

Semiannual Report to the Congress

October 1, 1995 - March 31, 1996



U.S. General Services Administration
Office of Inspector General

Foreword

This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the 6-month reporting period that ended March 31, 1996.

In keeping with the goal of reinventing Government so that it works better and costs less, we continued to help the General Services Administration (GSA) to improve its performance in carrying out its mission. We were involved in all phases of the Federal Operations Review Model (FORM) process developed by the Agency to analyze all 16 of its business lines. We provided advisory assistance as well as independent analysis of FORM assessment results.

During the 6-month period, financial recommendations resulting from our audit reports totaled over \$215 million in funds to be put to better use or in questioned costs. In addition, 361 referrals were made for criminal prosecution, civil litigation, and administrative action.

I want to take this opportunity to thank the GSA Administrator and Members of Congress for their support. I also want to commend the OIG employees for their contributions to our achievements during the past 6 months. Their continued dedication in these unsettled and challenging times has helped us to make great strides in our internal reinvention efforts and to make significant contributions to improving the economy and efficiency of the Agency's operations.



WILLIAM R. BARTON
Inspector General

April 30, 1996

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Summary of OIG Performance

OIG Accomplishments

October 1, 1995 To March 31, 1996

Total financial recommendations \$215,331,879

These include:

- Recommendations that funds be put to better use \$199,861,583
- Questioned costs \$15,470,296

Audit reports issued 223

Referrals for criminal prosecution, civil litigation, and administrative action 361

Results Attained

Management decisions agreeing with questioned costs, civil settlements, and court-ordered and investigative recoveries \$119,661,471

Indictments and informations on criminal referrals 15

Cases accepted for civil action 12

Successful criminal prosecutions 5

Civil judgments and settlements 6

Contractors suspended/debarred 148

Employee actions taken on administrative referrals involving GSA employees 26

Executive Summary

The current climate of downsizing, budgetary constraints, and Agency reorganization is one that continues to challenge GSA. The OIG was deeply involved in assisting GSA management with its efforts to make sensible and sound changes in the way GSA does business. We are committed to increasing the value of the services we provide, and are working to enhance our relationships with management, by making available a broader array of evaluation and analytical approaches. This semiannual report reflects our increased focus on long-term measures to improve the effectiveness of GSA's diverse Governmentwide programs.

Significant OIG resources were used to assist GSA management in their assessment of the Agency's business lines under the Federal Operations Review Model (FORM) process and to report to GSA officials on the reliability of the assessment results. GSA developed the FORM, a multi-step analysis, to determine the most efficient and cost-effective ways to deliver business line services. Initially, the OIG provided ad hoc, up-front advisory services to 16 Agency teams studying the various methods for delivering program services. OIG representatives served as independent, analytical experts on each of the FORM teams, providing accounting counsel, pointing out potential conflicts with laws and regulations, and seeking to reconcile procedural inconsistencies. Upon completion of the FORM assessments, other OIG personnel independently reported to key GSA officials regarding whether the FORM assessments provided a reasonable, supported, and unbiased methodology for delivering services at the lowest cost to the taxpayer. See page 6.

We have expanded our advisory reports initiative. These evaluations inform managers of our observations and conclusions without making formal recommendations. This technique has proved useful when evaluating new and changing programs, especially when empirical data is not readily available for traditional analysis. Advisory reviews issued this period included providing insights into expanding a pilot program for environmental services nationwide, using enhanced demand forecasting for pricing items in the stock program, and improving integrated technology acquisitions and support to Federal agencies. See pages 12, 23, and 25. We also issued an advisory report in response to a Congressional request to examine timekeeping practices and processes used to determine costs and benefits for the Flexiplace Telecommuting Center program. See page 24.

We continued to place emphasis upon the performance of broad-based program evaluations that recommend ways to improve the outcomes of GSA's major programs and activities. This period, several comprehensive evaluations were completed that contained recommendations aimed at simplifying acquisitions for telecommunication customers, improving the accuracy and reliability of computerized stock demand forecasting, assisting other Federal civilian agencies in the management of their aircraft operations, and reducing life-cycle costing through the application of value engineering techniques. See pages 3, 10, 16, and 18.

Attention remains focused on reviews that help ensure adequate stewardship of GSA activities. For example, this period we reported on whether required background checks were performed for employees working in Federal child care facilities, whether risks associated with a major software acquisition were assessed prior to implementation, and whether modified construction techniques were considered to enhance building security. See pages 12, 14, and 18.

Executive Summary

The OIG also continues to provide its traditional services, primarily in support of GSA contracting functions. Our efforts in these areas help maintain program integrity and generate significant Government cost savings. This period financial recommendations exceeded \$215 million. Also, based on OIG efforts the Government obtained \$796,519 in civil judgments and entered into four additional settlement agreements in which companies agreed to pay more than \$1.4 million to resolve their potential civil liability under the False Claims Act. See page 2.

Our organization has made significant strides during this reporting period. We have seen positive results from continuing efforts to reinvent the way the OIG provides services. Most of the success is due to the continuing flexibility, adaptability, and commitment of our staff in these changing times. We are confident that our efforts will continue to greatly benefit GSA, its customers, and the American taxpayer.

OIG Profile

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 six components work together to perform the missions mandated by the Congress.

Organization

The OIG provides nationwide coverage of GSA programs and activities. It consists of:

- The **Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive audit coverage of GSA operations through program performance reviews, internal controls assessments, and financial and mandated compliance audits. It also conducts external reviews to support GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions.
- The **Office of Investigations**, an investigative unit that manages a nationwide program to prevent and detect illegal and/or improper activities involving GSA programs, operations, and personnel.
- The **Office of Counsel to the Inspector General**, 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's legislative/regulatory review functions.
- These functions are supported by the **Office of Administration**, the **Office of Quality Management**, and the **Internal Evaluation Staff**. These components provide in-house information systems, budgetary, administrative, personnel, and communications services; promote and coordinate the Total Quality Process program; and plan and direct field office appraisals and internal affairs reviews of OIG operations.

Office Locations

The OIG is headquartered in Washington, D.C., at GSA's Central Office building. Field audit and investigations offices are maintained in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, San Francisco, and Washington, D.C. Sub-offices are also maintained in Auburn, Cleveland, and Los Angeles.

Staffing and Budget

The OIG started FY 1996 with a total on-board strength of 335 employees. As of March 31, 1996, our on-board strength was 321 employees.

The OIG's FY 1996 budget was approximately \$33 million.

Procurement Activities

GSA is responsible for providing working space for almost 1 million Federal employees. GSA, therefore, acquires buildings and sites, constructs facilities, and leases space, as well as contracts for repairs, alterations, maintenance, and protection of Government-controlled space. GSA also operates a Governmentwide 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 review these procurements on both a preaward and postaward basis to ensure that the taxpayers' interests are protected. We perform approximately 400 reviews each year.

Significant OIG Accomplishments

Over \$2 Million in Civil Recoveries

During this period the Government recovered over \$2 million in civil judgments and settlements. The Government entered into 4 settlement agreements in which companies agreed to pay over \$1.4 million to resolve their potential civil liability under the False Claims Act. These agreements, negotiated by representatives of the Department of Justice and the GSA OIG, reflect the ongoing efforts of the OIG to pursue cases involving procurement fraud and practices which threaten the integrity of the Government's procurement process. In addition, during this period, judgments were entered in favor of the United States for \$796,519 in a civil False Claims Act case.

Many of these cases involved procurements under GSA's Multiple Award Schedule (MAS) program. Under this program, GSA negotiates contracts with a number of vendors who may then sell covered products to Federal agencies at established contract prices. Consistent with the provisions of the Truth in Negotiations Act and the Competition in Contracting Act, the process is based on the principles of full and open disclosure and fair negotiations. Vendors must provide current, accurate, and complete pricing information—including information about discounts granted their most favored commercial customers—during contract negotiations. Relying on this information, GSA contracting personnel then seek to obtain the best possible prices for the Government. In cases where vendors fail to provide current, accurate, or complete information, the Government may pay artificially inflated prices for the products and services it purchases. Highlights of these cases follow.

- A company that held a series of contracts to provide concession services in Federal buildings agreed to pay \$900,000 to resolve its potential civil liability for inflating its costs to perform those contracts. The agreement resulted from an investigation which was initiated after receiving a Hotline complaint which alleged that the company violated its contractual agreements with GSA. The contracts provided that the company's profits would be a certain percentage over its costs. By inflating its costs, the company could manipulate the contract so that it made more than the agreed-upon profit. In addition to the monetary settlement, the company also agreed to institute a compliance program to educate its employees about their obligations under the company's Federal contracts.
- A supplier of photocopying equipment agreed to pay \$240,000 to settle its potential civil liability. The agreement resulted from an audit and investigation which showed the company failed to fully disclose its discounting policies to

Procurement Activities

GSA negotiators, and failed to pass along price reductions to Federal customers, as required by its contract.

- A supplier of hand tools agreed to pay \$70,000 for failing to provide the items required by the contract. An OIG investigation disclosed that the company supplied substandard tools and tools without the brand names required by its contract.
- A company that provided architect and engineering services to many Federal agencies, including GSA, agreed to pay the Government \$305,000 to settle a *qui tam* action under the False Claims Act. The *qui tam* provision in the False Claims Act allows individuals to bring suit, on behalf of themselves and the Federal Government, against contractors who submit false claims or false statements to the Government. The agreement settled Government claims that the company overcharged for computer-aided design and drafting services on a number of contracts held by Federal, State, and local entities, including GSA.
- A default judgment in the amount of \$646,519 was entered in a civil False Claims Act case against both a trucking company that provided GSA with hauling services and the company's president. The Government alleged that the company had overcharged GSA for freight services. Additionally, as part of the same civil action, the company's vice-president agreed, through a consent decree, to pay the Government \$150,000. Prior to resolution of the civil case, both company officials had served criminal sentences for, among other things, conspiring to defraud the Government.

Purchase of Telecommunications Services

Federal agencies can buy telecommunications equipment and related services through the Purchase of Telecommunications Services (POTS) contracts or Multiple Award Schedule (MAS) contracts. POTS contracts offer new or used telephone equipment, and provide installation, maintenance, and repair services. Other services such as system planning, equipment layout, design assistance, and training are also available. These contracts are non-mandatory contracts and allow agencies the option of obtaining equipment and services from other commercial sources. The POTS program sales totaled approximately \$38 million for Fiscal Year (FY) 1994 and \$43.6 million for FY 1995. GSA recovers the cost of administering the POTS contracts through a surcharge which is paid by customer agencies. The MAS contracts offer at lower prices much of the same equipment as available under the POTS contracts. However, few currently offer the maintenance and services which can be obtained through the POTS contracts. Some MAS contracts now include installation/de-installation services, free training, and design assistance.

Our evaluation of the POTS program determined that GSA may want to explore the possibility of expanding the MAS contracts to include product maintenance and service, as offered in the POTS contracts. Such a change would eliminate GSA's need to solicit, negotiate, award, and administer numerous POTS contracts throughout the country. Moreover, customers would be given more services than currently available under the MAS contracts, and one-stop shopping, which is a popular feature of the POTS contracts.

Procurement Activities

The report raised concerns that many POTS vendors who perform both system design services and also recommend equipment which they sell to the customer have a built-in conflict of interest. The contractor is in a position to propose a system that meets the customer's requirements. However, the system may have embellished capabilities which the customer may not need. Therefore, the possibility exists that the customer may be oversold equipment or features.

Many of the management responsibilities for POTS have been transferred to zonal and regional offices. This affords the opportunity to reduce the existing Central Office staff and still maintain adequate oversight. By lowering overhead expenses, costs charged to customer agencies could be reduced.

Prices to customers could be further reduced by modifying the method used to calculate the surcharge. The surcharge is determined after a review of each zone's forecasted expenses and sales as well as those expenses estimated to be generated by Central Office. We determined that the amount of projected sales used in the surcharge rate calculation is unrealistically low. An understated projected sales figure results in a higher surcharge rate paid by customer agencies.

In our opinion, the total forecasted sales figure upon which the surcharge rate is based should be more representative of the historical average sales. By using a historical sales average method, the surcharge rate could be kept to a minimum.

Finally, the POTS Management Information System (MIS) could be used more effectively. The current MIS system is available for information purposes with a menu of 27 programmed readily-available reports. However, the report noted that usage of the current MIS system for information purposes is minimal because individuals have not received materials or training on the POTS MIS. We believe that with knowledge of the capabilities of the system, individuals may use more readily available information which could help them in their POTS related duties.

The March 12, 1996 report recommended that the Commissioner, Federal Telecommunications Service:

- Review the POTS and MAS Schedule programs to determine whether the best interests of the customer are being served by continuing each program. If the decision is to keep the POTS program, then modify the responsibilities or organization of the program office.
- Use the 5-year historical sales average to calculate the POTS surcharge.
- Have the POTS contract reviewed by the Office of General Counsel to determine if a conflict of interest exists when a vendor is both an advisor/designer and supplier of a new telecommunications system.
- Ensure training is provided on the use of, and access to, the POTS MIS.

The Commissioner, Federal Telecommunications Service, generally agreed with the recommendations in the report. The audit is still in the resolution process.

Procurement Activities

Bribery Conviction

On March 14, 1996, a former GSA electrician was sentenced in a U.S. District Court after pleading guilty to bribery charges. He was sentenced to 1 year and 1 day imprisonment and 2 years supervised release.

An OIG investigation was initiated after receiving information that the electrician was stealing Government property. Our investigation disclosed that the employee solicited and accepted cash payments from a GSA lighting supply vendor. In return, the employee assisted the vendor in a scheme to increase the supplier's volume of business. The scheme involved using false companies, in addition to the legitimate business, and falsely billing GSA for lighting supplies under the various fictitious names.

The electrician accepted \$11,300 in payments and benefits. The electrician was terminated from Federal employment as a result of his misconduct. The vendor is being considered for criminal prosecution.

Conflict of Interest Conviction

On December 4, 1995, a former GSA equipment specialist was sentenced in a U.S. District Court after pleading guilty to conflict of interest charges. He was sentenced to 3 months home confinement, ordered to pay a fine of \$1,500, and placed on 12 months probation. In addition, the equipment specialist was terminated from Federal employment.

An OIG investigation was initiated after receiving information from the owner of an auto repair shop concerning the equipment specialist's activities in the award of GSA fleet contracts. The investigation disclosed that the former employee helped in creating several auto repair businesses and assisted in awarding GSA fleet contracts to those businesses. Furthermore, the employee directed repair and maintenance work on Government owned and leased vehicles to those businesses. The investigation also revealed that the employee hired and paid employees, bought supplies, and kept records for these businesses.

Reviews of GSA Programs

GSA is a central management agency that sets Federal policy in such areas as Federal procurement, real property management, and telecommunications. GSA also manages diversified Government operations involving buildings management, supply facilities, real and personal property disposal and sales, data processing, and motor vehicle and travel management. In addition, GSA manages 197 accounting funds and provides cross-servicing support for client agencies. Our audits examine the efficiency, effectiveness, and integrity of GSA programs and operations and result in reports to management. Our internal audits program is designed to facilitate management's evaluation and improvement of control systems by identifying areas of vulnerability and including recommendations for improvement. This period, the OIG performed 67 internal reviews on Agency program areas.

