

Semiannual Report to the Congress

October 1, 1996 - March 31, 1997



**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, 1997.

The OIG continued to work closely with GSA management to identify and implement sound business management and operational improvements throughout GSA's diverse business lines and service operations. In addition to our traditional audit and investigative services, we have greatly expanded our efforts to provide professional assistance through enhanced consulting services and active participation on Agency improvement task forces. The value and success of our work in these non-traditional roles is evidenced by increasing management requests for assistance, about 70 since we started our consulting program. We have over 30 OIG representatives on various Agency task forces.

We also expanded our advisory services initiative by issuing several advisory evaluations informing managers of opportunities for operational improvements. An example of this effort was an advisory report to Agency management on best practices of private contractors operating transportation and shipping services similar to the GSA National Customer Service Center.

During this reporting period, we identified almost \$66 million in financial recommendations on how funds could be put to better use and in other program savings. In addition, 231 referrals were made for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 15 successful prosecutions. The OIG also reviewed 133 legislative and regulatory matters and received 2,159 Hotline calls and letters. Savings achieved this period from management decisions on financial recommendations, civil settlements, and investigative recoveries totaled over \$225 million.

In our continuing effort to meet the objectives of the Government Performance and Results Act, we are in the final stages of developing our OIG Performance Plan which will help us align our activities so they are more consistent with Agency strategic goals and business objectives. Our performance plan will allow us to put the OIG in the best position to help enhance the overall performance of GSA, while complying with our statutory mandate to prevent and detect fraud, waste, and abuse in Agency programs and operations.

I want to take this opportunity to thank the GSA Acting Administrator, GSA's senior managers, and the Congress for their support. I also want to commend the OIG's employees for their continued dedication and willingness to accept new challenges and for their ability to keep mission-focused during this time of downsizing and reform.

William R. Barton

WILLIAM R. BARTON
Inspector General

April 30, 1997

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Summary of OIG Performance

OIG Accomplishments

October 1, 1996 - March 31, 1997

Total financial recommendations \$65,785,551

These include:

- Recommendations that funds be put to better use \$35,629,450

- Questioned cost \$30,156,101

Audit reports issued 160

Referrals for criminal prosecution, civil litigation, and administrative action 231

Results Attained

Management decisions agreeing with recommendations, civil settlements, and court-ordered and investigative recoveries \$225,186,390

Indictments and informations on criminal referrals 18

Cases accepted for criminal prosecution 14

Cases accepted for civil action 4

Successful criminal prosecutions 15

Civil settlements 9

Contractors suspended/debarred 47

Employee actions taken on administrative referrals involving GSA employees 5

Executive Summary

GSA is now operating in a new, competitive environment. Its principal source of funding has switched from direct appropriations to reimbursable accounts and fee-based services. It is also adapting to downsizing and the various streamlining and reform initiatives; all are aimed at doing things better, cheaper, faster, and with fewer people. To help GSA management operate in this environment the OIG has focused its efforts on providing better, more timely, and more valuable assistance to Agency managers by introducing and expanding new forms of service. We have greatly expanded our consulting services and our participation on Agency improvement task forces. These services have been added while we continue to offer our more traditional services including program evaluations, contract and financial auditing, and internal controls reviews.

Our consulting services are provided to management based on their requests, and are designed to be quick responses to specific program concerns. Since we began to offer consulting services, GSA managers have responded with about 70 requests for assistance. This period, for example, we provided the Office of Information Technology with a workload assessment for future operations resulting from significant downsizing and the loss of several key technical officials (page 7). We also assisted the Federal Protective Service in developing a cost allocation system to more accurately bill Federal customers (page 7). Additionally, the Office of Management Services requested our assistance to improve the delivery of various GSA administrative services (page 8).

We assisted Agency task forces by providing advice on appropriate management controls for various reinvention efforts, and by offering possible solutions on several complex financial issues (page 8). We currently have over 30 OIG representatives on various Agency task forces. As examples, we are assisting the Chief Financial Officer with the redesign of the Agency's core financial management system (page 8), and a new system designed to allocate overhead using activity-based costing (page 9). We are also assisting the Federal Supply Service with the design of management controls over the new credit card system for fleet management (page 9), and the Public Buildings Service with developing improved mechanisms for rent forecasting and collections (page 9).

We also issued two significant advisory evaluations. In our first advisory report we provided the GSA National Customer Service Center with the results of our best-practices review and benchmarking of how private sector shipping companies provided quality services and resolved shipping discrepancies (page 16). The second report involved GSA efforts to better identify ways to reduce its general management and administrative expenses as a way of improving efficiency and cost effectiveness (page 17). We reported that many GSA organizations were identifying ways of reducing costs and that further audit work was unwarranted. We also called to management's attention that prior GSA overhead study teams had made recommendations for improvement which, if acted upon, could provide opportunities for cost reduction.

During this period, we conducted comprehensive program reviews and made recommendations for improvement in several of GSA's major programs and activities. In response to a request from the Chief Financial Officer, we reviewed the general management of and controls for the Federal Government's three major credit

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cards: the travel card, the general-use charge card, and the telephone card (page 11). Our auditors also made recommendations to improve the timely resolution of the Federal Telecommunications System's (FTS2000) price adjustments process (page 12), and made recommendations to improve access to and operations of the Federal telecommuting centers (page 14). We also issued a Governmentwide report on the civilian agencies' aircraft management programs (page 13). The Federal Government owns or operates over 1,500 civilian aircraft at total operating costs exceeding \$1 billion annually. Our work involved coordinating 10 Federal OIGs in their reviews of their agencies' aircraft safety, maintenance, and management programs.

