisition Centers, dated September 30, 2009

The objectives of this audit were to determine if policy and related guidance for the Federal Acquisition Service's (FAS') Multiple Award Schedule (MAS) Program are being implemented effectively by the Acquisition Centers and to identify best practices in use. The objectives were focused on MAS pricing, including rate escalation and price adjustment. The report contained four recommendations: 1) Develop and implement policy and training in the areas of Most Favored Customer pricing, use of cost analysis, use of GSAM 552.216-70 Economic Price Adjustment clause, schedule specific determinations of wage rate escalation, and consideration of volume discounts during negotiation; 2) Assess the viability of developing or establishing resources to support Contracting Officers by providing cost/price analyses and support, particularly in the area of professional services; 3) Fully implement FSS Acquisition Letter FX-03-1 and consider assessing whether control functions of the legacy Federal Supply Service and Federal Technology Service organizations have been adequately transitioned to the new FAS organization; and, 4) Develop and implement controls to ensure the accuracy of contract information published on GSA Advantage and recover funds if potential overcharges discussed in the report actually occurred. To reach a management decision, FAS is currently modifying the proposed action plan to satisfy the report's recommendations.

Review of Program Performance Measurement for Procurement, dated September 30, 2009

The objective of this review was to determine if the Federal Acquisition Service (FAS) has performance measures for Multiple Award Schedule (MAS) contracting officers that stress the importance of contract qual-

ity, including pricing. If not, the audit team was to identify potential performance measures FAS could implement to ensure that MAS contracts reflect the intent and goals of the Schedules program. The report contained three recommendations: (1) Ensure that the Offices of General Supplies & Services and Travel, Motor Vehicles, and Card Services develop at least one organizational measure emphasizing the importance of pricing to the Schedules program for FY 2010 and future scorecards, (2) Ensure that the Offices of Integrated Technology Services; General Supplies & Services; and Travel, Motor Vehicles, and Card Services portfolios develop an organizational measure for FY 2010 and future scorecards to evaluate price analysis for a risk-based sample of proposed awards or modifications, and (3) Establish an internal review program through the Office of Acquisition Management that will provide an adequate assessment of the extent that MAS contracts meet requirements for quality in terms of compliance with laws, regulations, and guidelines and that can be quantitatively measured at the organizational level. To reach a management decision, FAS is currently modifying the proposed action plan to satisfy the report's recommendations.

Postaward Audit Report on Direct Costs Incurred on Trilogy Project: Computer Sciences Corporation, Task Order Number T0001AJM026, Under GSA Millennia Contract Number GS00T99ALD0204, dated December 29, 2008

This audit was initiated by the GSA Federal Systems Integration and Management Center (FEDSIM) on behalf of the Federal Bureau of Investigation (FBI). In 2001, the FBI initiated the Trilogy program to modernize its information technology infrastructure and systems. To expedite the contracting process, the FBI entered into an interagency agreement with GSA to support the FBI's use of the FEDSIM Millennia contract

Appendix V—Audits Without Management Decision

for implementation of the Trilogy program. The task order was awarded in May 2001 to Computer Sciences Corporation (CSC). In February 2006, the Government Accountability Office issued a report identifying questionable costs billed on task orders issued under the Trilogy program. In response to the GAO report, an audit was conducted by the Defense Contract Audit Agency (DCAA) to determine if any of the direct costs were unallowable, unallocable, or unreasonable and whether the audit results could be used as the basis to pursue remedies to recoup funds and assess penalties. DCAA, in its audit of the prime contractor CSC and seven subcontractors, took exception to \$14.95 million of the \$120.8 million in direct costs incurred and billed under the task order. CSC and the subcontractors did not concur with the majority of the costs questioned by DCAA. To reach a management decision, the contracting officer needs to continue assessing, with the many parties involved, the issues raised by the contractor and subcontractors in their rebuttal to the DCAA audit report.

Limited Scope Review of Multiple Award Schedule Contract Covenant Security Services, Ltd., Contract Number GS-07F-0505M, dated June 17, 2009

This review was performed to quantify overbillings identified during a preaward review of Covenant Security Services, Ltd. (Audit Number A070188/Q/5/X08072). As detailed in that audit report, it was determined that Covenant had not lowered its schedule pricing in accordance with the contract modification reducing the Industrial Funding Fee (IFF). Additionally, Covenant had included profit on its Other Direct Costs, which is not allowable per FAR 16.601(b) and FAR 52.232-7.

The objectives of the limited scope review were to determine whether Covenant had properly administered the contract clauses, including the IFF reduction clause, and, if not, to quantify any resulting overbillings. The report concluded that Covenant had overcharged GSA \$17,817. To reach a management decision, the contracting officer will continue to assess the issues raised by the audit report and the contractor.