Significant OIG Accomplishments

Reinvention Initiatives

Since December 1994, when the President asked GSA to accelerate its part in transforming yesterday's Government into one that works better and costs less, GSA has aggressively pursued changing into a leaner, more responsive Agency. GSA manages Federal resources and spending totaling more than \$60 billion. This section addresses actions taken by Agency management to reinvent GSA programs and activities, as well as evaluation efforts by the OIG.

Federal Operations Review Model Activities

In order to systematically evaluate the methods used to deliver Agency services, GSA management divided the Agency into 16 major business lines. Working with a private sector consultant, GSA developed the Federal Operations Review Model (FORM), a multi-step analysis to determine the most efficient and cost-effective ways to deliver business line services. In Phase I of the FORM process, GSA conducted financial analyses to identify and initially rank possible alternatives for delivering services. When Phase II is started, GSA will consider human resource, legal, public policy, regulatory, and other issues, such as possible consolidation of business line services, before making final recommendations as to the service delivery option that reflects the best value for the taxpayer.

The foundation of Phase I was the development of a base case, which reflects GSA's projected cost to deliver services in Fiscal Year 1995, and the calculation of alternative service delivery options for comparison to the base case. GSA subject matter experts on each FORM team considered service delivery options that included transferring functions to other agencies, establishing Government-owned corporations, contracting with the private sector, and, in some cases, streamlining existing GSA operations. Besides advising GSA's evaluation teams regarding the FORM process, the consultant provided private sector benchmarking data for pricing privatization options for comparison to existing business line costs and attested to the reasonableness of the completed FORM reports. Also, due to the impact of overhead expenses on various option costs, GSA initiated concurrent efforts to review the allocation of Agency overhead accounts to the business lines.

Reviews of GSA Programs

OIG's Broadened Evaluation Perspective

Consistent with objectives of the National Performance Review, the OIG applied a broadened evaluation perspective to the FORM process by providing both ad hoc, up-front advisory assistance services, as well as subsequent, independent analysis of FORM assessment results. OIG auditors were involved in all phases of the FORM analysis to ensure that business lines are analyzed using the most accurate information available and that the decisions reached are reasonable. OIG auditors served as representatives on each business line evaluation team and reviewed the propriety of the FORM assessment results. Our efforts in these areas included:

- **Ex officio Representation on Business Line Reviews.** OIG auditors served as ex officio advisors for each of the 16 business line evaluation teams. In this capacity, the representatives served as independent, analytical experts providing accounting counsel, pointing out potential conflicts with laws or regulations, and seeking clarification for systemic inconsistencies. They also served as liaison, keeping the OIG fully and currently informed regarding Agency actions taking place during the FORM process.
- **Review of FORM Process Results.** This period OIG audit teams reviewed the results of 7 business line assessments and 4 overhead studies. Our objective was to determine whether the results provided a reasonable, supported, and unbiased methodology for developing delivery options for GSA services at the lowest cost to the taxpayer. To ensure independence and objectivity in the review process, auditors that served as OIG representatives on business line assessments were not assigned to the audits of these areas.

FORM Assessment Results

Generally, our audits found that the business line evaluation teams adhered to the FORM process in developing options for delivering GSA services. We concluded, however, that the Phase I reports reviewed should not be relied upon for determining which option would result in the lowest cost to the taxpayer. The results should not be relied upon because the base case options do not reflect the most efficient organization structure for providing services and because the privatization options represent, at best, only an estimate as to the cost of obtaining services from the private sector. Accordingly, while our audits found that the FORM process was not biased toward a particular outcome, we believe the Phase I results should be qualified to prevent premature decisions until GSA fully considers human resource, legal, public policy, regulatory, and other issues in Phase II. Key information pertaining to our conclusions is summarized in the following table and discussed in subsequent paragraphs.

Reviews of GSA Programs

Key FORM Assessment Results Identified by the OIG				
<u>Business Lines Reviewed</u>	<u>Areas of Concern</u>			
	<u>Base Case</u>		<u>Benchmarking Data</u>	
	<u>Most Efficient Organization Not Reflected</u>	<u>Identified Need for Adjustment</u>	<u>Information Not Validated</u>	<u>Not the Same as Program</u>
Commercial Broker	X		X	X
Fee Developer	X		X	X
Federal Protection			X	X
Property Management	X	X	X	
Property Disposal	X	X	X	X
Telecommunications			X	X
Fleet Management	X		X	

In most instances, GSA's evaluation teams did a commendable job of adhering to the FORM process and calculating the cost of providing GSA's business line services. However, the base case option costs were not reflective of the most efficient organization because the FORM teams were instructed not to consider reinvention efforts to downsize and improve operations that could potentially impact upon and reduce base case service delivery costs. Nevertheless, two FORM teams included "reinvented" base case options that ranked as the lowest cost alternative in these FORM assessments. Also, despite the complexities inherent in developing the base case options, only two material adjustments were identified. In one case, support costs were understated by \$13.6 million and in another the number of positions cited in the base case was understated by over 25 percent. We believe that these adjustments, as well as other concerns noted in the audit reports, should be addressed before initiating Phase II assessment efforts.

Most of the private sector benchmarking data provided by the consultant contractor was based upon limited testimonial evidence gathered from telephone discussions, responses to survey questions, or confidential sources. As such, the data had not been validated to financial records to ensure reliability. Also, in several instances, the benchmark data provided was not directly comparable to the business line services provided by GSA. For example, the consultant developed private sector commission rates for the disposal of real property based upon real estate broker fees instead of auction sale fees that are lower as well as more representative of GSA's program activities. Finally, because the data provided did not represent a binding agreement to provide services, as would be required under the formal bidding requirements of OMB Circular A-76, the privatization options may not represent what the private sector would actually charge to provide comparable services. Due to these concerns, we feel the Phase I results should be qualified to prevent premature decisions. These open issues, the legal and human resource issues to be studied in Phase II, as well as other factors impacting on service delivery, all need to be addressed fully before sound decisions can be made.

Reviews of GSA Programs

Reviews of the Agency's overhead accounts revealed that some adjustments should be considered before initiating further actions, but did not disclose any material errors. Generally, the overhead projections were reasonable and supported with historical data, and allocations to the business lines were reasonable. Our reviews did not consider overhead reduction initiatives being pursued by the Agency that are external to the FORM assessment process.

Other Factors Impacting Service Delivery Options

We identified a number of critical issues that could impact upon the base case calculations as well as the costs of other service delivery options identified for the various business lines. In large part, these factors recognize the need to clarify the applicability of identified alternatives, existing regulations, and implementation costs as well as conditions that are specific to particular business lines. Additionally, where privatization is pursued as an option, specific procedures will have to be adhered to for contracting out Government activities. Information regarding these areas follows:

- Becoming a wholly owned Government corporation was a lower cost option identified in several of the business line assessments. However, OMB, recognizing that the guidelines for forming such an entity were unclear, has issued specifications for creating Government corporations when an organization cannot operate effectively or efficiently without changing its current structure. This determination has not been made for GSA's business line activities and, when considered, may eliminate this alternative as a potential option.
- The impact of existing Governmental regulations and the applicability upon privatized service delivery options has to be clarified. Existing requirements may apply to privatized activities—increasing alternative option costs; or existing requirements may be eliminated by legislative actions—lowering base case costs.
- Implementation costs for the various service delivery options have not been determined and could have a substantial impact upon options. Privatization and delegation options may require significant reductions-in-force that are very costly. In addition, start up costs for these options have not been quantified and could be considerable.
- Other items that should be considered include changes in the mandatory use status of a business line, implementation of new laws, the impact of Governmentwide downsizing actions, the Government's market leverage opportunities, and adoption of private sector techniques.
- OMB Circular A-76 outlines Federal procedures for determining whether activities should be performed by outsourcing to the private sector or by in-house Government personnel. In the event the FORM process concludes that activities should be outsourced, GSA activities will undergo a formal cost comparison which entails developing a work statement and obtaining formal bids from the private sector. (A-76 has itself been undergoing review by OMB and changes to its requirements may further affect this process.)

Reviews of GSA Programs

Overall, the FORM process has been and should continue to be instrumental in improving the delivery and reducing the cost of GSA's services. The development of base case options for each of the business lines has revealed the need for better management information on program costs, which includes improved information about the overhead expense burden placed upon business lines by support activities. To a larger extent, however, Phase I of the FORM process has shown that much remains to be done before a decision can be reached as to which delivery options provide the best value for the taxpayer. In the coming months, the OIG plans to continue in its efforts to assist GSA management as the Agency completes the initial phases of the FORM process and moves toward implementation of selected alternatives in an effort to make GSA a more responsive and cost effective provider of business line services.

Stock Program Management Information System

A central function of GSA is to procure and store necessary supplies and equipment for civilian Federal agencies and the Department of Defense. Under its stock program, GSA maintains adequate quantities of approximately 19,000 commonly used items. The Agency stores stock in large distribution facilities and fills customer agency orders as they are received. In Fiscal Year 1995, the stock program sold \$932 million worth of stock and maintained an inventory of approximately \$215 million.

We performed a review to determine whether stock program managers receive adequate information to perform their functions and achieve mission goals. Inventory managers rely on the FSS-19 computer system for various information on stock levels, customer demand, delivery time frames, and vendor performance. During the review, we analyzed the inventory information needed by managers and quality assurance (QA) staff and the information provided by GSA's computer systems. We also reviewed the systems and methods used by comparable private sector companies and gathered additional information from discussions with Agency officials.

We found that the FSS-19 computer system provides a large amount of helpful information to managers. However, the review revealed that the data generated by FSS-19 on projected customer demand and delivery time frames could be more accurate. In an analysis of 528 items, we found that computerized demand projections were on average 80 percent different than actual demand. Also, delivery time frame projections varied an average of 57 percent above or below actual delivery time. These differences can have a dramatic effect on operations, potentially causing either overstocking or shortages. In addition, demand and time frame inaccuracies require managers to spend time analyzing and correcting errors, and also adversely affect the stock program by increasing inventory storage costs by maintaining more stock than necessary or decreasing customer satisfaction by not maintaining sufficient stock to meet customer demand.

These information weaknesses will have an increasingly significant effect on GSA's efforts to maintain optimal stock levels as Federal Government downsizing reduces the number of experienced inventory managers. Inexperienced managers are replacing those who have left, and the experienced managers who remain are facing an increasing workload. This trend will increase the reliance on computerized projections.

Reviews of GSA Programs

We met with officials from two software companies who demonstrated new computer software that could significantly improve inventory management decisions. The two applications use complex mathematical formulas to analyze the trends and seasonal demand of stock during the previous year or beyond to provide reasonably accurate projections of future demand. These applications can provide varying levels of accuracy and inventory planning features, depending on customers' needs.

In meetings with private sector inventory managers, we learned that they specify the exact delivery date in their contracts, whereas GSA allows vendors to deliver any time within a certain time frame. Company officials told us that they are able to maintain stable delivery time frames as a result of long-term relationships with their vendors. With this approach, there is little doubt what time frames will be, since company officials told us that they do not tolerate vendors not meeting delivery dates because it directly affects their inventory costs and ability to meet customer demand. GSA managers do not have these beneficial long-term arrangements with suppliers who are replaced on a frequent basis.

Also, FSS-19 data on the timeliness of vendors' deliveries or the number of product quality complaints are inaccurate and unreliable. Contracting officers and QA specialists use this data to help them evaluate shipment timeliness, investigate and resolve customer complaints, perform follow-up inspections, and determine whether vendors' performance warrants another contract award. These data weaknesses may cause GSA to continue to contract with vendors who do not deliver on time or provide quality products. In a 1993 report, the General Accounting Office (GAO) disclosed that the Agency was continuing to award contracts to a number of vendors with histories of poor performance on earlier contracts in which they failed to meet delivery time frames or product quality requirements. GAO attributed this situation to a lack of data on vendors' past performance.

Finally, GSA lacks a centralized information system to ensure that complaint information is available to all QA specialists. The information is manually distributed, with no assurance that all specialists receive it. The limited availability of performance data to officials hampers their ability to assess a vendor's performance to determine if it should be awarded another contract. GSA is planning to centralize all complaint information on an on-line system (Quality and Contract Management Information System) that would be accessible to all QA specialists. Such a system could help QA specialists focus their efforts and alert them to more closely inspect shipments from problem suppliers.

The March 25, 1996 report recommended that the Commissioner, Federal Supply Service:

- Analyze ways to improve the accuracy and reliability of computerized demand projections through the use of other demand forecasting software applications.
- Analyze ways to improve the accuracy and reliability of computerized delivery time frame projections.

Reviews of GSA Programs

- Evaluate the computer programs used to calculate the timeliness of vendor shipments and determine how they can reflect the vendor's actual performance compared to contract requirements.
- Continue to develop the Quality and Contract Management Information System.

The Commissioner generally agreed with the recommendations in the report. The audit is still in the resolution process.

Environmental Services Pilot Program

The Environmental Services Pilot Program was developed in one GSA region as a business opportunity to provide various environmental services to all Federal agencies at a reasonable price and with a high level of customer service. The first five contracts, valued at \$2.8 million, were developed to address agencies' recurring needs for hazardous waste transportation and disposal. The program could be expanded to include additional services, such as training in hazardous waste management and minimization assessments, environmental plan development, and laboratory analysis services.

The OIG evaluated the program and determined that the program is viable and could be expanded in the pilot region, as well as nationwide, provided that the database being developed to monitor program operations and cost effectiveness is implemented. A customer satisfaction survey conducted by our office in the pilot region found that current customers are pleased with the services provided and can save resources they would otherwise expend to perform contracting and quality assurance functions. Additionally, GSA has developed and is adhering to a liability mitigation strategy. However, we could not determine the cost effectiveness of the program because the database is still under development.

During the course of the audit, management responded to our suggestions to improve the program by: initiating work on a database to monitor the program and measure ongoing costs; initiating work on a more effective marketing approach to target potential customers; establishing requirements for order files to ensure adequate supporting documentation; and establishing procedures that require the positive confirmation of the receipt of hazardous waste services and compliance with applicable laws before invoice payment.

The report is advisory in nature and does not contain formal recommendations.

Background Checks of Child Care Center Employees

GSA provides guidance, assistance, and oversight for child care centers operating in Federal facilities. Public Law (P.L.) 101-647 (42 U.S.C. 13041) requires criminal history background checks for all employees working in Federal child care facilities to ensure that centers employ only individuals without criminal records. Also, the law requires that while employees are pending clearance, they be supervised by employees who have been cleared. Currently, there are 102 child care centers operating in GSA-controlled space in all regions.

Reviews of GSA Programs

During the last reporting period, we issued an interim report concerning the background check process. (See Semiannual Report to the Congress, April 1, 1995–September 30, 1995, page 12.) The review, which included a sample of centers in 4 of 11 GSA regions, revealed that the Agency was in substantial noncompliance with P.L. 101-647.