An important part of our work effort is to provide support to Agency contracting officers and to protect the integrity of GSA procurement programs and operations by detecting and preventing fraud, waste, and abuse. This period, several private sector contractors agreed to pay over \$3 million to resolve potential civil liability under the False Claims Act (page 2). The contractors provided a wide array of products and services such as office furniture, pay telephones, lawn and garden equipment, hand tools, and electrical supplies. The violations included overcharges, false claims, violations of the Trade Agreements Act, failure to provide price reductions, false certifications of pricing data, and product safety violations (pages 2-3). In addition, an office furniture supplier made a final payment of over \$2.3 million (total settlement of \$5.2 million) to cover overcharges to Federal customers on 15 Multiple Award Schedule contracts.

We also completed an internal audit in the procurement area in which we reviewed the Agency's procedures for identifying poorly-performing Government contractors and for referring poor performers for debarment consideration (page 3). We participated in a joint investigation with the Federal Bureau of Investigation, the Department of Transportation, and the Defense Criminal Investigative Service, which uncovered over \$1 million in stolen Government property including TVs, VCRs, chain saws, clothing, and hand tools (page 4). Other investigations resulted in civil recoveries, convictions, and/or suspensions and debarments in cases involving mail fraud, false claims, and bribery in connection with a variety of products and services (pages 4-6).

The OIG made almost \$66 million in financial recommendations to better use Government funds, and in other program costs savings; made 231 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 133 legislative and regulatory actions; and received 2,159 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$225 million. See page v for a summary of this period's performance.

We also report this period on emerging issues and concerns. During the last 6 months two issues developed that are of significant concern for the OIG and for the Agency. The first involves the proper resolution of disputes between an OIG and an agency when the OIG has questioned the authorities under which the agency head has taken action. The specific issue centers on a disagreement between the Inspector General and the Agency arising out of OIG concerns that the Administrator may have exceeded his authority in compromising debt in a credit transaction related to the

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disposal of surplus real property. The OIG has requested independent opinions from the Attorney General and the General Accounting Office (GAO) (page 19). The second issue involves the recently highly publicized GSA disclosure that its forecast of rent revenue for Fiscal Year (FY) 1996 and FY 1997 exceeded actual rent income by over \$680 million and that it therefore could not fund all the projects authorized by Congress (page 20).

We are continuing with our internal organizational changes to enhance our ability to provide the services and products GSA needs to help meet its mission and to improve its overall management and performance. We are working hard to increase productivity and shorten delivery time frames for our services. The entire staff has worked to reduce overhead and administrative costs. In addition, we increased the solicitation of feedback from our customers on the quality of our reports and services. Satisfaction ratings have substantially improved since our initial survey last year.

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 five 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. To increase its ability to meet customer needs, the office has added advisory and consulting services to its service offerings.
- 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.
- The **Internal Evaluation Staff**, an in-house staff that plans and directs field office appraisals and conducts internal affairs reviews and investigations.
- The **Office of Administration**, an in-house staff that provides information systems, budgetary, administrative, personnel, and communications services.

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 1997 with a total on-board strength of 316 employees. As of March 31, 1997, our on-board strength was 287 employees.

The OIG's FY 1997 budget was approximately \$33.8 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.

Significant OIG Accomplishments

Over \$3 Million in Civil Recoveries

During this period, the Government entered into 9 settlement agreements in which companies agreed to pay over \$3 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.

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 products and services purchased. Highlights of some of these cases follow.

- A company that sells office furniture to the Government made a final payment this period of \$2,302,744 to resolve its potential civil False Claims Act liability for overcharging Federal customers on 15 MAS contracts. Payments by the company on this matter total \$5,107,321. Brought to the attention of the Government by the company under the OIG voluntary procedures, the company disclosed that between 1987 and 1993, it had failed to offer the Government the same reductions in price it had offered its dealers as was required under the contracts. An OIG investigation and audit confirmed the overcharges. The OIG also found that the company had received rebates or discounts from freight companies which the company did not pass on to its Government customers, resulting in overcharges to the Government.
- In a case brought under the *qui tam* provisions of the False Claims Act, a telecommunications company agreed to pay \$405,000 to resolve its potential liability for overcharging Federal customers for the use of pay telephones in Federal buildings. The Government received \$300,000 as its portion of this settlement. The *qui tam* provision in the Act allows individuals to bring suit, on behalf of themselves and the Federal Government, against contractors who submit false claims to the Government.

Procurement Activities

- A company that supplied office products agreed to pay \$250,000 to settle the Government's claims that it violated the civil False Claims Act. The company provided products that were from a country that is not a "designated end country" as required by the Trade Agreements Act.
- A company that sold office furniture and distribution equipment to Federal customers agreed to pay \$220,000 to settle the Government's claims that it failed to provide GSA negotiators with current, accurate, and complete data when negotiating its contract. The settlement also resolved the Government's claim that the company failed to pass along price reductions related to shipping costs.
- A company that supplies lawn and garden equipment to Federal customers under the MAS program agreed to pay \$180,000 to resolve its potential civil False Claims Act liability. The Government alleged that the company failed to accurately disclose its commercial discounting practices to GSA negotiators and, as a result, Federal customers paid too much for the company's product throughout the life of the contract.
- A company that sold defective electrical supplies to the Government agreed to settle its potential civil False Claims Act liability. The company's product did not meet Underwriters Laboratory safety criteria, as required by the contract.

Debarment Program

While reviewing a regional Public Buildings Service (PBS) contract, we observed that even though a particular company had been terminated for default for poor performance several times in recent years, it had remained eligible for, and continued to bid on additional GSA contracts. This contractor had not been referred for debarment action. Upon further review, we found that the PBS contracting officers nationwide had not referred any poorly-performing contractors to the Agency debarment official for debarment consideration during the last 3 years.

Debarment, a discretionary action taken by an Agency official, excludes a company from Government contracting and Government-approved subcontracting for a specified period of time. The Federal Acquisition Regulation lists causes for debarment and requires agencies to establish procedures for the prompt reporting, investigating, and referral to the debarring official of matters appropriate for the official's consideration.

GSA contracting officers are charged with systematically collecting contractor performance information and using this historical information during the acquisition process to ensure that contracts are awarded to only responsible, prospective contractors. We found, however, that the contracting officers have no past performance data base available for identifying contractors with a history of poor performance. Contracting officials also indicated that they were unsure of procedures to initiate debarment action.