In addition, there are five OIG reports issued before the commencement of the reporting period for which management decision was reached immediately after the end of the reporting period.

Review of Multiple Award Schedule Contract Number GS-07F-8854D for the Period February 1, 1996 through December 31, 2006

Report date: 04/01/09

Review of Cost or Pricing Data: Kallidus Technologies, Inc.

Report date: 07/30/09

Preaward Review of Multiple Award Schedule Contract Extension: BTAS, Inc.

Report date: 08/06/09

Preaward Review of Architect/Engineering Change Order Proposal: AECOM U.S., Subcontractor to Ross Drulis Cusenbery Architecture, Incorporated

Report date: 09/08/09

Preaward Review of Multiple Award Schedule Contract Extension: TMP Worldwide Advertising and Communications, LLC

Report date: 09/24/09

Appendix VI—Delinquent Debts

The GSA Office of the Chief Financial Officer provided the following information.

The U.S. General Services Administration's (GSA) Office of the Chief Financial Officer (OCFO) has continued to implement and initiate actions to improve our debt collection efforts and reduce the amount of debt written off as uncollectible for GSA. Management continues to place a high priority on resolving delinquent accounts receivable.

OCFO claims procedures have been revised to improve claims management and control. A claims database aids in the aging and monitoring of claims activity. Other changes include increases in telephone follow-up contacts with commercial vendors, field personnel, and OCFO managers to resolve issues. The OCFO has also implemented more consistent and timely delinquency notices by letter and have increased efforts to identify offsets on amounts due to commercial vendors on other contracts. The OCFO expects these administrative adjustments will result in faster claim resolution.

Also, through a contract arrangement with GSA, the Profit Recovery Group (PRG) continues to identify and pursue overpayments in conjunction with GSA staff. In addition, more aggressive actions have been taken to resolve past due receivables; under the Debt Collection Improvement Act of 1996, delinquent receivables can be referred to Treasury after 60 days instead of 180. This change allows timelier referrals to Treasury for offsetting.

The accounts receivable delinquencies have been incorporated into the GSA OCFO Executive Financial Scorecard. This monthly report is distributed to senior and program managers and includes a rate of delinquency for GSA regions on receivables that are greater than 180 days old. The OCFO continues to monitor monthly, the monthly results of collection efforts using the scorecard which serves as a primary internal control developed by OCFO staff.

Non-Federal Accounts Receivable

	As of September 30, 2009	As of March 31, 2010	Difference
Amounts Due GSA	\$163,835,958	\$183,688,761	\$19,852,803
Amounts Overdue	\$12,952,550	\$18,959,744	\$6,007,194
Amounts Written Off		\$740,351	

From October 1, 2009 to March 31, 2010, the Office of Financial Policy and Operations referred \$2,373,393 delinquent non-Federal claims to the U.S. Department of the Treasury for cross-servicing collection activities. Collections on non-Federal claims were \$111,847,281.

Administrative offsets have resulted in additional collections of \$1,934,732. GSA also collected non-Federal claims using Pre-Authorized Debits (PADS) totaling \$37,248.

Appendix VII—Reporting Requirements

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the

Congress in Senate Report No. 96-829 relative to the 1980 Supplemental Appropriations and Rescission Bill and the National Defense Authorization Act is also cross-referenced to the appropriate page of the report.

Requirement	Page
Inspector General Act	
Section 4(a)(2) – Review of Legislation and Regulations	18
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies	2-11
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	2-11
Section 5(a)(3) – Prior Recommendations Not Yet Implemented	33
Section 5(a)(4) – Matters Referred to Prosecutive Authorities	24
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused	none
Section 5(a)(6) – List of Audit Reports	34
Section 5(a)(7) – Summary of Each Particularly Significant Report	2-11
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs	23
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	22
Section 5(a)(10) – Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	45
Section 5(a)(11) – Description and Explanation for Any Significant Revised Management Decision	none
Section 5(a)(12) – Information on Any Significant Management Decisions with Which the Inspector General Disagrees	none
Senate Report No. 96-829	
Resolution of Audits	21
Delinquent Debts	47
National Defense Authorization Act	
Public Law 104-106, 5 U.S.C. app. 3, § 5 note	41
Public Law 110-181	44

Appendix VIII—OIG Offices and Key Officials

Office of the Inspector General

Inspector General, Brian D. Miller (J)	(202) 501-0450
Deputy Inspector General, Robert C. Erickson (JD)	(202) 501-0450
Director of Communications and Congressional Affairs, Dave Farley (JX)	(202) 219-1062

Office of Counsel to the Inspector General

Counsel to the IG, Richard Levi (JC)	(202) 501-1932
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Office of Internal Evaluation and Analysis