This period, we completed our evaluation of GSA's practices over criminal history background checks for child care center employees. The report showed that many centers are failing to comply with P.L. 101-647. At 13 of 39 child care centers reviewed, none of the employees had completed criminal history background checks. At 12 additional centers, less than half of the employees had completed background checks. The review also revealed that new centers opening in GSA-operated space typically have none of their employees cleared, increasing the risk that children will be cared for by employees with criminal records. A key provision in all license agreements between GSA and child care providers requires that all child care center employees be cleared or have direct supervision by someone who is cleared. We believe that a significant percentage of employees at each center should have background checks completed so that they will be available to supervise those with pending background checks. However, at the time of our review, GSA had no written guidelines or procedures addressing criminal history background checks when a new center is opened.

We determined that the average time to process background checks is 122 days and believe this is excessive. GSA has very little control over the time required for child care providers to submit documentation, the time to process the requests for criminal histories from the State repositories, or the time required for the Federal Bureau of Investigation to process name checks and fingerprints. However, some delays are controllable by the Agency. We estimate that the background check process should take no more than 30 days, starting from the time the documentation is completed by the employee, to the time the results are transmitted to the child care center by the Federal Protective Service (FPS). This does not take into consideration the time to request and receive the results of criminal history information from various State repositories which ranges from 1 to 60 days.

The report showed that some of the problems associated with the completion of the background checks were due to insufficient coordination between GSA activities and child care centers. The activities involved in the process include child care providers, regional child care coordinators, regional FPS officials, and headquarters officials. We believe that the child care coordinator in each region has the primary responsibility to ensure that the centers are operating in accordance with current laws and regulations. The coordinators should have assurance that all child care employees, in the centers for which they have responsibility, have completed background checks, or that the background checks have been initiated, and that they are being supervised by individuals with appropriate clearance pending completion of the check.

Also, 14 of the 102 child care centers are operating in GSA-controlled space without properly executed license agreements. As a result, these centers are occupying GSA controlled space without proper authorization. The license agreements give the Agency the authority to direct and regulate child care centers. Without the fully

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executed license agreements, the Agency has little power to ensure compliance with current laws and regulations, including the legally required criminal history background checks.

We also believe the intent of P.L. 101-647 is to require that prospective employees provide their current and all former residences on the employment application. The current version of the Statement of Personal History form used to provide the information required for criminal history background checks only requests residence information for the past 3 years. The previous version requested residence information for the past 10 years. In discussions with GSA officials, they indicated that the form would be revised. They believed that residence data for the most recent 10 years would be sufficient but were unsure if this would satisfy the intent of P.L. 101-647. This situation requires clarification.

GSA has recognized that it has been operating in substantial noncompliance with P.L. 101-647. Management officials advised the OIG that the issue has been presented to the Management Control Oversight Council, and, as required by the Federal Managers' Financial Integrity Act, it was reported as a material weakness.

The March 27, 1996 report recommended that the Associate Administrator, Office of Policy, Planning and Evaluation:

- Promulgate the policies and guidelines covering the clearance process for child care centers in Federally-controlled space at the earliest time possible.

In addition, we recommended that the Commissioner, Public Buildings Service:

- Ensure that child care centers comply with P.L. 101-647 and assign responsibility for overseeing and accomplishing the clearance process for child care center personnel.
- Establish a time standard for processing background checks, including a follow-up system.
- Obtain fully executed license agreements prior to the operation of child care centers in GSA-controlled space.
- Establish guidelines as to how new child care centers might operate, should an insufficient number of child care center personnel be cleared ahead of commencement of operations.

The Associate Administrator and the Commissioner generally agreed with the recommendations in the report. The audit is still in the resolution process.

Software Initiative

The Public Buildings Service (PBS) recently decided to pursue the purchase of real estate and space management software called the Permanent Record of Managed Property Transactions (PROMPT) to replace existing information system applications. In November 1994, PBS initiated a pilot project to examine PROMPT

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and assess its applicability. PBS issued a report on the results of the pilot and recommended implementation of PROMPT in October 1995. In February 1996, GSA's Chief Information Officer (CIO) granted PBS a delegation of procurement authority to acquire PROMPT for an amount not to exceed \$17,797,867.

We have concerns regarding the procurement risks associated with PROMPT, its adequacy in meeting the PBS's needs, and the need for coordination with other software initiatives which we believe PBS should consider before implementing PROMPT. Many of these considerations were discussed in the October 1995 report on the pilot.

We are concerned that continuing adequate software support may not be available. PROMPT is a non-commercial software product developed for use by a private corporation and was not intended to be commercially marketed. We believe PBS needs to consider the risk that the vendor may not have adequate incentive to continue to support the software at a competitive price and the extent to which PBS will be exclusively dependent upon the supplier for maintenance of the software configuration. In addition, extensive modifications may cause responsibility for successful implementation and maintenance to shift from the supplier to PBS.

PROMPT will require extensive modifications to meet PBS's needs. An August 1994 study prepared for PBS recommended that a more detailed assessment be made of the specifically recommended modifications to establish the parameters, performance measures, and limits of each. We believe that this step should include a cost estimate of the modifications as well. Since the PROMPT pilot report does not address these costs, PBS needs to determine the cost of customizing PROMPT to meet the needs of PBS's business lines and also to interface with other systems and applications within PBS and GSA.

Also, we believe that PBS needs to more fully research other available software. The August 1994 study discussed six software programs that might meet PBS's real estate information management needs. PROMPT was not among the six included in the report which encouraged PBS to continue the research process. PBS officials acknowledged that the report is outdated and that additional research later revealed other products. However, these have been eliminated from further consideration even though the documentation supporting these evaluation decisions lacked sufficient detail to justify these actions.

We do not believe that PBS's documentation of the extent of software research performed supports its pursuit of a sole source procurement action. PROMPT may be the best software solution for PBS, but without the benefit of continued product analysis, including market research and testing and a well-developed requirements statement, PBS has a weakened basis for its current sole source direction. Further research efforts should focus on PBS's requirements versus a particular product or products.

We noted that PBS needs to more fully define its information system needs and requirements. However, we do not believe that a complete determination is feasible at this time because newly established PBS business lines have yet to develop detailed data requirements based on their reengineering efforts and the various software pilots

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that have been conducted. Because PROMPT will affect relevant business lines, we believe the evaluation of PROMPT software needs to include an examination of the specific information needs of business lines as well as consider the information processing needs of headquarters PBS.

The PBS CIO is concurrently developing an on-line access vehicle called PLUS+ which appears to provide users with many of the same benefits as PROMPT, which leads us to believe that the procurement and implementation of PROMPT or any other software may be duplicative. It appears that PBS is spending resources on two technologies that provide the same basic benefits. For this reason, we believe it is essential for PBS to compare the costs and benefits of PROMPT with PLUS+.

Due to our concerns, we forwarded a copy of our report to the GSA CIO. Based on our understanding of the authority and responsibilities of the CIO, we suggested that the office ensure that PROMPT represents the best alternative for meeting PBS's information system needs.

The February 26, 1996 report is interim in nature, and the OIG plans to perform a follow-up review of PBS's progress.

Aircraft Management

Office of Management and Budget (OMB) Circular A-126 assigned to GSA the responsibility for assisting Federal civilian agencies in efforts to improve the management and cost effectiveness of their aircraft operations. To further these goals, GSA established the Interagency Committee for Aviation Policy (ICAP) to provide advice and guidance on the development of aircraft policies and information requirements. The ICAP is currently composed of a steering group and five subcommittees and representatives from 17 agencies which own, operate, and/or charter/rent aircraft. At the time of our review, agencies reported owning and/or operating over 1,400 aircraft at an annual cost in excess of \$1 billion. We looked at the program to assess how well GSA was carrying out its assigned tasks.

While GSA and the ICAP have taken several positive steps forward, many initiatives remain unfulfilled. The ICAP has been a positive influence on the agencies' aircraft operations. Noteworthy accomplishments include the development of a guide to assist agencies in aircraft program operations, a manual to aid in maintenance operations inspections, and a guide to assist agencies in making appraisals of their overall aviation operations, training, and facilities. However, a lack of funding and staffing has delayed other ICAP initiatives, including the development of the Demand Logistics Management System (DLMS) which is designed to assist agencies in scheduling flights, analyzing flight usage, assessing future aircraft needs, and meeting reporting responsibilities under existing OMB and GSA requirements. Because ICAP receives no direct funding from its agencies, GSA has been providing the primary resources for DLMS development; however, GSA lacks the internal resources or technical expertise required to fully support DLMS and many other projects. These conditions are likely to continue unless additional resources can be obtained to remedy the situation.

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GSA's other major responsibility is to maintain a Governmentwide management information system known as the Federal Aviation Management Information System (FAMIS) to collect, analyze, and report data related to the Federal civilian agencies' aircraft activities. Since 1990, GSA has made several modifications to the system to improve the data reporting process. During our review, several ICAP agencies stated that GSA offered technical assistance regarding the installation and operation of the FAMIS. These same agencies, however, also indicated that the FAMIS software and related users' manuals are not user friendly and that they have encountered numerous installation and operational problems.

Our review revealed that centralized aircraft data continues to be inaccurate, incomplete, and of questionable integrity or value for analysis, decision-making, or budgetary purposes. Several agencies reported in their survey responses that GSA made changes to their aircraft data without their input or prior approval and also made modifications to the FAMIS without providing them revised instructions. In addition, some agencies informed us that GSA did not always make the changes to their aircraft data reports as requested. Also, GSA lacks the capability or authority to verify most of the aircraft data currently reported by the agencies. We found that GSA only can verify 3 of the 32 data fields currently included on the FAMIS aircraft cost and utilization reports. Improved data accuracy would greatly enhance the utility of the information being collected.

GSA collects a great deal of information about agency aircraft operations; however, we found that it spends little time analyzing the data and sharing the results with the agencies. We believe that if the Agency performed useful data analyses and shared the results with the agencies, it would demonstrate to the agencies the usefulness and potential benefits to be derived from reporting reliable and timely aircraft data.

This program area has been reported under the Federal Managers' Financial Integrity Act as a high risk area during Fiscal Years 1991, 1992, 1993, and 1994. Our review disclosed that adequate controls were not established and maintained over processing and recording procedures or systems and program documentation. We also found that GSA had not performed periodic verification in changes made in existing procedures or existing systems.

In the March 27, 1996 report, we recommended that the Associate Administrator, Office of Policy, Planning and Evaluation:

- Work with ICAP and OMB to obtain the funding and staffing necessary to accomplish program initiatives.
- Ensure that ICAP, through its member agencies, receives the technical expertise and resources necessary to achieve its program initiatives.
- With the ICAP, compare the DLMS with other commercially available alternatives and implement the most cost effective flight logistics system.
- Work with ICAP and OMB to identify the aircraft data necessary for making prudent aircraft management and budgetary decisions. OMB and GSA should then redefine reporting requirements and modify the FAMIS.

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- Establish time frames and procedures giving the submitting agencies the opportunity to review data before GSA issues the final reports. GSA should also follow up on questionable data.

The Associate Administrator generally agreed with the recommendations in the report. The audit is still in the resolution process.

Building Security

In the aftermath of the Oklahoma City bombing, GSA and other Federal agencies have taken several positive steps toward enhancing the level of physical security plans nationwide. The President directed the Department of Justice to lead a task force to assess the vulnerability of Federal buildings in the United States to acts of terrorism and other forms of violence. The study does not focus, however, on how the use of certain design and construction techniques increase the risk of exposure, while others serve to reduce the destruction incurred by hostile attack.

In the 1980s, the Federal Construction Council (FCC), of which GSA is a member, asked the National Research Council to establish a committee of experts to develop guidance for Federal agencies for improving the security of persons, buildings, and sites. The committee's findings were presented in a 1988 report that describes how specific construction techniques and the employment of security measures can deter acts of terrorism and lessen the effects of external blasts. Because the report directly addresses this integrated approach to security, we raised this issue to ensure that the report's concepts and ideas are given due consideration in the Agency's ongoing process to enhance its security program.

We conducted a review and determined that GSA had not materially changed its construction guidelines and criteria as a result of the 1988 report. Moreover, Agency officials responsible for site security plans had not been aware of the report until last year. We also performed a limited survey of buildings constructed in the 1990s which found many had design features making them more vulnerable to hostile actions.

GSA officials have indicated that there is now a closer working relationship between those groups responsible for design and construction of buildings and those who are responsible for implementing site security. Also, interagency task forces are setting new standards which define security standards for new construction and major building alteration projects. By taking this positive approach that more closely integrates the construction and site security programs, the overall security of Federal facilities will be enhanced.

The report is advisory in nature and does not contain formal recommendations.

Value Engineering

The Office of Management and Budget (OMB) Circular A-131, "Value Engineering," defines value engineering (VE) as "an organized effort directed at analyzing the functions of systems, equipment, facilities, services, and supplies for the purpose of achieving the essential functions at the lowest life-cycle cost consistent with required performance, reliability, quality, and safety." The circular directs Federal agencies to

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use VE “where appropriate” and leaves to their discretion the determination of where VE would be useful. We assessed GSA’s VE program to determine how well the Agency has implemented OMB policies and procedures regarding VE and its usefulness to the Agency.

Our review determined that even though the GSA total VE cost savings and cost avoidances reported in Fiscal Year (FY) 1993 and FY 1994 were supported, these savings were estimates and general indicators of VE’s successful application and not precise figures. In addition, it was not always clear whether these savings were attributable to VE or other cost cutting measures.

VE implementation has varied throughout GSA. The Public Buildings Service (PBS) has made the most extensive use of VE and achieved notable results. In FY 1993, PBS reported cost avoidances of \$32 million, and in FY 1994, \$6 million. PBS successfully applied VE during the design phase of construction projects to seek more cost effective designs and PBS personnel found VE to be an aid in achieving this goal. However, PBS has had much less success in applying VE during the construction phase of projects because its use often delays construction progress.

Also, PBS has established a requirement that only those funds from cost savings which were returned to headquarters can be counted as VE savings. We believe that this reporting restriction may hamper VE use because savings applied elsewhere within a region cannot be counted as reportable savings.

The Federal Supply Service (FSS) reported minimal use of VE. The total cost avoidances reported for FY 1993 and FY 1994, both for the same proposals to change the material used to manufacture flashlights, were \$108,610 and \$37,000, respectively. Although FSS had outlined objectives that would indicate a wide range of applications for VE, the only application FSS has used is to include a standard VE clause required by the Federal Acquisition Regulation (FAR) which allows contractors to submit change proposals.

The Information Technology Service and the Federal Telecommunications Service have not developed VE programs or used VE. Representatives of these services stated that they did not believe VE would benefit their operations, and annually reported this. However, they expressed a willingness to use VE if those espousing the process provided examples of how it could be used, or probable areas in which they could expect to see positive results.

OMB Circular A-131 directed agencies to report annually to OMB savings that have resulted from using VE. Agencies are to provide detailed information on the life-cycle cost savings and avoidances realized from both in-house and contracted studies as well as the agencies’ major VE projects. GSA officials stated that such detailed reporting requirements not only increase the reporting burden, but increase errors in reporting as well.