We learned that PBS is in the process of developing a new information system data base of contractors' performance for contracting officers to use in making source selection decisions. We recommended that this system be modified to report poor contractor performance history.

Procurement Activities

In our March 26, 1997 report to the Commissioner, PBS, we recommended that the Acquisition Executive:

- Modify the new contractors' performance data base to alert contracting officers of contractors who are awarded contracts but subsequently perform poorly.
- Provide debarment program training to improve contracting officer referrals of poorly-performing contractors for debarment consideration.

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

Program Fraud Civil Remedies Act

Under the Program Fraud Civil Remedies Act, Federal agencies can institute administrative proceedings to recover damages and penalties from a person or entity that presents false claims or makes false statements to the Government. Agencies can recover twice the amount of damages to the Government and penalties of up to \$5,000 per violation.

In a matter pursued under the Act, a company that sells precision measuring and hand tools agreed to pay \$30,446 to settle the Government's allegations that it violated the Buy American Act when it provided Federal customers with foreign-made tools in violation of its contract with GSA.

Theft of Government Property

Three Government officials have pled guilty to theft of Government property. Sentencing is scheduled for May 1997.

The investigation was initiated when the Defense Criminal Investigative Service (DCIS) disclosed to GSA that between October 1993 and November 1994 several employees had acquired a significant amount of surplus property. The amount and nature of the surplus property made the legitimacy of the acquisitions suspect.

A joint investigation by GSA, DCIS, the Department of Transportation, and the Federal Bureau of Investigation (FBI) determined that the three officials removed property with an acquisition cost of \$1,034,000 from the Federal surplus property site. The property included televisions, video cassette recorders, air conditioners, lawn mowers, wagons, hand and power tools, generators, chain saws, and clothing. None of the property was reported or recorded in Federal property books. Repeated surveillance disclosed that an extensive amount of property was distributed to civilian employees and taken to the homes of these officials. Approximately \$500,000 of the stolen property has been recovered.

Securities Fraud Conviction

On December 12, 1996, a former private sector economic development director was sentenced in U.S. District Court after pleading guilty to securities fraud and theft of Government property. The official was sentenced to 36 months probation, 90 days

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home confinement, and fined \$3,000 for securities fraud. Also, the director was sentenced to 12 months probation for theft of Government property.

This investigation was initiated when GSA indicated to the OIG that program irregularities had been noted and it appeared that the director had been "loaning" Federal surplus property to private enterprises under the auspices of "economic development." The official allegedly had a business interest in other private enterprises.

The investigation disclosed the director had misappropriated property valued in excess of \$392,000 that had been donated to the city under the guise of economic development. The official had acquired donated property for use at a private enterprise which served as a "prop" to perpetuate the investment scam.

Further investigation of other private enterprises is continuing.

Bribery Conviction

As a follow-up to an earlier OIG investigation resulting in the conviction of a GSA employee for soliciting and accepting cash payments from various GSA electrical suppliers, we initiated an investigation of a particular GSA lighting equipment supplier. The investigation disclosed that the supplier devised a scheme with the former GSA electrician to establish three "dummy" businesses through which he sold in excess of \$50,000 worth of lighting supplies to GSA. The three "dummy" businesses were established to conceal the true identity of the supplier and the actual volume of GSA orders being placed to businesses owned by the supplier. Investigators determined that the supplier provided the former GSA electrician a 10 percent payoff in exchange for GSA lighting supply orders.

On January 17, 1997, the GSA lighting equipment supplier was sentenced in U.S. District Court to 2 years probation and ordered to pay a \$5,000 fine and a \$50 special assessment fee. The supplier had pled guilty to bribery of a public official.

Suspension and debarment proceedings have been initiated.

Mail Fraud Conviction

On January 15, 1997, a city official pled guilty in U.S. District Court to charges of mail fraud in connection with the surplus property program. Sentencing is scheduled for April 1997.

A joint GSA and FBI investigation was initiated when a state audit of purchases under its surplus property program determined that items were being secured for non-official purposes. It was alleged that the city official was responsible for the purchase of inappropriate items through this surplus program as well as the surplus property program administered by GSA.

The investigation disclosed that the city official used issue cards to acquire both state and Federal surplus property for his own personal use, and resold some of it for personal profit. It was found that the city official and others would disguise their

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personal use of the property by paying for it with checks from the city, certifying that the property would be used solely for official business. The official used the U.S. mail in furtherance of the scheme.

Partnering with GSA Management

New Value-Added Assistance Services

This period the OIG has greatly expanded efforts to provide value-added professional assistance to GSA through decision-enhancing consulting services and participation on Agency improvement task forces. As with our other services, these efforts remain focused on finding ways to help the Agency become more efficient and effective. By offering these non-traditional services to Agency officials, the OIG is furnishing information sought by managers for improving decision making, program outputs, and mission accomplishment. In addition, managers requesting assistance now can receive a response faster because innovative methods are being used to quickly develop data and deliver results. Since announcing these new non-audit evaluation services, the OIG has received about 70 requests for assistance. The nature of our efforts as well as the breadth of services are highlighted in the following paragraphs.