Director, (Acting) Richard Parker (JE)	(202) 501-1641
Office of Forensic Auditing, Director Patricia D. Sheehan (JEF)	(202) 273-4989

Office of Audits

Assistant IG for Auditing, Theodore R. Stehney (JA)	(202) 501-0374
Principal Deputy Assistant IG for Auditing, Regina M. O'Brien (JAD)	(202) 501-0374
Director, Audit Planning, Policy, and Operations Staff, Lisa Blanchard (JAO)	(202) 501-4865
Director, Administration and Data Systems Staff, Thomas P. Short (JAS)	(202) 501-1366
Director, Special Projects Office, Paul J. Malatino (JA)	(202) 208-0021

Deputy Assistant Inspectors General for Auditing

Information Technology Audit Office, Gwendolyn A. McGowan (JA-T)	(703) 308-1223
Real Property Audit Office, Rolando N. Goco (JA-R)	(202) 501-2322
Finance & Administrative Audit Office, Jeffrey C. Womack (JA-F)	(202) 501-0006
Acquisition Programs Audit Office, Kenneth L. Crompton (JA-A)	(703) 603-0189
Contract Audit Office, James M. Corcoran (JA-C)	(215) 446-4846

Regional Inspectors General for Auditing

National Capital Region Field Office, Barbara E. Bouldin (JA-W)	(202) 708-5340
Northeast and Caribbean Field Office, Howard R. Schenker (JA-2)	(212) 264-8620
Mid-Atlantic Field Office, Glenn D. Merski (JA-3)	(215) 446-4840
Southeast Sunbelt Field Office, James D. Duerre (JA-4)	(404) 331-5125
Great Lakes Field Office, David K. Stone (JA-5)	(312) 353-7781
The Heartland Field Office, John F. Walsh (JA-6)	(816) 926-7052
Greater Southwest Field Office, Rodney J. Hansen (JA-7)	(817) 978-2571
Pacific Rim Field Office, James P. Hayes (JA-9)	(415) 522-2744

Appendix VIII—OIG Offices and Key Officials

Office of Investigations

Assistant IG for Investigations, Gregory G. Rowe (JI)	(202) 501-1397
Deputy Assistant IG for Investigations, Geoffrey A. Cherrington (JID)	(202) 501-1397
Director, Investigations Operations Division, Gerald R. Garren (JIB)	(202) 501-4583

Special Agents in Charge (SAC)

Mid-Atlantic Regional Office, SAC Christopher P. Cherry (JI-W)	(202) 252-0008
Philadelphia Resident Office, SAC James E. Adams (JI-3)	(215) 861-3550
Northeast and Caribbean Regional Office, SAC Daniel J. Walsh (JI-2)	(212) 264-7300
Boston Resident Office, SAC Luis A. Hernandez (JI-1)	(617) 565-6820
Southeast Regional Office, SAC Lee P. Quintyne (JI-4)	(404) 331-5126
Miami Resident Office, SA Dietrich Bohmer (JI-4M)	(954) 356-6993
Central Regional Office, SAC Stuart G. Berman (JI-5)	(312) 353-7779
Mid-West Regional Office, SAC John F. Kolze (JI-6)	(816) 926-7214
Denver Resident Office, SA Christopher C. Hamblen (JI-8)	(303) 236-5072
Southwest Regional Office, SAC Paul W. Walton (JI-7)	(817) 978-2589
Western Regional Office, SAC Bryan D. Denny (JI-9)	(415) 522-2755
Los Angeles Resident Office, SA Tony Wu (JI-9L)	(949) 360-2214
Northwest Regional Office, SAC Terry J. Pfeifer (JI-10)	(253) 931-7654

Office of Administration

Assistant IG for Administration, Carolyn Presley-Doss (JP)	(202) 501-4638
Budget, Planning, and Financial Management Division, Director (Acting) Suzanne Melnick (JPB)	(202) 501-2352
Human Resources Division, Director, Vacant (JPH)	(202) 501-0360
Information Technology Division, Director Michael McLaughlin (JPM)	(202) 219-2319
Facilities Branch, Team Leader Carol Mulvaney (JPF)	(202) 501-3119
Contracts Branch, Team Leader Myra R. Hayes (JPC)	(202) 501-2887

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To report suspected waste, fraud, abuse, or
mismanagement in GSA, call your

Inspector General's Hotline

Toll-free 1-800-424-5210
Washington, DC metropolitan area
(202) 501-1780

or write: GSA, IG, Hotline Officer
Washington, DC 20405

or access the Web: www.gsaig.gov/hotline.htm

Office of Inspector General
U.S. General Services Administration

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U.S. General Services Administration
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