While greater efforts to further mandate the use of VE, or the imposition of sanctions for non-use, would help ensure greater compliance, our observation is that this approach would be ineffective and increase costs, with no significant increase in benefits. GSA has used VE most productively when it needed to find savings and saw

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VE as an effective way to achieve this goal. We observed that the benefits of VE increased when top management became committed to its use. Future use of VE could be influenced by publicizing its successes and encouraging its application by all components of the Agency.

The March 25, 1996 report recommended that the Deputy Associate Administrator for Acquisition Policy:

- Ensure that those areas which can most benefit from VE are utilizing it, but those areas which cannot are not expending resources on it.
- Publicize successes to help promote the VE program.
- Work with OMB to simplify VE reporting requirements.
- Work with PBS to develop the means for reporting reprogrammed savings as well as savings returned to headquarters.

The Deputy Associate Administrator agreed with the recommendations in the report. The audit is still in the resolution process.

Federal Telecommunications Service

The Federal Telecommunications Service (FTS), formerly known as the Office of FTS2000, provides Federal agencies with long-distance telecommunications services through two vendors. It has been characterized as the largest private telecommunications system in the world, as well as the largest non-aerospace civilian-agency procurement.

The OIG continued to review important aspects of FTS. Previous Semiannual Reports to the Congress have reported concerns of the OIG with contract changes, overall administrative practices, and State and local taxes imposed on FTS services. The two audits we conducted this period focused on billings and disputed charges.

- **Verification of Billings**

The OIG evaluated the Agency's processes to account for and to validate GSA's FTS billings. GSA incurs approximately \$8.7 million annually in direct long-distance telecommunications services. Over 70 percent of these charges are for usage type services which are based on consumption and include basic long-distance voice service, and data and video transmission services. The Agency also incurs charges for non-usage services, which include one-time costs (installation or service initiation) and recurring costs associated with dedicated circuits and other specialized types of service, such as call screening and agency recorded messages.

United States Code, Title 31, Section 1348 provides that appropriations of an agency are available for long-distance service if required for official business and the voucher to pay for the call is sworn to by the head of the agency. To implement this legal requirement, the General Accounting Office requires that

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“...the user agencies must verify the propriety of the reported usage, including that the calls are necessary in the interest of the government.” In accordance with GSA’s Delegation of Authority Manual, top Agency officials must ensure that their organization’s portions of the monthly call charges are accurate and for official Government purposes.

We found that charges for FTS long-distance services are properly accounted for by the Agency. In addition, GSA, for the most part, is properly verifying the accuracy and propriety of both the non-usage billing charges and the data and video transmission portion of the usage charges. GSA is also verifying that its long-distance voice usage charges represent valid telephone calls made by Agency employees.

However, prior to January 1996, GSA was not able to ensure that voice usage calls were for official Government business, as required by Federal law, because it did not have the full computer capability to perform such a verification. Federal guidelines assume that calls are for official business if they are completed to other Federal agencies. For all other calls, GSA must either perform a verification of its monthly call detail report, or implement “other” procedures to ensure the official business nature of its long-distance charges. Also, for calls originating from locations where call detail information is not available, the auditors found little or no evidence that GSA was taking the “other” measures required to ensure its long-distance calls were for official business use.

Subsequent to the completion of our review, GSA has acquired the computer capability to provide for verification of the call detail report. It also has developed draft regulations that will require top Agency officials to verify their organization’s portions of the call detail report.

The audit also found that one office at GSA verified the same non-usage charges portion of the FTS billing as had already been verified by another GSA office. Similar reviews are being performed by GSA’s other customer agencies. Such duplication is both unnecessary and an inefficient use of resources that otherwise could be deployed in other Governmental operations.

In the March 29, 1996 report, we recommended that the Associate Administrator for Management Services and Human Resources:

- Implement, as soon as possible, the draft regulations for performing verification of the call detail report.
- Revise the current draft regulations to recognize the shared responsibility delegated to top Agency officials for meeting the legal requirement of GSA’s long-distance voice usage, and define the specific roles and duties of each in carrying out this verification effort.

We also recommended that the Commissioner, Federal Telecommunications Service, select the most effective and efficient means to accomplish the verification of FTS non-usage charges while eliminating duplication.

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The Associate Administrator for Management Services and Human Resources generally agreed with the recommendations. The Commissioner, Federal Telecommunications Service, agreed with the recommendation. The report is still in the resolution process.

- **Telecommunications Charges**

We performed an evaluation of telecommunications service order disputes with one vendor to determine if GSA has adequate policies and procedures to settle matters promptly.

We found that GSA was identifying disputes in a timely manner and withholding payments for disputed telecommunications charges from the vendor. In addition, GSA and contractor officials have been working for the past year to identify and correct underlying causes of billing disputes, which should reduce their occurrence. However, these actions have not resolved the backlog of disputed charges, which now stand at \$2.1 million. This amount includes almost \$762,000 which had been paid to the contractor because the affected disputes occurred prior to a procedural change for withholding payments until resolution of the disputed charges.

The existing contract provides few mechanisms for the timely resolution of disputed charges. The contract does not establish time frames for the resolution of disputes or consequences for not promptly settling disputes. GSA's continued inability to quickly settle disputed charges not only costs the Agency more to administer the backlog, but prevents its customers from receiving prompt credit for billing disputes that could be resolved in the Government's favor. Further, if GSA permits an increased backlog, it may be limiting its settlement options.

The March 20, 1996 report recommended that the Commissioner, Federal Telecommunications Service:

- Coordinate with the vendor to improve the process for settling future disputed charges in a timely manner.
- Establish a process with time frames to settle the backlogged disputed charges.
- Withhold from GSA's future payments to the vendor the \$762,000 in disputed charges which have not yet been resolved.
- Assure that future telecommunications contracts require the contractor to meet established time frames for settling disputed charges or face remedial measures for noncompliance.
- Assure that future contracts require each service order and each dispute to have a unique identifier to expedite the identifying and tracking of billing disputes.

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The Commissioner agreed with recommendations in the report. The audit is still in the resolution process.

Pricing Items in the Stock Program

In addition to our review on the stock program management information system, see page 10, we performed another review concerning the program. We evaluated the process GSA uses to price items in the program and determined that the pricing procedure is generally being performed in an efficient and effective manner. However, the process could be improved if the automated supply system had better item demand forecasting and if there was adequate personnel backup for certain portions of the pricing procedures.

We determined that the demand data generated by the automated system is inadequate for forecasting demand. This data is used in the development of item prices. Forecasting future demand is computed by using the last month's demand. GSA personnel advised us that these computation techniques are not a good tool for forecasting long-term item demand because they do not account for seasonal fluctuations or long-term trends.

The need for improved automated demand forecasting techniques for item pricing is becoming more significant because of recent downsizing in the Agency. Commodity centers have lost experienced inventory managers because of early retirements, buyouts, and transfers to other jobs. Many of the new inventory managers have no prior inventory management background having been hired from within GSA from clerical and administrative positions due to hiring restrictions. As a result, many of the new inventory managers rely primarily on the demand data in the automated system, rather than performing detailed demand research/analysis, to verify the accuracy of the demand in the system.

We also determined that GSA needs to ensure that there is adequate experienced staff for certain portions of the pricing process to avoid possible pricing delays and other problems in the future. For several years, two Central Office individuals have been responsible for performing crucial aspects of the pricing process. At the time of our review, GSA had no backup persons to perform the functions of these two individuals. Possible remedies for this problem include training backup personnel regarding cost allocation procedures, and/or developing instructional material discussing the pricing procedures. Also, we believe that the Agency's accounting system should be modified to automatically provide much of the cost data that is now developed manually by one of the individuals.

In addition, the report indicated that, at the beginning of the pricing process for the fiscal year, GSA Central Office requests the commodity centers to submit sales projections for the Stock program. After receipt of the sales projections, Central Office transmits a pricing program database to each center showing the demand and unit cost for each item for which the center is responsible. Commodity center personnel perform detailed analyses of the unit costs and demand for their items and update the amounts in the database, if necessary. The centers use the results of the analyses to develop sales forecasts for individual items.

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Before the centers complete their analyses, GSA Central Office officials hold a series of meetings to develop a nationwide annual business forecast which includes estimated sales for each commodity center. The meetings result in the establishment of sales forecasts for each center. However, representatives of the centers are not present at the meetings. Also, if the forecasts established at the Central Office meetings vary from the forecasts developed by the centers' based on their analyses, the centers' forecasts are adjusted. Based on our review of this portion of the pricing process, we concluded that the commodity centers' detailed cost/demand analyses should be used as the primary source in developing the sales forecasts for the centers, and representatives of the commodity centers should be present at the Central Office meetings.

The report is advisory in nature and does not contain formal recommendations.

Flexiplace Telecommuting Center Program

The U.S. Senate Committee on Appropriations, Subcommittee on Treasury, Postal Service, and General Government, and the U.S. House of Representatives Committee on Appropriations, Subcommittee on Treasury, Postal Service, and General Government requested a review of the Flexiplace Telecommuting Center program. Specifically, the OIG was asked to examine the adequacy of methods used by agencies to account for employee time and attendance when working at the telecommuting centers, and the process used by GSA to determine the costs and benefits of additional centers.

A telecommuting center is a facility that provides an alternate office setting where employees can perform work assignments without having to travel the long distance to their usual place of business. In September 1992, Congress authorized GSA to establish a pilot program to create centers for Federal employees who work in the Washington, D.C. area and reside in the more outlying communities of the region.

In 1993, the Agency began creating partnerships with local governments and community officials in the localities where the centers were designated to be established. These partnerships were created to help plan, manage, and market the telecommuting concept. By 1996, GSA had opened six centers offering a total of 140 workstations for telecommuting purposes. Since the program's start, Congress has provided \$11 million in appropriated funds to support the pilot program.

Our report showed that agencies' methods of controlling employee time and attendance were generally consistent with the standards set by the U.S. General Accounting Office. Our surveys to supervisors of telecommuters within seven Federal agencies determined that they are taking the appropriate actions to assure themselves that their employees are working when scheduled. Methods used by the supervisors include communicating directly with the employees by telephone and/or computer, workload measurement, and unscheduled site visits to the centers. None of the supervisors surveyed reported any problems with time and attendance of their employees while at the centers.

GSA does maintain cost data for each of the telecommuting centers. If needed, this data could be used to calculate estimates of what future telecommuting sites would

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cost in the surrounding Washington, D.C. area. To date, however, data has not been used for this purpose.

We also found that the Agency, through various initiatives, has used studies and employee surveys to assess the benefits derived from telecommuting. For example, it has collected information from reports prepared by the Department of Transportation and the Department of Energy. These reports address the benefits of telecommuting as they relate to society and the environment. Moreover, GSA has been conducting surveys of Federal employees upon their entrance into the program. Periodic surveys are administered to determine their level of satisfaction with the program and the kind of changes the program has made in their lives. Various focus groups have been formed and are gathering additional feedback from users, supervisors, co-workers, and customers. Information from these initiatives are to be included in GSA's final report to the Congress in December 1996. The Agency has also commissioned a study which analyzes all aspects of the telecommuting program. The results of this study will be included in the December 1996 report.

Integration Services

The OIG completed a review of the Integration Services program (ISP) which was developed and implemented by the Information Technology Service (ITS) at one region to provide integrated technology services to Federal agencies. These services primarily include the procurement of electronic data processing (EDP) and telecommunications hardware but also include the purchase of software as well as installation and maintenance services. We performed the review to determine the propriety of ISP's acquisitions and customer satisfaction with the program.

GSA awarded contracts to 8(a) firms through the Small Business Administration (SBA). After award, delivery orders were issued against the contracts, with total aggregate procurements under each contract not to exceed \$3 million. GSA paid the 8(a) firms, and customers reimbursed the Agency for the goods and services plus a fee of 1 percent of the procurement cost. During the 6-month period from April 1995, when the program began, through September 1995, the ISP processed integrated services procurements totaling \$117 million for its customers. During October through December 1995, integrated services procurements totaled \$145 million.

We received very positive customer feedback on the ISP, and its rapid growth illustrates its popularity with Federal agencies. Two customer agencies we visited stated that the program saved them considerable time and money. One agency found that the ISP helped reduce overall procurement processing time by as much as 13 months, the 1 percent fee charged is much lower than fees charged by other sources, and the equipment received was state-of-the art. The other agency said that timeliness was the ISP's greatest attribute. It allowed the agency to execute timely EDP acquisition plans and avoid delays typically associated with these procurements.

While the program was clearly providing services valued by the customer agencies, its methods of operation were in material noncompliance with the Federal Acquisition Regulation (FAR) and SBA requirements. In addition, Agency officials expressed concern about the absence of a legally authorized business plan for the ISP and the program's potential effect on the Multiple Award Schedule (MAS) program.

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Discussions with GSA and SBA officials verified our concerns regarding the improper use of market surveys, delivery orders for items not covered by contracts, waivers, award of successive \$3 million contracts, determinations of price reasonableness, and the purchase of specific equipment. Our intent was to raise those issues to see if they could be resolved which would allow the program to continue to operate. The issues raised by the audit caused GSA management to hold a conference to discuss the ISP and determine what should be done to bring it into compliance with applicable requirements without losing its benefits. The meeting produced two memoranda regarding operation of the ISP. The first memorandum stated that for the time being, the ISP should not market or solicit new business, and should comply with 8(a) waiver requirements, increase use of MAS contracts, and ensure that new contracts comply with new FAR rules governing commercial items acquisitions. The second memorandum placed the program in a "time out" and review status and advised that the Federal Information Systems Support program was the only program authorized to deliver information technology products and services to Federal agencies. The memorandum also requested the development of a business plan for the ISP.

We believe that if the ISP can be brought into compliance with regulatory requirements, it should be continued because of the Federal agencies' overwhelming response to the program and because its spirit is in line with the National Performance Review's goal of creating a Government that works better and costs less. GSA should ensure the ISP complies with applicable regulations, either by changing the regulations or using other contracting methods. However, the Agency should not sacrifice the ISP's ability to quickly satisfy customer agencies' needs for EDP and telecommunications hardware, software, and installation and maintenance services at competitive prices with little added GSA costs.

The report is advisory in nature and does not contain formal recommendations.

Prevention Activities

In addition to detecting problems in GSA operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency.

Significant Preaward Audits

The OIG's preaward audit program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward audits distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the Government's negotiating position and realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 124 contracts with an estimated value of over \$2 billion. The audit reports contained over \$199 million in financial recommendations.

Multiple Award Schedule Contracts

This period, three of the more significant Multiple Award Schedule contracts we audited had projected Governmentwide sales totaling over \$411 million. Based on the audit findings, we recommended that over \$47 million in funds be put to better use.

The OIG evaluated discount schedule and marketing data submitted in response to GSA's solicitations for the purchase of telecommunications and photographic equipment and supplies. The audits disclosed common problems in the proposals. Companies were offering commercial customers better pricing than offered to GSA. The companies either did not disclose the full extent of higher discounts granted to other customers or did not provide adequate justification for not offering comparable discounts to GSA, even though GSA buys in similar quantities.