Consulting Services. These OIG efforts are designed to provide management with quick, upfront responses to specific program concerns. Because consulting services are initiated by management and not by the OIG, requesting officials are able to both define and limit the scope of the consulting project. In this partnering relationship with Agency management, information objectively developed by the OIG is provided for the interpretation and discretionary use of the requesting official. Accordingly, consulting service products are distributed only to requesting officials and provide observations and alternatives for consideration in lieu of formal audit recommendations. Consulting projects concluded this period include:

- **Workload Assessment for Future Operations** - The Assistant Commissioner, Office of Information Technology, asked the OIG to assess how downsizing affected a major procurement activity and what alternatives existed for viable future operations. Facing a 50 percent loss of technical staff including the retirement of several key officials due to downsizing in the procurement activity, Agency management requested the OIG to develop and analyze alternatives for reorganizing, relocating, and restaffing operations. Because of the highly technical nature of the activity, the level of expertise needed to continue effective operations was critical, but could easily be lost by geographical relocation of the function. Likewise, relocation and termination costs were major concerns. By applying abbreviated analytical techniques and interviewing key stakeholders, the OIG was able to expeditiously develop several viable alternatives emphasizing the continuing delivery of high quality information technology services. After briefing Agency officials regarding the consulting project results, the OIG was asked to brief the affected operational staff members on the alternatives. Further, the Commissioner of the Information Technology Service forwarded the OIG report to the Office of Management and Budget (OMB) to keep them informed regarding the availability of information technology procurements in the future.
- **Development of Cost Allocation Systems** - A regional Portfolio Manager, PBS, asked the OIG to assist the Federal Protective Service in developing a cost allocation system aimed at generating a cost per square footage protection billable rate that could be used to charge Federal agencies occupying Government-owned and Government-leased space. Our initial product addressed methods for developing direct labor costs, allocating costs to Federally-occupied buildings, and segregating costs by major protection category. By applying sophisticated cost

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accounting methodologies, the OIG was able to propose improved allocation strategies that could result in more equitable distribution of the GSA protection costs. To get information quickly to program managers, the OIG used briefing materials to inform managers regarding the parameters and potential benefits of adopting proposed allocation methods. OIG efforts are continuing regarding alternative methods for allocating indirect, equipment, and overhead protection costs.

- **Delivery Options for Administrative Services** - The Director, Office of Management Services, requested that the OIG assess several different, but interrelated aspects regarding the delivery of administrative services in GSA. These included identifying the impact of transferring personnel from centralized management service functions in Agency regional offices to line activities, comparing delivery methods and organizational structures used in GSA activities with those used in other Federal and state agencies, and assessing the viability of the proposed restructuring of the headquarters' administrative function. The OIG used customer questionnaires to gather information regarding the satisfaction levels within differing regional delivery structures and the relative importance of primary administrative services, and compiled information on delivery alternatives used by other state and Federal organizations and provided comparative data to GSA officials. In addition, the OIG offered alternatives for restructuring the headquarters' activities to include eliminating duplicative functions, moving away from traditional office structures, and considering partnering with other entities.

Overall, Agency officials have been very complimentary regarding the new OIG consulting services. One program manager commented that the organization could not have completed its assessment in such a timely fashion without the OIG's professional, objective, and thorough assistance. Another official commended the review team for the thoroughness of its review, noting that the briefing methodology used by the team was an excellent way of relaying information quickly without having to wait for a final written report. A third key official stated that the information provided was the data needed to make informative management decisions. Finally, program officials stated that their offices would consider seeking similar consulting services in the future.

Task Force Participation and Monitoring Activities. These efforts involve furnishing proactive advice and counsel to Agency task forces and assigning OIG representatives to work with GSA managers while monitoring ongoing Agency initiatives. In either instance, OIG representatives are available to advise management at the earliest possible opportunity of potential problems, help ensure that appropriate management controls are provided when reinventing Agency systems, and offer possible solutions when addressing complex financial issues. The demand for this new partnership effort has been significant as we now have over 30 OIG representatives involved in providing these services. Some of the ongoing areas in which the OIG is involved include:

- **NEAR Reengineering Project** - The Chief Financial Officer (CFO) asked that the OIG be involved in the replacement of the core GSA financial system (NEAR). This involves assisting the Agency in developing a single entry, on-line financial reporting system using client server technology. OIG representatives are

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participating members in developmental teams formed to address funds management, accounts payable, accounts receivable, cost management, general ledger and accounting classifications, and financial reporting. This project is expected to last 3 years.

- **Fleet Services Credit Card Project** - The OIG is advising the Fleet Management Division, Federal Supply Service (FSS), in efforts to establish a new credit card system that permits point of sale data collection and improves accountability over gasoline purchases and minor repair services for GSA's fleet vehicles. The OIG will provide continuing counsel to the Agency task force, particularly in the areas of management controls and exception reporting involving credit card purchases.
- **Cost Accounting Implementation** - The CFO also requested OIG involvement in the Agency-wide implementation of cost management pilot projects for allocating overhead using the activity-based costing methodology. Working in conjunction with two pilot project teams, the OIG is providing expertise in developing nationwide activity-based costing models for two GSA business activities in order to improve performance and increase competitiveness.
- **Forecasting Rent for Federal Buildings** - The Commissioner, PBS, requested that the OIG provide advice and counsel to the Agency task force seeking to improve upon revenue forecasting as well as collection and income accounting associated with space usage by Federal agencies. A key aspect of the reengineering project is to ensure that client agencies, OMB, and Treasury officials, as well as PBS space managers, can obtain space usage, billing, and payment information at any time.

Clearly, GSA managers are seeking to discover new methods for delivering effective products and services in today's highly competitive markets. Likewise, we are challenged by the diverse nature of the many assistance requests received. Nevertheless, the OIG is working with Agency officials to ensure that the alternatives pursued build upon technologically enhanced delivery methods, providing both the management tools and financial information systems needed to ensure long term operating accountability and effective program outcomes. We believe continuing our partnering arrangements with Agency officials will maximize taxpayers' return on investment as GSA strives to become the provider of choice within the Federal community.

In participating directly with the Agency on task forces we are able to contribute our expertise and advice, improve our own familiarity with the Agency's rapidly changing systems, and still maintain our ability to independently audit and review programs. Our participation is typically as a non-voting advisory member and we maintain a strict policy of excluding staff members who have served on developmental task forces from subsequent audits of the same subject areas.