Other Contracts

During this period, we also performed audits on other contracts. Three of the more significant audits contained proposed prices totaling \$4.4 million, and recommended adjustments of more than \$4.1 million. In an audit of a termination settlement proposal for the upgrade of building energy systems, we advised the contracting officer that the vendor submitted claims for costs which were not incurred, and for unallowable claims for lost profits during the effective period of the Government's termination for default. In an audit of a claim for building renovations, we advised the contracting officer that the contractor submitted overstated claims for labor productivity losses and proposed overhead costs. Finally, in an audit of a claim for increased costs submitted for mechanical and electrical upgrades and miscellaneous building renovations, we advised the contracting officer that the contractor had overstated labor and overhead costs.

Federal Managers' Financial Integrity Act Reviews

The Federal Managers' Financial Integrity Act requires GSA management to provide assurance to the President and the Congress that Agency resources are protected from fraud, waste, mismanagement, and misappropriation. We advised management that two areas should be reported as material control weaknesses. One area involves GSA's control over child care centers. We believe a material control weakness exists in the Child Care program because of substantial noncompliance with Public Law 101-647, which requires that all employees of the centers be subjected to background checks. Also, several centers are operating in GSA-controlled space without proper

Prevention Activities

licenses. Consistent with our report, the Administrator included this as a material control weakness in his 1995 Assurance Letter to the President. The other area concerns GSA's control over the recovery of overhead costs associated with reimbursable work authorizations (RWA). We concluded that because customer agencies will continue to be undercharged for RWA work through Fiscal Year 1996, this matter should be acknowledged as a material control weakness. Although not reported as a material control weakness, the Administrator did highlight this in his 1995 Assurance Letter as an area of concern for which corrective action has been initiated.

We concur with management's decision to lower the rating for three components of the telecommunications service program from high risk to moderate risk. These areas involve two service oversight centers and billing. Nothing else came to our attention during the review that would lead the OIG to conclude that reporting officials had other than reasonable and reliable bases for their assurance statements.

We also reviewed GSA's efforts in carrying out Section 4 of the Act by evaluating the Fiscal Year 1995 assurance statement concerning financial management systems. We advised management that the statement was complete and adequate.

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 1,894 regional 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 and slides, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence.

Hotline

The OIG Hotline provides an avenue for concerned employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings, as well as Hotline brochures, encourage employees to use the Hotline.

During this reporting period, we received 1,607 Hotline calls and letters. Of these, 82 complaints warranted further GSA action, 16 warranted other agency action, and 1,509 did not warrant action.

Advisory Lease Reviews

The OIG's program for reviewing leases prior to award provides front-end assurance that GSA is adhering to regulations and procedures before awarding selected leases exceeding established thresholds. These reviews, although advisory in nature, promote opportunities for economy and efficiency in the leasing area, and the avoidance of problems before they occur.

This period we received 18 lease proposals for review and completed 6 audits. Three of the proposals reviewed had minor deficiencies which were brought to management's attention. The Agency has identified the leasing program for evaluation as a nationwide reinvention project. The OIG will provide an independent verification of the evaluation process.

Prevention Activities

Implementation Reviews

The OIG performs independent reviews of implementation actions, on a selected basis, to ensure that management's corrective actions in response to OIG recommendations are being accomplished according to established milestones. This period, the OIG performed seven implementation reviews. In six of the reviews, the recommendations were fully implemented. In the seventh review, two recommendations have been partially implemented.

Financial Statements Audit

The Chief Financial Officers Act of 1990 requires the OIG to conduct or arrange for an annual audit of GSA's consolidated financial statements. The Act also requires a report on GSA's system of internal accounting controls and on GSA's compliance with laws and regulations. With oversight and guidance from the OIG, an independent public accounting firm performed this audit for Fiscal Year 1995. In the audit report dated January 4, 1996, GSA received unqualified opinions on its financial statement as well as on its system of internal accounting controls. The report on the system of internal controls described one material weakness concerning the need to reconcile records for supplies inventory. Several conditions affecting other programs or operations were identified where steps should be taken to strengthen internal controls. None of these was considered material.

In addition, the OIG completed limited reviews of the internal controls for three program performance measures, assessing reasonableness of the control structure to generate reliable performance information as required by Office of Management and Budget Bulletin 93-06. The preliminary assessment showed that the design and implementation of the existing control structure could be improved.

Legislative Requirements

This period, the OIG conducted one evaluation to satisfy legislative requirements for Fiscal Year 1995 activities. In the review, the OIG evaluated GSA's compliance with Public Law 101-121, also known as the Byrd Amendment Restriction on Lobbying Activities. The Amendment requires that recipients of contracts, grants, loans, or cooperative agreements over certain dollar thresholds certify that no Federal funds were used for lobbying activities. Disclosure of lobbying activity costs paid from non-Federal funds is also required. Our review indicated that GSA was in compliance with the Amendment's requirements.

In December 1995, the Congress abolished the legislative requirement for this annual audit and subsequent reporting of findings to the Congress.

Review of Legislation and Regulations

The Inspector General Act of 1978 requires the OIG to 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.

During this period, the OIG reviewed 171 legislative matters and 38 proposed regulations and directives. The OIG provided significant comments on the following legislative items:

- **S. 675, a Bill Automating the Multiple Award Schedule Program.** We expressed significant concern over the bill's pilot program provisions which would, among other things, provide for the establishment of an automated system for all information technology products under which price negotiations would be eliminated and, instead, Multiple Award Schedule (MAS) contracts would be negotiated on terms and conditions alone. We pointed out that the realities of the MAS contracting process—in terms of both buying patterns and the lack of competitive market for some products—suggest that the concept of direct price comparison is illusory. Also, we suggested that the GSA Administrator be granted authority to exempt certain schedules, or portions of schedules, from the scope of the pilot if competition was not present. Finally, we stressed the importance of conducting a thorough evaluation of the pilot's results and that the General Accounting Office, in conducting such a review, should use an evaluation method which benchmarks prices the pilot generates against prices at which contractors sell to their large commercial customers.
- **H.R. 1670, the Federal Acquisition Reform Act of 1995.** Our comments focused chiefly on proposed amendments to the Truth in Negotiations Act (TINA) as they affected the MAS program. We expressed serious reservations about the proposed elimination of the catalog or market price exception to TINA, under which most MAS contracts are negotiated. Also, we objected to the proposed elimination of the TINA provision which allows contracting officers to require the submission of cost or pricing data on commercial item contracts when adequate price reasonableness information is unavailable. We noted that the elimination of these provisions would significantly impair the Government's ability to obtain fair and reasonable prices on commercial items, especially MAS items.
- **National Defense Authorization Act, FY 1996, P.L. 104-106, Division D, the Federal Acquisition Reform Act, and Division E, the Information Technology Management Reform Act.** We provided comments to the House Government Reform and Oversight Committee, in response to a request from staff members, relaying our concerns with the Act's acquisition reform provisions and the implementation of those provisions. We reiterated our concern with the Act's elimination of TINA's catalog or market price exception and the substitution of a blanket commercial items exception. In addition, we noted our opposition to the requirement to test a contract negotiation procedure under the MAS pilot program for information technology contracts which would preclude the negotiation of prices. Also, we expressed reservations about GSA's proposed implementation of the Federal Acquisition Streamlining Act (FASA) as it applies to audit rights under MAS contracts. Finally, we noted that GSA's

Review of Legislation and Regulations

restrictions on audits was not mandated by the Act and would likely have the reverse effect of increasing the number of audits rather than decreasing them.

In addition, the OIG provided comments on the following regulatory items:

- **General Services Acquisition Regulation (GSAR) Implementing the Truth in Negotiations Act and Commercial Items Provisions of the Federal Acquisition Streamlining Act of 1994, P.L. 103-355.** This draft interim GSAR rule would implement FASA within GSA's programs, specifically the MAS program. In our preliminary set of comments, we noted our concerns that the draft rule should provide preaward audit access authority for MAS procurements. Also, we opposed the elimination of the pricing information certification contained in MAS contracts, on the grounds that this would diminish the Government's ability to recover for defective pricing. We commented that the price adjustment clause, which obligates offerors to provide current, accurate, and complete information for contract negotiation purposes, should be clarified so that the obligation equally applies to the updating information offerors submit after their original offer. Also, we suggested that this obligation should apply to all contracts regardless of dollar amount.

In our comments on a later draft, we focused on the GSAR's treatment of the Government's audit authorities. We expressed our concern that GSA's restrictions on audit authority over pricing disclosures on MAS contracts was neither mandated by law nor in keeping with standard commercial practice. Also, we pointed out that the audit limitations in the proposed GSAR would likely increase the so-called audit burden on contractors by increasing the number of MAS audits to which they are subject and by escalating routine MAS contract audits, unnecessarily, into fraud investigations.

- **Proposed Executive Order 13, Administrative Allegations Against Inspectors General.** We expressed our general support for the establishment of procedures for the investigation of administrative allegations against Inspectors General (IGs) and certain senior officials within OIGs. However, we expressed our concern regarding two aspects of the proposed executive order which has now been signed by the President. First, in instances where the subject of the investigation is a Presidentially appointed IG, rather than an agency appointed IG, we noted that it would be inappropriate to provide the investigative report to the agency head for review and disposition. By statutory design, the agency head lacks authority to take action against a Presidentially appointed IG. Second, we noted that a provision in the draft order directing the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency Chair to forward the report to the "employing agency or entity head" was less than clear when applied to situations where either the IG referred an allegation against a senior staff member to the Integrity Committee or where the referral included both the IG and a senior staff member but the allegations were substantiated for only the staff member. We noted that such reports are more appropriately reviewed and acted on by the IG as the senior staff member's ultimate supervisor.

Review of Legislation and Regulations

- **Proposed Rewrite of Federal Acquisition Regulation, Part 15, Relating to Negotiated Contracts, Office of Federal Procurement Policy Initiative.** With respect to the field pricing support provisions of Part 15, which principally include audit support, we favored retaining the existing standard which allows contracting officials discretion in determining whether to request such support in conducting a procurement. However, we noted that the regulatory coverage setting out the administrative aspects of this support could be considered for streamlining or elimination. We advocated retaining, in any rewrite of Part 15, the requirement for contracting officials to prepare a price negotiation memorandum documenting the principal elements of a price negotiation, chiefly because it ensures that the Government receives fair and reasonable pricing. Finally, we expressed our view that any FAR rewrite should not limit individual agencies' ability to supplement the FAR as this would limit their ability to promulgate regulations necessary to implement agency-unique procurement programs and to protect the Government's interests.
- **Office of Personnel Management (OPM) Proposed Rule, Suitability, National Security, and Personnel Investigations.** The proposed regulations would eliminate the current mandatory Governmentwide requirement that 5-year periodic reinvestigations be performed for suitability purposes on all individuals that occupy public trust positions, such as criminal investigators. We expressed our understanding that this change was meant to vest agencies with the discretion to determine whether reinvestigations were appropriate rather than to preclude reinvestigations altogether.

Also, the OIG provided comments on the following Agency policy items:

- **Proposed GSA Performance Planning and Review System Handbook.** The draft handbook represented GSA's proposed implementation of OPM's final regulations, published in August 1995, which deregulated performance management, including both performance appraisal systems and awards. As a preliminary matter, we noted that the OIG should be excluded from the coverage of the GSA system as it is typically exempt from Agency-issued personnel guidance. We also noted that the handbook's proposed system might, contrary to the intent of OPM's regulations deregulating performance management, be overly prescriptive and unnecessarily restrict Agency components' ability to formulate conforming performance planning and review programs. More substantively, we commented that, in our view, the adoption of a two-tier summary level performance rating system was not in the best interests of either the Agency or its employees, and that certain flexibility should be preserved relating to supervisors' authority to grant performance awards.
- **Draft GSA Federal Supply Service Acquisition Letter Relating to Multiyear Contracting.** The proposed acquisition letter would provide guidance on the extension of contract terms for contracts under GSA's Stock and Special Order programs and for indefinite period purchase agreements with mandatory sources of supply such as the Federal Prison Industries and the National Industries for the Blind. We commented that, in our view, it was not prudent to provide for a 5-year option extension period as there is substantial potential for price fluctuations in the market for a particular commodity over such a long term. We

Review of Legislation and Regulations

added that it would be imperative, given the proposed 5-year option period, for contracting officials to conduct an effective market analysis before determining whether to exercise an option.

- **Draft Federal Supply Service Acquisition Letter Relating to Parallel Contracting.** This letter would implement, within GSA's Stock and Special Order program, recent statutory authority provided by FASA which allows agencies, under certain circumstances, to engage in alternate source contracting. When the Government engages in alternate source contracting, we noted that it incurs both additional procurement and contract administration costs as well as the added costs involved in purchasing a significant portion of its requirements at other than the lowest price offered. Because of this, we cautioned that the authority to engage in parallel contracting be used sparingly. We also suggested that the Federal Supply Service provide explicit guidance on when using the authority is appropriate and provide for administrative controls on the use of parallel contracting.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 223 audit reports, including 19 audits performed for the OIG by another agency. The 223 reports contained financial recommendations totaling \$215,331,879, including \$199,861,583 in recommendations that funds be put to better use and \$15,470,296 in questioned costs. Due to GSA's mission of negotiating contracts for Governmentwide supplies and services, most of the recommended savings that funds be put to better use would be applicable to other Federal agencies.

Management Decisions on Audit Reports

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of March 31, 1996. Thirty reports more than 6 months old were awaiting management decisions as of March 31, 1996; all of them were preaward audits which are not subject to the 6 month management decision requirement. Table 1 does not include one report issued to another agency this period and 22 reports excluded from the management decision process because they pertain to ongoing investigations.

Table 1. Management Decisions on OIG Audits

	No. of Reports	Reports with Financial Recommendations	Total Financial Recommendations
For which no management decision had been made as of 10/1/95			
Less than 6 months old	94	69	\$ 38,045,818
More than 6 months old	15	14	4,233,858
Reports issued this period	222	114	215,331,879
TOTAL	331	197	\$257,611,555
For which a management decision was made during the reporting period			
Issued prior periods	79	55	\$ 32,211,850
Issued current period	140	48	76,973,814
TOTAL	219	103	\$109,185,664
For which no management decision had been made as of 3/31/96			
Less than 6 months old	82	66	\$138,358,065
More than 6 months old	30	28	10,067,826
TOTAL	112	94	\$148,425,891

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). One report contained recommendations that funds be put to better use as well as questioned costs, and this report is therefore included in both tables 2 and 3.

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

	<u>No. of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 10/1/95		
Less than 6 months old	55	\$ 32,449,057
More than 6 months old	14	4,233,858
Reports issued this period	91	199,861,583
TOTAL	160	\$236,544,498
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
• management action	—	\$ 88,422,916
• legislative action	—	—
Recommendations not agreed to by management	—	1,070,108
TOTAL	73	\$ 89,493,024
For which no management decision had been made as of 3/31/96		
Less than 6 months old	59	\$136,983,648
More than 6 months old	28	10,067,826
TOTAL	87	\$147,051,474

Statistical Summary of OIG Accomplishments

**Table 3. Management Decisions on OIG
Audits with Questioned Costs**

	No. of Reports	Questioned Costs	Unsupported Costs
For which no management decision had been made as of 10/1/95			
Less than 6 months old	14	\$ 5,596,761	\$ —
More than 6 months old	0	0	—
Reports issued this period	24	15,470,296	—
TOTAL	38	\$21,067,057	\$ —
For which a management decision was made during the reporting period			
Disallowed costs	—	\$19,337,994 *	\$ —
Costs not disallowed	—	354,646	—
TOTAL	30	\$19,692,640	\$ —
For which no management decision had been made as of 3/31/96			
Less than 6 months old	8	\$ 1,374,417	\$ —
More than 6 months old	0	0	—
TOTAL	8	\$ 1,374,417	\$ —

* \$240,000 of this amount was recovered in civil settlements, as reported in Table 5.

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 168 investigative cases and closed 178 cases during this period. In addition, the OIG received and evaluated 89 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 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.

Table 4. Summary of OIG Referrals

Type of Referral	Cases	Subjects
Criminal	26	43
Civil	8	15
Administrative	94	303
TOTAL	128	361

In addition, the OIG made 10 referrals to other Federal activities for further investigation or other action and 113 referrals to GSA officials for informational purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 19 cases (33 subjects) were accepted for criminal prosecution and 6 cases (12 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 15 indictments/informations and 5 successful prosecutions. OIG civil referrals resulted in 12 cases being accepted for civil action, 4 case settlements, and 2 judgments. Based on OIG administrative referrals, management debarred 81 contractors, suspended 67 contractors, and took 26 personnel actions against employees.

Statistical Summary of OIG Accomplishments

Monetary Results

Table 5 presents the amounts of fines, penalties, settlements, judgments, and restitutions payable to the U.S. Government obtained as a result of criminal and civil actions arising from OIG referrals.

In addition, the OIG identified for recovery \$9,798,167 in money and/or property during the course of its investigations.

Table 5. Criminal and Civil Recoveries

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$14,175	\$ —
Settlements or Judgments	—	2,311,519*
Restitutions	16,700	—
TOTAL	\$30,875	\$2,311,519

* This amount includes \$240,000 reportable pursuant to section 5(a)(8) of the Inspector General Act as management decisions to disallow costs. See Table 3.

APPENDICES

Appendix I – Significant Audits From Prior Reports

Under the Agency's audit management decision process, GSA's Office of Management Services and Human Resources, Office of Management Controls and Evaluation, is responsible for tracking implementation of audit recommendations after a management decision has been reached. That office furnished the following status information.

Thirteen audits highlighted in prior Reports to the Congress have not yet been fully implemented; all are being implemented in accordance with currently established milestones.

Buildings Operations and Maintenance Services

Period First Reported: April 1, 1995 to September 30, 1995

The review identified opportunities for improvement in GSA's process for performing space alterations. The report contained six recommendations; one has been implemented.

The recommendations include the development of expedited procedures and simplified forms, and improvements in project oversight and communication with customer agencies. They are scheduled for completion by December 15, 1996.

Construction Projects

Period First Reported: April 1, 1995 to September 30, 1995

The report identified opportunities for improvement in the bidding and contracting practices of major GSA construction projects. The report contained eight recommendations; one has been implemented.

Two of the remaining recommendations involve evaluating the Courthouse Management Group and assessing the construction program's workload. They are scheduled for completion no later than October 15, 1996. Four recommendations involve the development of policy and guidance regarding cash flow analysis, sale of existing GSA-owned buildings, source selection, and embellishments and are scheduled for completion by January 15, 1997. The final recommendation, involving an evaluation of the method used to establish rent for special purpose space, is scheduled for completion by November 15, 1997.

GSA's Fine Arts Program

Period First Reported: October 1, 1994 to March 31, 1995

The review focused on GSA's oversight of fine art located in Federal and non-federal institutions. The report contained five recommendations; one has been implemented.

The recommendations involve reassessing the policies and practices for fine art in non-federal institutions, determining ownership status, developing policy for the utilization of fine art in Federally controlled space and its acceptance and disposal, and providing long-term storage. They are scheduled for completion by January 15, 1997.

Reimbursable Work Authorizations

Period First Reported: October 1, 1994 to March 31, 1995

The review identified opportunities for improvement in GSA's recovery of indirect costs related to the performance of reimbursable work authorizations (RWAs). The report contained two recommendations; neither have been implemented.

The recommendations involve the development of overhead rates to be applied to RWAs and charged to customer agencies. They are scheduled for completion by October 15, 1996.

Real Estate Management

Period First Reported: April 1, 1994 to September 30, 1994

The review found that repair and alteration projects in one region could be more comprehensively planned and data bases more accurately maintained. The report contained ten recommendations; seven have been implemented.

One recommendation, involving the validation of work items listed in the data base, is scheduled for completion by September 15, 1997. The remaining recommendations, which require the identification of building retention status and the validation of inspection data, are currently under review due to the receipt of a revised action plan on March 19, 1996. Therefore, a completion date was not available at the close of the reporting period.

Appendix I – Significant Audits From Prior Reports

Maintenance Control Center Operations

Period First Reported: April 1, 1994 to September 30, 1994

The review identified opportunities for improvement in the processing of invoices and the management of maintenance and repair data. The report contained five recommendations; one has been implemented.

The remaining recommendations require establishing alternative payment procedures, revising a GSA order to permit use of credit cards for routine automotive maintenance and repairs, transferring service information from customer agencies, and streamlining operational structure. They are scheduled for completion by October 15, 1996.

Federal Protective Service

Period First Reported: October 1, 1993 to March 31, 1994

The review found that GSA needed to strengthen its control over firearms and improve internal security. The report contained 14 recommendations; 13 have been implemented.

The remaining recommendation involves making improvements to alarm systems. It is scheduled for completion by October 15, 1996.

Distribution Centers

Period First Reported: October 1, 1993 to March 31, 1994

The review identified opportunities for improvement in inventory management at a wholesale distribution center. The report contained 16 recommendations; 15 have been implemented.

The remaining recommendation involves improvements in stock selection accuracy. All actions related to the implementation have been completed except for a follow-up review which is scheduled for completion by April 15, 1996.

Business Allocation

Period First Reported: October 1, 1993 to March 31, 1994

The review focused on GSA's administration of the 60 percent and 40 percent anticipated business allocation between two FTS contractors. The report contained two recommendations; one has been implemented.

The remaining recommendation involves GSA's determination of its future role in contractor revenue allocation and indicating it in future proposals. Completion is scheduled by July 15, 1996.

Procurement Personnel Development

Period First Reported: April 1, 1993 to September 30, 1993

This review advised management to streamline and update its development programs for procurement personnel. The report contained one recommendation; it has not yet been implemented.

This recommendation requires improving the warranting, training, and certification programs. All actions related to the implementation have been completed except for a follow-up review which is scheduled for completion by June 15, 1996.

Local Telephone Service Program

Period First Reported: April 1, 1993 to September 30, 1993

The review disclosed the need to provide better service to Federal customers of the local telecommunications program. The report included six recommendations. However, the passage of the Telecommunications Act of 1996 has caused significant changes to the existing action plan. Submission of the revised plan is scheduled for April 30, 1996; therefore, completion dates for the recommendations were not available by the close of the reporting period.

Two recommendations which had been implemented have been reopened. They involved the identification of customers

Appendix I – Significant Audits From Prior Reports

who should be provided alternative means of service and the establishment of multi-year rates. Two recommendations require comparing costs with services available from the private sector and improving the payment processing. The remaining two recommendations involve rate agreements and management of toll calls.

Employee Benefit Programs

Period First Reported: October 1, 1992 to March 31, 1993

This review found that the processing of health benefit insurance transactions needed improvement. The report contained two recommendations; one has been implemented.

The remaining recommendation required a determination whether it would be cost beneficial to recover health benefit insurance contributions for prior years and to take appropriate

action based on that determination. While all pertinent actions have been taken on this recommendation, it remains open until all recovery actions are completed.

Contract Workload Management

Period First Reported: April 1, 1992 to September 30, 1992

This review revealed the need to develop a strategy for addressing procurement workload concerns. The report contained one recommendation; it has not yet been implemented.

This recommendation involves establishing a working group to develop a system for addressing identified issues and to give attention to the Multiple Award Schedule program concerns. It is scheduled for completion by December 15, 1996.