Agency Input to Improve OIG Services

The OIG is working to provide more cost-effective, timely, useful, value-added services and products to GSA managers. Accordingly, this period we expanded our solicitation of feedback from our customers on the quality of our reports and the level of services provided. In the contract audit area, the responses received show that our

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partnering efforts are having a positive impact upon the usefulness of contract audits and related services provided to Agency contracting officials. Satisfaction ratings have substantially improved since we conducted the initial survey in May 1996. The other survey areas do not have enough data collected to fully assess progress.

We believe the following comments, received from the GSA contracting officers, are reflective of the continuing progress being made by the OIG to meet customer needs:

“I want to express my appreciation for the effort made by the entire audit staff in preparing the audits. The support I have received from these individuals has been very helpful in preparing the Government’s position. The audits have been delivered timely, give a clear logical explanation of the audit conclusions and contain the data required to develop a position.”

“I am a satisfied customer. The auditors specifically and the office in general have done everything I could hope for in helping prepare my technical staff for negotiations. I look forward to working with them...”

“The audit findings were instrumental in providing the contract specialist with a basis to negotiate substantially improved discounts.”

“The auditor helped in all areas. He made sure I understood each issue.”

“Your staff expedited this audit allowing this office to finish negotiations timely and receive a fair and reasonable price for services.”

Our office is also seeking feedback from our internal customers regarding the quality of our final audit products and the level of service provided during the review effort. Baseline survey ratings have been compiled and customer satisfaction questionnaires are being finalized for distribution with each final internal audit report. We are optimistic that the ratings will indicate the same level of improvement in our efforts.

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 providing informational and advisory services.

Significant OIG Accomplishments

Charge Card Programs

GSA has established several major credit card systems providing easy and quick means to Government customers for making purchases of supplies and services. These charge card programs cover essential and diverse needs of Government employees, making it possible for card holders to complete official travel, make supply and service procurements, and use long-distance telephone services in an economical and expeditious manner.

In response to a request from the CFO, the OIG initiated an audit of the Agency charge card programs. Our review examined general management and card issue and user controls over the American Express (AMEX) travel card, the general-use International Merchant Purchase Authorization Card (IMPAC), and the Sprint FONCARD programs.

We evaluated management controls over the AMEX, IMPAC, and FONCARD cards to determine whether measures existed to ensure that only authorized employees can obtain cards, card users can make only valid purchases within their established limits, billings are accurate, payments are proper and timely, and refunds are accurate and timely. Also, our review examined controls to decide if they can be improved to provide better customer service and/or result in cost savings.

Our review found the charge card program controls, combined with those used by the charge card vendors, are generally adequate to prevent or detect significant misuse of the AMEX, IMPAC, and FONCARD cards.

We also concluded, however, that GSA should develop better controls to ensure that the IMPAC vendor refunds are made accurately and paid timely. Management officials intend to address this issue by enforcing compliance with contract terms regarding refund payments.

Furthermore, our report identified areas where GSA could enhance individual program controls to prevent or detect misuse. Greater efficiencies and enhancements could result through the consolidation of responsibility for the three charge card programs. These benefits include:

- Control over the cards would be significantly enhanced because there would be a single point of contact for ordering, maintaining, and canceling cards.

Reviews of GSA Programs

- Program administration would be more efficient because GSA would only need to capture employee data one time in a single database.
- Communications among cardholders, supervisors, program officials, and vendors would be simplified through a single point of contact for program policies and procedures, questions or problems, and billing information.
- A center of expertise for the GSA charge card programs would be developed.

Since the charge card programs are either currently or will soon be subject to reprocurement, we advised the CFO that GSA should use new procurements as opportunities to effect major changes in the control environment. We suggested that prior to initiating reprocurement action, the Agency may want to identify other ways to improve controls and reduce resource requirements by discussing and comparing its policies and procedures with vendors, other Government and corporate card users, and firms who accept GSA charge cards. Also, GSA could encourage potential charge card vendors to assist in developing ways for ensuring that accounts are canceled when cardholders leave the Agency; tracking, managing, and updating cardholder information; and guaranteeing that calling card charges are accurate and for Agency-approved purposes.

Finally, we concluded that because many managers and cardholders do not fully understand the AMEX, IMPAC, and FONCARD programs, card users would benefit from some form of refresher training. Cardholders and supervisors would be more knowledgeable in appropriate use of the cards. GSA could also use training as a way to implement control enhancements or consolidate management of charge card programs.

The March 31, 1997 report recommended that the CFO work with the offices responsible for each of the charge card programs to develop and implement methods to instruct and assist cardholders, approving officials, and program administrators in the proper use of each type of credit card.

The CFO agreed to take action in response to the report's recommendation. The report is still in the resolution process.

Federal Telecommunications Service

The FTS2000 contract 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 the FTS2000 contract. 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 services. An audit we conducted this period focused on price adjustments.

FTS2000 Price Adjustments

During the period April 1993 through March 1996, GSA reduced the Government's telecommunications costs by about \$45 million through the use of

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a Publicly Available Price Cap (PAPCAP). The FTS2000 contract requires price adjustments in order to ensure that its services remain competitive with commercial prices over the life of the contract. This is to be accomplished through the application of PAPCAP to contract prices. The contract was modified twice to clarify PAPCAP procedures.

PAPCAP, as implemented in April 1993, defined how and when FTS2000 price reductions should occur. Its purpose was to ensure that prices remained lower than comparable commercial prices. These reductions were based on quarterly comparisons of FTS2000 prices with publicly available prices. The PAPCAP contract modifications expired in March 1996. The FTS2000 contracts are scheduled to end in December 1998.

We evaluated the Agency's use of the PAPCAP and found that while PAPCAP has indeed reduced the Government's cost by nearly \$45 million, claims for additional savings remain unresolved. The vendors have disagreed with the PAPCAP calculations in 10 out of 12 quarters since April 1993. When disagreements were not resolved within 10 days, the Agency considered the price adjustment change to be in dispute. An estimated \$8.5 million of disputes have not yet been resolved.

Our December 2, 1996 report recommended that the Commissioner, Federal Telecommunications Service:

- Resolve carrier disagreements arising from the PAPCAP price adjustment calculations and recover the amounts due the Government with interest.
- Prescribe a suitable process for the timely resolution of disputed amounts in any future contracts that include price control mechanisms similar to PAPCAP.

Responsive action plans were provided for implementing the report recommendations.

Aircraft Management Programs

The civilian agencies of the Federal Government own or operate over 1,500 aircraft at an operating cost in excess of \$1 billion annually. Concerned that this air fleet was not sufficiently safe, was inefficient, and lacked a coordinated approach for developing systems and standards, the Chairman of the Senate Subcommittee on General Services, Federalism and the District of Columbia requested that the President's Council on Integrity and Efficiency undertake a comprehensive examination of the civilian aircraft program.

Because GSA has the assigned responsibility for coordinating and fostering efforts to improve the management and cost effectiveness of Federal civilian agencies' aircraft operations, our OIG took the lead for this audit. We were joined by the OIGs of the 10 Federal agencies that operate 99 percent of the aircraft fleet.

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Over the last few years, the participating OIGs issued a total of 20 audit reports, assessing in detail the aircraft operations of their respective agencies. This period, our office issued the final overall management report which summarizes the work performed by the OIGs and highlights the positive steps taken by agencies' management, OMB, and the Congress to improve aircraft safety and increase operating efficiencies.

The audit work performed by the participating OIGs confirmed that individual agency aircraft programs continued to experience many of the safety, operational, and administrative shortcomings that had concerned members of Congress. Collectively, the OIGs identified over \$56 million in potential savings should their respective agencies adopt recommendations for changes in operational methods and procedures. The OIGs also made several recommendations to their agencies to address safety issues. Overall, agencies' management have been responsive to the OIGs' recommendations.

In addition, GSA and its Interagency Committee on Aircraft Policy (ICAP) developed aircraft safety, operation and maintenance manuals, as well as training and inspection programs, to assist the agencies in improving their programs. The Congress also enacted Public Law 103-411, to require Government-owned aircraft used for cargo and passenger carrying purposes to comply with Federal Aviation Administration (FAA) regulations and provide the National Transportation Safety Board with the authority to investigate all public aircraft accidents.

We noted that these actions go a long way towards addressing concerns relating to aircraft safety. Nevertheless, GSA and ICAP need to continue working closely with FAA on safety initiatives to ensure that FAA is kept apprised of the policies and procedures being developed for Governmental aircraft. We further believe that agency oversight by the OIGs, GSA, ICAP, and Congress will continue to ensure that progress is made toward enhancing the respective agencies' aircraft safety programs.

We did not make additional recommendations in our summary report since the agency-specific reports contained the respective OIGs recommendations for corrective actions. However, we do believe that progress should be monitored carefully, and a comprehensive reassessment of the Federal Government's management of the civilian aircraft program should be undertaken after the agencies have had a reasonable period of time to implement corrective actions based on the specific recommendations.

Telecommuting Centers

In 1993, GSA began creating partnerships with local governments and community officials in the Washington, D.C. area to create telecommuting centers. These centers provide alternative office settings where Federal employees can perform work assignments without having to travel the long distance to their usual places of business. By 1996, GSA had opened six centers under the Congressionally-funded Flexiplace Telecommuting Center program.

Several GSA offices outside of Washington, D.C. have begun to establish small telecommuting centers within their own regions. This period, we reviewed those

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centers being established by regional offices under their own initiatives. We focused on the Agency's role in the Federal Government's telecommuting initiatives, as well as the recovery of costs associated with regional telecommuting centers and the methods being used to recover these costs.

The report noted that the Agency has the opportunity to expand the functions of the office responsible for the program. This office represents GSA on interagency task forces and is responsible for planning, coordinating, and evaluating a wide range of telecommuting, distributed work, and office initiatives in collaboration with other Federal agencies, State and local governments, and the private sector.

We have suggested that several functions could be added to this office's responsibilities, to include:

- providing assistance to GSA regional offices in their telecommuting initiatives,
- determining funding arrangements for regional offices in both the types of costs that need to be recovered through a user charge to customer agencies and mechanism(s) to charge those agencies,
- drafting GSA telecommuting policy,
- marketing and expanding the telecommuting opportunities available to the Federal community, and
- marketing the availability of other GSA services that may enable the Agency to take advantage of business opportunities as a result of other agencies' participation in telecommuting initiatives.

In addition, assistance is needed in developing user rates for the regional telecommuting centers that allow GSA to "break even" in establishing and maintaining each of these locations. Mechanisms for billing these user fees are being explored. The resulting method(s) should represent the easiest, most economical manner that encourages the maximum use of the centers while requiring the least amount of effort both on the part of GSA and the customer agencies.

In our March 11, 1997 report, we recommended that the Commissioner, PBS:

- Include the above-mentioned telecommuting functions in the program office.
- Ensure that regional offices are provided assistance in developing user rates for the regional telecommuting centers that allow the Agency to recover the direct and indirect costs of establishing and maintaining each of these locations, as well as easy billing mechanisms to charge the customer agencies.

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

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Regional Fleet Maintenance Control Center

The GSA Interagency Fleet Management System provides motor vehicle and related services to Federal customers through a network of Fleet Management Centers (FMCs), which are responsible for the assignment and utilization management of vehicles, and Maintenance Control Centers (MCCs) which assist customer operators in obtaining necessary vehicle repairs and maintenance services.

In one region, GSA implemented a reinvention initiative to decentralize the vehicle maintenance and repair control functions from the Denver headquarters' MCC to FMCs in selected field locations. Starting in Casper, Wyoming, the FMC took over the MCC duties for the State of Wyoming. The initiative was then expanded to the Bismarck, North Dakota, and the Pierre, South Dakota, FMCs. Eventually, the initiative is planned to be expanded to all of the regions' FMCs and result in the elimination of the Denver MCC. The total regional maintenance and repair expenses are currently about \$6 million annually.