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
<i>(Note: Due to the pre-decisional nature of some audits, the financial recommendations pertaining to these reports are not listed in this Appendix.)</i>				
PBS	INTERNAL AUDITS			
10/05/95	A52490	Preaward Lease Audit: 21041 Burbank Boulevard, Woodland Hills, California, Pacific Rim Region, Lease Number GS-09B-94538		
10/18/95	A50349	Interim Advisory Report on the Federal Operations Review Model Analysis of the Property Management Business Line		
10/18/95	A53312	Interim Advisory Report on the Federal Operations Review Model Analysis of the Commercial Broker Business Line		
10/23/95	A53050	Postaward Lease Audit: One Independence Square, Lease Number GS-11B-20713		
11/03/95	A60311	Preaward Lease Review: Internal Revenue Service–Lowell, MA, Solicitation for Offers 2PXE2397		
12/04/95	A51528	Audit of the Midwest Buildings Management Field Office, Great Lakes Region		
12/12/95	A50353	Advisory Report on the Public Buildings Service Overhead Expenses Incorporated into the Federal Operations Review Model, Phase I Process		
12/20/95	A52161	Limited Audit of Denver Federal Center Service Center Field Office		
12/28/95	A62113	Preaward Lease Review: Drug Enforcement Administration, Houston, Texas, Lease Number GS-07B-14304		
01/04/96	A60627	Preaward Lease Review: 3000 JFK Blvd., Jersey City, New Jersey, Lease Number GS-02B-22851		
01/19/96	A51561	Audit of Postaward Lease Administration: U.S. Bankruptcy Court, Detroit, Michigan, Lease Number GS-05B-15622		
01/26/96	A62449	Preaward Lease Audit: 400 North 5th Street, Phoenix, Arizona, Pacific Rim Region, Lease Number GS-09B-96089		
02/26/96	A51848	Interim Report Review of Prompt Software Initiative		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
02/26/96	A62439	Postaward Lease Audit: 185 Lennon Lane, Walnut Creek, California, Pacific Rim Region		
02/26/96	A63007	Interim Advisory Report on the Federal Operations Review Model Analysis of the Property Disposal Business Line		
02/28/96	A51233	Audit of Procurement Program, Atlanta East Field Office, Region 4		
03/07/96	A63016	Preaward Lease Review: Crystal Mall 2, 3, and 4, Arlington, Virginia, Lease Number GS-11B-90179		
03/18/96	A60622	Assist to Contracting Officer on Field Office Overhead Costs, Terminal Construction Corporation, Contract Number GS-02P-23256		
03/19/96	A62107	Review of Region 7's Procurement of Emergency Repairs at the Earle Cabell Federal Building		
03/19/96	A62109	Postaward Lease Review: Elmwood Tower, Metairie, Louisiana, Lease Number GS-07B-12038		
03/20/96	A60611	Review of the Greater Manhattan Buildings Management Field Office, Region 2		
03/21/96	A60628	Interim Advisory Report on the Federal Operations Review Model Analysis of the Federal Protective Service Business Line		
03/22/96	A60623	Assist to Contracting Officer on Home Office Overhead Costs, Terminal Construction Corporation, Contract Number GS-02P-23256		
03/22/96	A63017	Preaward Lease Review: Metro I, Prince George's Metro Center, Hyattsville, Maryland, Lease Number GS-11B-60298		
03/27/96	A62424	Audit of Criminal History Background Checks for Child Care Center Employees		
03/28/96	A53318	Advisory Report: A 1988 Report Pertaining to Construction and Building Security May Benefit GSA's Enhanced Security Program		
03/29/96	A42720	Audit of Accounting and Billing Controls Over the Public Buildings Service, National Capital Region's Reimbursable Work Authorizations		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
03/29/96	A61520	Interim Advisory Report on the Federal Operations Review Model Analysis of the Fee Developer Business Line		
PBS CONTRACT AUDITS				
10/03/95	A52501	Preaward Audit of Lease Escalation Proposal: GV Eleven, Lease Number GS-09B-60808		
10/04/95	A50940	Audit of a Claim: Atlantic Plate Glass and Window Co., Inc., Subcontractor to the George Hyman Construction Company, Contract Number GS-11P92MKC0062		
10/05/95	A52564	Preaward Audit of Cost or Pricing Data: Pacific General, Inc., Solicitation Number GS-09P-95-KTD-0015		
10/06/95	A50670	Preaward Audit of a Claim: Morgan & Thornburg, Inc., Subcontractor to Mortenson Company, Contract Number MSCAA-0085		
10/06/95	A50673	Postaward Audit of Fixed Price Incentive Contract: BPT Properties Foley Square, L.P., Contract Number GS-02P-91-CUC-0057		\$567,662
10/06/95	A51244	Preaward Audit of Small Business Administration 8(a) Pricing Proposal: Diversified Environmental Management, Inc., Solicitation Number GS-04P-95-EWC-0259		
10/17/95	A50675	Postaward Audit of Fixed Price Incentive Contract: Tishman Foley Partners, General Conditions Costs, Contract Number GS-02P-91-CUC-0058		\$6,338,451
10/17/95	A51567	Preaward Audit of Lease Escalation Proposal: Detroit Associates Limited Partnership, GSA Lease Number GS-05BR-09585		
10/18/95	A50663	Postaward Audit of Fixed Price Incentive Contract: Structure Tone Inc., Subcontractor to BPT Properties Foley Square, L.P., Contract Number GS-02P-91-CUC-0057		\$3,686,605
10/18/95	A50680	Preaward Audit of Architect and Engineering Services Contract: Haines Lundberg Wachler, Solicitation Number GA11P95EGD0007		
10/23/95	A50354	Preaward Audit of Architect and Engineering Services Contract: ICF Kaiser Engineers, Inc., Solicitation Number GS-01P-95-BZD-0044		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
10/23/95	A51247	Preaward Audit of Change Order Proposal: M. B. Kahn Construction Company, Incorporated, Lease Number GS-04B-33057		
10/25/95	A53672	Preaward Audit of Cost or Pricing Data: Superior Management Services, Inc., Solicitation Number GS11P94-MKC0086		
10/27/95	A53683	Preaward Audit of Architect and Engineering Services Contract: Tetra Tech, Inc., a Subcontractor to Leo A. Daly, Solicitation Number GS11P95EGD0007		
10/30/95	A52511	Audit of Claim for Increased Costs: Mountain Gravel & Construction Co., Subcontractor to Gonzales Construction Company, Inc., Contract Number GS-08P-93-JXC-0089		
11/13/95	A52494	Audit of Proposed Claim for Increased Costs: douglas e. barnhart, inc., Contract Number GS-09P-93-KTC-0070		
11/21/95	A53682	Preaward Audit of Sole Source Contract: The Atlantic Company of America, Inc., a Subcontractor of R. D. Smith Builders, Inc., Solicitation Number GS-11P94MQC0040 "NEG" 8(a)		
11/22/95	A50678	Preaward Audit of a Change Order Proposal: Leewen Contracting Corporation, Contract Number GS-02P-93-CUC-0054		
11/22/95	A63607	Preaward Audit of Architect and Engineering Services Contract: Greenhorne & O'Mara, Inc., Solicitation Number GS11P94EGC0011		
11/28/95	A50676	Preaward Audit of a Claim: Boro Developers, Inc., Contract Number GS-03P-92-CDC-0335		
11/28/95	A50677	Preaward Audit of Cost or Pricing Data: Leewen Contracting Corporation, Solicitation Number GS02P95DTC0015		
12/07/95	A51856	Preaward Audit of Cost or Pricing Data: Gill Construction, Inc., Solicitation Number GS06P95GYC0030		
12/08/95	A62418	Preaward Audit of Change Order Proposal: Clemens Construction Company, Contract Number GS-09P-94-KTC-0070		
12/12/95	A61806	Preaward Audit of Cost or Pricing Data: Pioneer Electric, Inc., Contract Number GS06P94GYC0076(N)		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
12/15/95	A62110	Audit of Claim for Increased Cost: Ogden Allied Eastern States Maintenance Corporation, Contract Number GS-07P-92-HTC-0015		
12/22/95	A60618	Preaward Audit of Architect and Engineering Services Contract: Einhorn Yaffee Prescott, Architecture and Engineering, P.C., Solicitation Number GS11P95AQC0017		
12/28/95	A61525	Preaward Audit of a Delay Claim: Blinderman Construction Co., Inc., Contract Number GS05P90GBC0061		
12/29/95	A52504	Preaward Audit of a Claim: Strand Hunt Construction, Inc., Contract Number GS-09P-91-LTC-0014		
01/16/96	A63606	Preaward Audit of Architect and Engineering Services Contract: Arel Architects, Inc., Solicitation Number GS11P95EGD0004		
01/17/96	A61518	Preaward Audit of Architect and Engineering Services Contract: Williams Trebilcock Whitehead, Contract Number GS05P94GBC0049		
01/22/96	A63618	Preaward Audit of Architect and Engineering Services Contract: GNM & Associates, Inc., Solicitation Number GS-11P-95-EGD-0016		
01/25/96	A53681	Audit of Claim for Increased Cost: John J. Kirlin, Inc., Contract Number GS-11P90MKC0129		
01/25/96	A63616	Preaward Audit of Sole Source Contract: Hega Construction Company, Inc., Solicitation Number GS-11P95MKC0021 "NEG" 8(a)		
01/26/96	A61807	Preaward Audit of Cost or Pricing Data: Goodwill Industries, Inc., Contract Number GS06P94GXC0109		
01/26/96	A63617	Preaward Audit of Sole Source Contract: Hega Construction Company, Inc., Solicitation Number GS-11P95MQC0019 "NEG" 8(a)		
02/07/96	A62444	Preaward Audit of Cost or Pricing Data: SMF Systems Corporation, Solicitation Number GS-08P-96-JAC-0502		
02/09/96	A61215	Preaward Audit of Architect and Engineering Services Contract: Hansen Lind Meyer, Inc., Solicitation No. GS-04P-95-EXC-0019		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
02/09/96	A61216	Preaward Audit of Architect and Engineering Services Contract: KBJ Architects, Inc., Consultant to Hansen Lind Meyer, Inc., Solicitation No. GS-04P-95-EXC-0019		
02/15/96	A63621	Preaward Audit of Cost or Pricing Data: Paramount Mechanical Corporation, a Subcontractor to Packard Construction Corporation, Solicitation Number GS-11P95-MKC0016 “NEG” (8(A))		
02/20/96	A63623	Preaward Audit of Sole Source Contract: Packard Construction Corporation, Solicitation Number GS-11P95MKC0016 “NEG” 8(a)		
02/21/96	A60624	Preaward Audit of a Termination Settlement Proposal: ESC Polytech Consultants, Inc., Contract Number GS-07P-92-HUC-0067		
02/22/96	A60632	Preaward Audit of Architect and Engineering Services Contract: Gensler and Associates, Architects, Solicitation Number GS-02P-1CUC0058		
02/22/96	A63609	Audit of Claim for Increased Cost: R. Bratti Associates, Inc., a Subcontractor of the George Hyman Construction Company, Contract Number GS-11P92MKC0062		
02/29/96	A61219	Preaward Audit of Small Business Administration 8(A) Pricing Proposal: Desmear Systems, Incorporated, Solicitation Number GS-04P- 95-EWC-0171		
02/29/96	A62445	Preaward Audit of a Claim: IAM/Environmental, Inc., Subcontractor to Hibbitts Construction, Inc., Contract Number GS-07P-91-JXC-0010		
03/01/96	A60327	Report on Audit of Subcontractor’s Claim for Increased Costs: Kendland Company Inc., Contract Number GS01P93BZC0003		
03/01/96	A61519	Preaward Audit of Architect and Engineering Services Contract: Van Dijk, Pace, Westlake & Partners, Contract Number GS05P95GBC0018		
03/08/96	A52505	Preaward Audit of a Claim: DeKo Enterprises, Inc., Contract Number GS-09P-91-LTC-0014		
03/11/96	A60919	Preaward Audit of Architect and Engineering Services Contract: Burt Hill Kosar Rittelmann Associates, Contract Number GS11P95EGC0010		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
03/15/96	A51572	Preaward Audit of Lease Escalation Proposal: Detroit & Canada Tunnel Corporation, Lease Number GS-05B-12863		
03/18/96	A60318	Report on Audit of Claim for Increased Costs: Maron Construction Co., Inc., Contract Number GS01P93BZC0003		
03/25/96	A61233	Preaward Audit of Architect and Engineering Services Contract: CMW, Inc. and Spillis Candela & Warnecke, PC, Solicitation Number GS-04P-95-EXC-0027		
FSS	INTERNAL AUDITS			
10/13/95	A52149	Audit of the Federal Personal Property Donation Program, State of North Dakota		
10/31/95	A53033	Audit of GSA's Controls Over Civilian Agencies' Activity Address Codes		
11/02/95	A50652	Audit of the Travel Management Center in Region 2, US Travel Systems, Inc., New York, NY		
11/03/95	A62420	Audit of GSA Environmental Options (GEO) Invoice Payments, Federal Supply Service, Pacific Rim Region		
11/22/95	A52528	Interim Advisory Report on the Federal Operations Review Model Analysis of the Interagency Fleet Management System Business Line		
12/14/95	A52160	Audit of Denver Fleet Management and Maintenance Control Centers Operations		
12/29/95	A52478	Audit of the San Francisco Fleet Management Center, Pacific Rim Region		
02/14/96	A60610	Audit of Personal Property Donation Program, Region 2		
03/01/96	A60321	Advisory Report on the Federal Supply Service Overhead Expenses Incorporated Into The Federal Operations Review Model, Phase I Process		
03/08/96	A52475	Audit of the Federal Personal Property Donation Program, State of Washington		
03/12/96	A62419	Advisory Report on the Environmental Services Pilot Program, Federal Supply Service, Pacific Rim Region		
03/19/96	A51844	Advisory Review on Pricing of FSS Stock Program Items		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
03/25/96	A53321	FSS' Stock Program Management Information Systems Need to be Improved to Provide More Accurate and Reliable Information		
03/29/96	A60620	Review of Fleet Management Center Operations, Brooklyn, NY		
FSS CONTRACT AUDITS				
10/03/95	A52503	Limited Audit of Government Billings: Ashtech, Inc., Contract Number GS-00F-7407A		\$7,443
10/04/95	A50347	Preaward Audit of Multiple Award Schedule Contract: Polaroid Corporation, Solicitation Number FCGE-95-B8-0150		
10/06/95	A50950	Preaward Audit of Multiple Award Schedule Contract: Xerox Corporation (Document Systems) Contract Number GS00K94AGS5817-PS02		
10/06/95	A51242	Preaward Audit of Multiple Award Schedule Contract: Casi-Rusco Incorporated, Solicitation Number 7FXI-R7-94-6302-B		
10/12/95	A50668	Preaward Audit of Multiple Award Schedule Contract: Elmo Manufacturing Corporation, Solicitation Number FCGE-95-B8-0150-N		
10/17/95	A42164	Postaward Audit of Multiple Award Schedule Contract: Polaris Industries L.P., Contract Number GS-00F-5454A		
10/18/95	A52454	Preaward Audit of Multiple Award Schedule Contract: Trimble Navigation, Limited, Solicitation Number FCGR-95-0002B-N		
10/18/95	A52562	Limited Audit of Government Billings: Desco Manufacturing Company, Inc., Contract Number GS-00F-5404A		\$36,700
10/19/95	A51846	Preaward Audit of Multiple Award Schedule Contract: Invacare Corporation, Solicitation Number 3FNH-94-FW01-N		
10/20/95	A42169	Postaward Audit of Multiple Award Schedule Contract: Mitsubishi Motor Sales of America, Inc., Contract Number GS-00F-5446A		\$7,280
10/26/95	A53680	Preaward Audit of Cost or Pricing Data: Sutron Corporation, Solicitation Number FCGR-95-0002-B		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
10/31/95	A50669	Preaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Solicitation Number FCGE-95-B8-0150-N		
10/31/95	A51566	Preaward Audit of Multiple Award Schedule Contract: West Publishing Corporation, Solicitation Number 2FYG-LG-940002-B		
11/02/95	A50949	Preaward Audit of Multiple Award Schedule Contract: Canon U.S.A., Inc., Solicitation Number FCGE-95-B8-0150-N		
11/02/95	A60306	Preaward Audit of Multiple Award Schedule Contract: Sennheiser Electronic Corp., Solicitation Number GSC-KES-00066		
11/03/95	A51569	Preaward Audit of Multiple Award Schedule Contract: Milcare, Inc., A Herman Miller Co., Solicitation Number FCGE-95-B6-0158-N		
11/03/95	A52158	Preaward Audit of Multiple Award Schedule Contract: Datacard Corporation, Solicitation Number FCGE-95-B8-0150-N		
11/09/95	A21266	Postaward Audit of Multiple Award Schedule Contract: Rose Talbert Paint Company, Contract Number GS-10F-48584		\$728,507
11/13/95	A52560	Preaward Audit of Multiple Award Schedule Contract: Trimble Navigation, Limited, Solicitation Number GSC-KES-00066-N-08-09-95		
11/24/95	A50952	Preaward Audit of Multiple Award Schedule Contract: Yuasa-Exide, Incorporated, Solicitation Number 7FXI-R7-95-6108-B		
11/28/95	A50348	Postaward Audit of Multiple Award Schedule Contract: Ascom Hasler Mailing Systems, Inc., Contract Number GS-00F-7156A for the Period July 1, 1992 through June 30, 1995		\$447,144
11/30/95	A50671	Preaward Audit of Multiple Award Schedule Contract: Ilford Photo, Solicitation Number FCGE-95-B8-0150-N		
12/04/95	A60309	Preaward Audit of Multiple Award Schedule Contract: Telco Systems, Incorporated, Solicitation Number GSC-KES-00066		
12/04/95	A60316	Postaward Audit of Government Billings Under Contract Number GS00K93AGS0517: Telco Systems, Incorporated		\$30,033

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
12/04/95	A62422	Preaward Audit of Multiple Award Schedule Contract: Harris Corporation, Digital Telephone Systems Division, Solicitation Number GSC-KES-00066-N-08-09-95		
12/04/95	A62425	Preaward Audit of Multiple Award Schedule Contract: Applied Voice Technology, Solicitation Number GSC-KES-00066-N-08-09-95		
12/05/95	A10041	Postaward Audit of Multiple Award Schedule Contract: 3Com Corporation, Contract Number GS-00K-89-AGS-6344		
12/05/95	A52157	Preaward Audit of Multiple Award Schedule Contract: Motorola, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
12/08/95	A52433	Postaward Survey of Multiple Award Schedule Contract: Dionex Corporation, Contract Number GS-00F-5952A		
12/11/95	A62423	Preaward Audit of Multiple Award Schedule Contract: Octel Communications Corporation, Solicitation Number GSC-KES-00066-N-08-9-95		
12/12/95	A00713	Postaward Audit of Multiple Award Schedule Contract: Monroe Systems for Business, Inc., Contract Number GS-00F-91558		\$439,534
12/12/95	A30621	Postaward Audit of Multiple Award Schedule Contract: Monroe Systems for Business, Inc., Contract Number GS-00F-91558		\$13,764
12/12/95	A60305	Preaward Audit of Multiple Award Schedule Contract: Med-Eng Systems Inc., Solicitation Number 7FXG-B3-95-8411-B		
12/14/95	A51857	Preaward Audit of Multiple Award Schedule Contract: AlliedSignal Avionics, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
12/14/95	A60312	Preaward Audit of Multiple Award Schedule Contract: Perception Technology, Solicitation Number GSC-KES-00066		
12/15/95	A60905	Preaward Audit of Multiple Award Schedule Contract: Ericsson, Incorporated, Solicitation Number GSC-KES-00066-N-08-09-95		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
12/18/95	A62427	Preaward Audit of Multiple Award Schedule Contract: Coastcom, Solicitation Number GSC-KES-00066-N-08-09-95		
12/19/95	A42135	Postaward Audit of Cost and Pricing Data: BDS, Incorporated, Contract Number GS00K93AGS6234		\$155,810
12/19/95	A60910	Preaward Audit of Multiple Award Schedule Contract: Comdial Corporation, Solicitation Number GSC-KES-00066-N-08-09-95		
12/21/95	A61505	Preaward Audit of Multiple Award Schedule Contract: Tellabs Operations, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
12/21/95	A61506	Preaward Audit of Multiple Award Schedule Contract: Telcom Systems Services, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
12/21/95	A62433	Preaward Audit of Multiple Award Schedule Contract: ACS Wireless, Incorporated, Solicitation Number GSC-KES-00066-N-08-09-95		
01/03/96	A41827	Postaward Audit of Multiple Award Schedule Contract: Syncom Technologies, Inc., Contract Number GS-02F-4103A for the Period June 24, 1991 Through December 8, 1993		\$1,597,909
01/03/96	A60912	Preaward Audit of Multiple Award Schedule Contract: Canon U.S.A., Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
01/04/96	A62421	Preaward Audit of Multiple Award Schedule Contract: Compression Labs, Incorporated, Solicitation Number GSC-KES-00066-N-08-09-95		
01/04/96	A62430	Preaward Audit of Multiple Award Schedule Contract: Datron World Communications, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
01/05/96	A62432	Limited Audit of Government Billings: Dionex Corporation, Contract Number GS-00F-5952A		
01/10/96	A61810	Preaward Audit of Multiple Award Schedule Contract: Relm Communications, Inc., dba BK Radio, Solicitation Number GSC-KES-00066-N-08-09-95		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
01/11/96	A60605	Preaward Audit of Multiple Award Schedule Contract: Panasonic Communications and Systems Company, Solicitation Number GSC-KES-00066-N		
01/11/96	A61507	Preaward Audit of Multiple Award Schedule Contract: Fisher Hamilton Scientific, Incorporated, Solicitation Number FCGE-95-B6-0158-N-8-17-95		
01/16/96	A60616	Preaward Audit of Multiple Award Schedule Contract: Sharp Electronics Corporation, Solicitation Number GSC-KES-00066-N		
01/16/96	A62443	Limited Audit of Government Billings: Datron World Communications, Inc., Contract Number GS-00K-93-AGS-0698-PS02		\$19,393
01/17/96	A60319	Preaward Audit of Multiple Award Schedule Contract: Amherst Process Instruments, Inc., Solicitation Number FCGS-Z3-90-0020-3-N		
01/22/96	A63605	Preaward Audit of Multiple Award Schedule Contract: Nortel Federal Systems, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
01/24/96	A61208	Preaward Audit of Small Business Administration 8 (A) Pricing Proposal: Trinity Furniture, Incorporated, Solicitation Number 3FNO-95-M102-N-8-3-95		
01/25/96	A60914	Preaward Audit of Cost or Pricing Data: ITT Electro-Optical Products Division, Solicitation Number 7FXG-B3-95-8411-B		
01/26/96	A60917	Preaward Audit of Multiple Award Schedule Contract: Gately Communication Co., Inc., Solicitation Number 7FXG-B3-95-8411-B		
02/09/96	A60328	Audit of Cost and Pricing Data: Beech Aircraft Corporation, Solicitation Number GSC-KEGD-95-1009		
02/15/96	A50946	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Contract Number GS-00F-4415A (SIN 51-100, PURCHASE), for the Period October 29, 1990 through September 30, 1993		
02/15/96	A60323	Postaward Audit of Government Billings Under Contract Numbers GS00K91AGS5897 and GS00K94AGS5897: Data Switch Corporation		\$10,871