The OIG performed a review to determine if appropriate management controls over vehicle fleet maintenance and repairs continued to be in place during the region's reinvention initiative. Our review showed that appropriate management controls were in place to adequately ensure that maintenance and repairs were necessary and accomplished in a timely and cost-effective manner. The report did note that a regional bulletin which directs vehicle operators to contact the MCC to authorize preventive maintenance did not accurately describe regional policy, in that the region did not intend for vehicle operators to contact the MCC for routine, low cost preventive maintenance.

Since we determined that corrective action was being taken through an advisory notice to customers and revision of the next Federal Property Management Regulation Bulletin to be issued, the February 6, 1997 report did not contain any recommendations.

National Customer Service Center

The GSA National Customer Service Center (NCSC), formerly called the Discrepancy Reports Center, is responsible for receiving, processing, and resolving three types of supply discrepancies reported by GSA customers worldwide: shipping, transportation, and billing. The NCSC also operates a toll-free telephone line to answer customer questions about GSA supplies and services.

In response to a request from GSA management, the OIG conducted a best-practices review to provide management with advice and observations with which to improve the efficiency and effectiveness of NCSC operations. We focused on analyzing the NCSC methods for handling customer calls, and also on benchmarking the approaches and methods used by other similar industry experts to identify how private sector vendors and Government agencies provided quality customer service and resolved shipping discrepancies.

Our advisory review identified several practices that the Agency should find helpful in expediting response service to customers and also to reduce the number of future

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discrepancies. Based on our analyses, when compared with the best practices of private sector firms and other Government agencies, the NCSC role should be to initiate immediate action to satisfy customer needs relative to shipment problems. In addition, the NCSC should focus on distributing detailed discrepancy information to those entities responsible for the shipping, transportation, or billing discrepancies.

Our report also suggested a need for some changes by the NCSC. The successful quality customer service programs benchmarked during our review for timely and responsive resolution of customer complaints or inquiries showed a number of changes which could improve NCSC operations. These include:

- implementing the streamlined automated data systems currently under development for the NCSC to use in discrepancy research and resolution,
- restricting the NCSC operations to processing discrepancies (rather than processing both discrepancies and responding to general information questions) would help reduce the work volume of non-complaint type contacts to be answered, which generally interrupted and delayed the discrepancy resolution processes, and
- encouraging customers to use the telephone as the means for reporting discrepancies, so that the NCSC could more quickly assign and satisfy customer calls.

Finally, our best-practices review and benchmarking comparison indicated a consensus that, if resolution of discrepancies is referred to the responsible entities, the likely result will be further reductions in future discrepancies.

The January 10, 1997 report is advisory in nature and does not contain formal recommendations.

General Management & Administrative Expenses

As highlighted in the past two Semiannual Reports to the Congress, the Agency developed the Federal Operations Review Model (FORM) process, a multi-step analysis to determine the most efficient and cost-effective means to deliver the GSA major business line services. This analysis pointed out that General Management & Administrative (GM&A) expenses are a major contributor to the high cost of performing functions in-house as opposed to contracting out for services.

This period, the OIG started a review of the GM&A organizations to see if it could aid any staff office in improving cost effectiveness and delivery of service. We concluded that many of the GM&A organizations were already improving their processes and identifying ways of reducing costs, and that additional audit work was unwarranted. The impact of recent personnel reductions and overhead studies have generated impetus for reduction plans and reorganization activities in each of the organizations under GM&A.

We related this conclusion in our December 2, 1996 report to the Associate Administrator, Office of Management Services and Human Resources, and to the

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CFO. We called to their attention that, although overhead study teams had recommended many constructive opportunities for staff office consolidations, management had not yet acted upon them at the time of our survey.

Finally, at the request of the Director of the Office of Management Services, we agreed to take on a new assignment to assist that office in its efforts to restructure to better meet customer demands and reduce costs.

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

Emerging Issues and Concerns

During the last 6-month period, two issues have developed that, we feel, warrant mention in this semiannual report. The first of these relates to an audit report we highlighted in the previous report, Sale of the U.S. Custom House to the City of Boston, and the actions taken by the OIG subsequent to the Agency's decision to not seek an opinion from the Department of Justice on the question of the authority of the GSA Administrator relating to the compromise of debt. Our second issue regards the PBS \$680 million "rent shortfall" which recently has received a significant amount of attention from the Congress and the media.

Sale of U.S. Custom House

As highlighted in the last semiannual report, our audit of GSA's sale of the U.S. Custom House to the City of Boston (the City) raised concerns about the adequacy of GSA policies and management controls over the disposal of surplus real property. We recommended that GSA refine its policies and procedures for the sale of surplus property where credit is extended, and cautioned that GSA should not participate as a lender institution in the disposal of real property. Our report also recommended that, given that GSA may have exceeded its legal authority to compromise debts owed the United States when restructuring the City's debt, this was a reportable matter under the Federal Managers' Financial Integrity Act.

GSA sold the historic building to the City as surplus property in 1987, and accepted a \$9.9 million mortgage, on which the City defaulted in 1991. Three years later, GSA agreed to restructure the debt on terms more favorable to the City, and forgave \$361,010 for penalty payments assessed on default of the original note. In January 1996, GSA and the City agreed to settle the debt for a cash buyout of about \$6 million, even though the City had made no principal payments on the loan.

Our audit noted that the sale was a departure from the Agency's general policy of selling surplus real property for cash. GSA had assumed the role of creditor in order to accommodate the City, and as a result subsequently bore the administrative cost of the default and restructuring of the debt. We questioned GSA's waiver of the penalty payments, and its compromise of the original debt, pointing out that GSA did not comply with the requirements of the Federal Claims Collection Act, which limits an agency's right to compromise debts to \$100,000.

GSA management did not agree with the findings and recommendations presented in our report, maintaining that our conclusions were based on an incorrect interpretation of the statutory and regulatory framework governing the disposal of real property. Citing the Federal Property and Administrative Services Act of 1949, management contended that the GSA Administrator has complete authority to sell surplus real property on credit terms, and to administer and manage the credit as deemed to be in the best interest of the United States.