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
02/15/96	A62441	Preaward Audit of Multiple Award Schedule Contract: Dionex Corporation, Contract Number GS-00F-5952A		
02/15/96	A63613	Preaward Audit of Multiple Award Schedule Contract: Criticom, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
02/16/96	A62438	Preaward Audit of Multiple Award Schedule Contract: PairGain Technologies, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
02/22/96	A51570	Postaward Audit of Multiple Award Schedule Contract: Cummins-Allison Corporation, Contract Number GS-00F-7174A		\$8,773
03/06/96	A41583	Postaward Audit of Multiple Award Schedule Contract: Boehringer Mannheim Diagnostics, Contract Number GS-00F-2325A		\$711,130
03/08/96	A52134	Postaward Audit of Multiple Award Schedule Contract: Durafab, Inc., Contract Number GS-07F-4403A		\$184,970
03/12/96	A61822	Preaward Audit of Multiple Award Schedule Contract: Gill Marketing Company, a Division of Gill Group, Inc., Solicitation Number 7FXG-Y8-95-7354-B		
03/13/96	A60918	Preaward Audit of Multiple Award Schedule Contract: Development Dimensions International, Inc., Solicitation Number 2FYG-JI-94-0004-B		
03/19/96	A50956	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Contract Number GS-00F-4415A (SIN 51-57, Maintenance) for the Period October 29, 1990 Through September 30, 1993		
03/19/96	A62455	Postaward Survey of Multiple Award Schedule Contract: International Computer Power, Inc., Contract Number GS-07F-5055A		
03/20/96	A40954	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company (Industrial X-Ray Business Unit) Contract Number GS-00F-4525A for the Interim Period February 15, 1991 Through August 31, 1994		\$216,706

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
03/20/96	A50914	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company (Printing & Publishing Imaging Business Unit) Contract Number GS-00F-4525A for the Interim Period February 15, 1991 Through August 31, 1994		\$173,069
03/20/96	A61218	Preaward Audit of Multiple Award Schedule Contract: Protective Apparel Corporation of America, Solicitation Number 7FXG-B3-95-8411-B		
03/22/96	A62460	Limited Audit of Government Billings: Octel Communications Corporation, Contract Numbers GS00K92AGS0424 and GS00K95AGS0602		\$24,327
03/25/96	A50957	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Contract Number GS-00F-4415A (SIN 51-55, Rental of Copiers) for the Period October 29, 1990 Through September 30, 1993		
03/25/96	A63624	Preaward Audit of Multiple Award Schedule Contract: ConVault Mid-Atlantic, Inc., Solicitation Number 7FXG-M5-96-5403-B		
03/29/96	A50913	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company (Professional Imaging Business Unit) Contract Number GS-00F-4525A for the Interim Period February 15, 1991 Through August 31, 1994		\$26,885
03/29/96	A61811	Postaward Audit of Multiple Award Schedule Contract: Flexsteel Industries, Inc., Contract Number GS-00F-5323A for the Interim Period May 1, 1991 Through April 25, 1995		\$30,542

ITS INTERNAL AUDITS

02/09/96	A51843	Audit of Heartland Region's Integration Services Program		
03/01/96	A60322	Advisory Report on the Information Technology Service Overhead Expenses Incorporated Into The Federal Operations Review Model, Phase I Process		
03/12/96	A50906	Audit of the GSA Purchase of Telecommunications Services (POTS) Program		
03/22/96	A61814	Interim Advisory Report on the Federal Operations Review Model Analysis of the Local Telecommunications Business Line		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
ITS CONTRACT AUDITS				
10/23/95	A62417	Accounting System Survey: Case Associates, Inc., Request for Proposal Number GS-KEG-9600		
11/13/95	A62435	Preaward Audit of Cost or Pricing Data: Hughes Aircraft Company, Solicitation Number KEC-95-0016		
12/01/95	A63611	Preaward Audit of Multiple Award Schedule Contract: Microlog Corporation of Maryland, Solicitation Number GSC-KES-00066-N-08-09-95		
12/04/95	A63610	Preaward Audit of Multiple Award Schedule Contract: Innova Communications, Inc., Solicitation Number GSC-KES-00066-N-08-09-95		
12/07/95	A60619	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008		
12/29/95	A61209	Preaward Audit of Multiple Award Schedule Contract: E-Systems Incorporated, Solicitation Number GSC-KES-00066-N-08-09-95		
12/29/95	A61210	Preaward Audit of Multiple Award Schedule Contract: Spectrafax Corporation, Solicitation Number GSC-KES-00066-N-08-09-95		\$6,788
01/24/96	A60617	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008		
02/09/96	A61213	Preaward Audit of Multiple Award Schedule Contract: Cortelco International, Inc., Solicitation No. GSC-KES-00066-N-08-09-95		
02/21/96	A60631	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008		
03/05/96	A61825	Report on Audit of Proposal for Initial Pricing of FAA LAAS, GPS Augmentations and International Standards, RFP No. GSC-KEGD-95-1009: Wilcox Electric, Inc., Kansas City, Missouri		
03/06/96	A61225	Report on Audit Proposal for Initial Pricing Under Solicitation No. GSC-KEGD-95-1009: Intermetrics, Inc., Cambridge, Massachusetts		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
03/08/96	A60924	Preaward Audit of Federal Information Processing Support Services Contract: CTA, Inc., Solicitation Number GSC-KEGD-95-1009		
03/11/96	A60925	Preaward Advisory Report on Agreed Upon Procedures: Rannoch Corporation, Solicitation Number GSC-KEGD-95-1009		
03/15/96	A60928	Preaward Advisory Report on Agreed Upon Procedures: Arinc Incorporated, Solicitation Number GSC-KEGD-95-1009		
03/19/96	A60927	Preaward Advisory Report on Agreed Upon Procedures: PRC, Inc., Solicitation Number GSC-KEGD-95-1009		
03/19/96	A61224	Report on Audit of Proposal for Initial Pricing Under Solicitation No. GSC-KEGD-95-1009: Integrinautics Corporation, Palo Alto, California		
03/20/96	A61231	Report on Audit of Proposal for Initial Pricing Under Solicitation No. GSC-KEGD-95-1009: United Airlines–UAL Services, San Francisco, California		
03/21/96	A60933	Preaward Audit of Federal Information Processing Support Services Contract: E-Systems, a Raytheon Company, Solicitation Number GSC-KEGD-95-1009		
03/22/96	A60931	Preaward Audit of Federal Information Processing Support Services Contract: Project Management Enterprises, Inc., Solicitation Number GSC-KEGD-95-1009		
03/26/96	A60929	Preaward Advisory Report on Agreed Upon Procedures: Synetics Corporation, Solicitation Number GSC-KEGD-95-1009		
03/26/96	A60932	Preaward Audit of Federal Information Processing Support Services Contract: Optimus Corporation, Solicitation Number GSC-KEGD-95-1009		
03/26/96	A61222	Report on Audit of Proposal for Initial Pricing Under Solicitation No. GSC-KEGD-95-1009: Advanced Management Technology, Inc., Washington, D.C		
03/28/96	A60930	Preaward Advisory Report on Agreed Upon Procedures: Overlook Systems Technologies, Inc., Solicitation Number GSC-KEGD-95-1009		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
03/28/96	A61228	Report on Audit of Proposal for Initial Pricing Under Solicitation No. GSC-KEGD-95-1009: Racal Avionics, Ltd., London, England		
FTS INTERNAL AUDITS				
03/20/96	A53029	Audit of Disputed Telecommunications Charges with Sprint		
OTHER INTERNAL AUDITS				
11/04/95	A53051	Limited Audit of the Federal Telecommunications Service's Fiscal Year 1995 Section 2 Assurance Statement		
11/07/95	A53054	Limited Audit of the Information Technology Service's Fiscal Year 1995 Section 2 Assurance Statement		
11/07/95	A53055	Limited Audit of the Federal Supply Service Assurance Statement Fiscal Year 1995 Section 2		
11/07/95	A53056	Limited Audit of the Public Building Service's Fiscal Year 1995 Section 2 Assurance Statement		
11/08/95	A52725	Limited Audit of the Office of Management Services and Human Resources' Fiscal Year 1995 FMFIA Assurance Statement		
11/08/95	A52727	Limited Audit of the Chief Financial Officer's Fiscal Year 1995 Section 2 Federal Managers' Financial Integrity Act Assurance Statement		
11/21/95	A52726	Consolidated Report of Fiscal Year 1995 FMFIA, Section 2 Assurance Statements		
12/20/95	A50953	Advisory Report on the Analysis of General Management & Administrative Expenses Incorporated into the Federal Operations Review Models, Phase I Process		
12/20/95	A52143	Limited Audit of Interest Penalty Payments Performance Measure		
12/20/95	A52728	Limited Audit of the Chief Financial Officer's Fiscal Year 1995 Section 4 Federal Managers' Financial Integrity Act Assurance Statement		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
01/03/96	A52720	Limited Audit of Public Buildings Service’s “International Facility Management Association: Real Property Management–Customer Satisfaction” Performance Measure		
01/04/96	A52718	Oversight of CPA Contract, FY 1995 Financial Statements		
01/25/96	A63011	Limited Review of the General Services Administration’s Compliance with the Byrd Amendment Restrictions on Lobbying Activities		
02/23/96	A52168	Survey of Controls Over Payments to Contractors Indebted to the Government		
02/26/96	A60916	Advisory Report on Flexiplace Telecommuting Center Program		
03/18/96	A52721	Limited Audit of the Federal Telecommunications Service’s “Local Service Program Average Monthly Line Rate” Performance Measure		
03/25/96	A51507	Audit of GSA’s Value Engineering Program		
03/27/96	A43005	Audit of GSA’s Aircraft Management Program		
03/28/96	A53032	Audit of Potential Antideficiency Act Violation, the Thomas Jefferson Commemoration Commission		
03/29/96	A42724	Audit of the General Services Administration’s Verification of FTS2000 Billings		

NON-GSA INTERNAL AUDITS

12/01/95	A53047	Audit of Administrative Procedures of the Administrative Conference of the United States		
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Appendix III – Delinquent Debts

GSA's Office of the Chief Financial Officer provided the following information.

GSA Efforts to Improve Debt Collection

During the period October 1, 1995 through March 31, 1996, GSA efforts to improve debt collection and reduce the amount of debt written off as uncollectible focused on upgrading the collection function and enhancing debt management. These activities included the following:

- Continued to offer pre-authorized debits (PAD) to GSA debtors wishing to make monthly payments. Once a debtor agrees to a PAD, collection of the debt is virtually ensured because collection of the debt is automatically taken from the debtor's bank account.
- Participated in and chaired the Kansas City area Credit and Debit Collection Forum. These quarterly meetings have provided many new ideas for debt collection by means of the interchange of ideas among the different members. In the past, Dun and Bradstreet and representatives from the debt collection agencies have participated.
- Continued participating in the Tax Refund Offset program which has proven helpful in collecting debts as well as indicating to the debtor in the pre-offset letter that the debt will be referred to the Internal Revenue Service.
- Continued using the Accounts Receivable Collection System (ARCS) which provides a fully automated internal system for tracking all claim types. Of particular interest is

that ARCS provides system-generated 30-day delinquency notices to debtors.

- Began developing an interface with the Fleet Management Service that would prevent the double entry of vehicle claims into the accounting system.
- Continued to use Governmentwide debt collection contracts with private debt collection agencies. This is a particularly useful vehicle for debt collection because the debt collection agency only charges GSA for debts collected.
- Continued to refer delinquent debtors to the U.S. Army for inclusion in their booklet entitled, "List of Contractors Indebted to the United States."
- Executed administrative offsets of \$13,176.97.
- Continued to work with any debtor with a financial hardship by entering into a promissory note for installment payments. This saves GSA and the Department of Justice time and money by not having to prosecute someone who cannot or will not pay a debt.
- Conducted quarterly follow-ups with Public Buildings Service contracting officers concerning claims and disputed delinquent accounts. Also, conducted quarterly follow-ups with the Office of Management Controls and Evaluation concerning audit-related items.
- Continued to provide assistance to contracting offices on the correct procedures for processing claims.

Non-Federal Accounts Receivable

	As of October 1, 1995	As of March 31, 1996	Difference
Total Amounts Due GSA	\$49,622,366	\$24,914,183	\$(24,708,183)
Amount Delinquent	\$20,889,860	\$15,328,261	\$(5,561,599)
Total Amount Written Off as Uncollectible Between 10/1/95 and 3/31/96	\$65,428		

Of the total amounts due GSA and the amounts delinquent as of October 1, 1995 and March 31, 1996, approximately \$862,000 and \$465,000 respectively, are being disputed.

The above numbers are estimates based on the best available information at the time of publication.

Appendix IV – 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 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.....	30
Section 5(a)(1)–Significant Problems, Abuses, and Deficiencies	2,6
Section 5(a)(2)–Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	2,6
Section 5(a)(3)–Prior Recommendations Not Yet Implemented	41
Section 5(a)(4)–Matters Referred to Prosecutive Authorities	37
Sections 5(a)(5) and 6(b)(2)–Summary of Instances Where Information Was Refused	None
Section 5(a)(6)–List of Audit Reports	44
Section 5(a)(7)–Summary of Each Particularly Significant Report	2,6
Section 5(a)(8)–Statistical Tables on Management Decisions on Questioned Costs	36
Section 5(a)(9)–Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	35
Section 5(a)(10)–Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made	None
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	34
Delinquent Debts	62

Notes