The OIG considered the Agency's response in detail, but made no changes to the audit findings and recommendations as presented in the July 15, 1996 final audit report.

As part of the Agency's resolution process under the Federal Managers' Financial Integrity Act (FMFIA) of 1982, this matter was presented to the Agency's

Emerging Issues and Concerns

Management Control Oversight Council (MCOC). We raised our concern that the Agency's continued adherence to its views on the scope of the Administrator's compromise authority had repercussions for future credit transactions involving surplus real property, and was an issue that went beyond just the Custom House matter. The MCOC recommended that the advice of the Department of Justice be obtained on the question of the Administrator's compromise authority relating to the disposal of surplus real property. However, the Acting Administrator determined that the Agency itself would not seek an opinion from the Department of Justice. At that point, the OIG requested an opinion from the Department of Justice's Office of Legal Counsel (OLC), which declined the request on the grounds that it considered the matter to be an intra-agency dispute. The OIG subsequently requested the assistance of the Attorney General, expressing its concern that OLC's declination to consider an IG's request for a legal interpretation raised the real possibility of frustrating Congressional intent in establishing independent Offices of Inspector General in the Executive Branch. The OIG expressed the view that sound public policy supports the proposition that, where an IG has raised a formal question regarding an agency's acting in excess of its authorities, mere disagreement by an agency head should not be sufficient to prohibit further inquiry.

The OIG has also requested an advisory opinion on this matter from GAO, which, to date, has not rendered its opinion. OMB is also currently examining this issue.

PBS Rent Shortfall

In the FY 1998 budget submission, GSA disclosed that its forecast of rent revenue for FY 1996 and FY 1997 exceeded what the actual rent income will be by \$680.5 million. For both years, Congress had authorized construction, repair and alteration, and related building operations expenditures from the Federal Buildings Fund (FBF) based on GSA's forecasts of rent revenue. Consequently, GSA could not fully fund all of the planned FY 1996 and FY 1997 projects that had been authorized by the Congress.

The FBF was established in 1972 as a revolving fund to finance PBS activities. Customer agency rent payments are the primary source of income for the FBF, with some direct appropriations for new construction and major renovation projects. Although the FBF has a balance of about \$4 billion, Congress limits the amount of this revenue that can be spent on authorized activities. GSA's overestimate of revenue resulted in projects being deferred. GSA has proposed to direct FY 1998 funds to those projects previously authorized by Congress but deferred due to the FY 1996 and FY 1997 "shortfall."

The Agency cited three factors that caused the problem:

1. In FY 1995, it lowered rents to prevailing commercial rates in 18 metropolitan areas - an average reduction of 6.6 percent. The FY 1996 and FY 1997 budget estimates of rent revenue were not adjusted to reflect these lower rents.
2. It did not anticipate the negative impact on rent revenue as a result of Federal downsizing in FY 1996 and FY 1997. It stated that past downsizing efforts did not have an immediate impact on Federal agency space plans.

Emerging Issues and Concerns

3. It used overly optimistic assumptions as to when new space would enter the inventory and begin generating income. Construction delays on some projects meant that the new buildings were not ready for occupancy at the time projected, and therefore these buildings did not generate the anticipated income.

The OIG is working with the Agency on several projects that should produce more accurate rent revenue forecasting and collections. One OIG team is assessing the adequacy of the new PBS rent system which is planned to be implemented in the next year. We are also working on the PBS task force commissioned to find ways to more accurately forecast rental revenues. Meanwhile, two other OIG teams are conducting audits in the rent area: one to help improve the accuracy of space assignments, and the other aimed at insuring operating costs are reduced when changing circumstances should result in paying lower taxes or services costs.

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 to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 64 contracts with an estimated value of \$197.3 million. The audit reports contained over \$35.6 million in financial recommendations.

This period, two of the more significant MAS contracts we audited had projected Governmentwide sales totaling \$93 million. Based on the audit findings, we recommended that \$16.5 million in funds be put to better use. The OIG evaluated discount schedule and marketing data submitted in response to the GSA solicitations for the purchase of office systems furniture. The audits disclosed common problems in the proposals. Commercial customers received better pricing than offered to GSA. The full extent of higher discounts granted to other customers was not disclosed, and an adequate justification for not offering comparable discounts to GSA was not provided, even though GSA buys in larger sales volumes.

Other significant contract audits during this period included claims for delays and disruptions allegedly caused by the Government during the renovation of Federal buildings. Three of the more significant audits contained proposed prices totaling \$13.3 million, and recommended adjustments of \$8.2 million. In an audit of a claim for increased costs due to Government-caused delays in a building renovation, we advised the contracting officer that an electrical subcontractor submitted overstated claims for labor and overhead costs. In an audit of another claim, we advised the contracting officer that the contractor overstated its costs for extended home office overhead, claim preparation, and other direct costs. Finally, in an audit of a claim for increased costs resulting from the presence of lead during renovation efforts, we advised the contracting officer that a steel and metal subcontractor had claimed costs that were overstated or did not meet Federal guidelines, and was not able to provide sufficient documentation to substantiate other costs.

Federal Managers' Financial Integrity Act Review

The Federal Managers' Financial Integrity Act, Section 2, 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 one area should be reported as a material control weakness. We believe GSA exceeded its legal authority when compromising a debt of over \$100,000 for the sale of the U.S. Custom House to the City of Boston, Massachusetts. However, the Office of General Counsel is of the opinion that GSA was within its statutory authorities on all aspects of disposing of this property and renegotiating the terms of the debt. The Agency's position conforms to the advice of its General Counsel. We have sought the advice of both GAO and the Attorney General.

Prevention Activities

We concur with management's decision to raise the rating for the MAS program from high risk to material weakness. The MAS contracts program should address several problems which have been identified by Agency management, GAO, and the OIG. Information received from vendors for evaluating pricing offered to the Government is not always accurate, current, and complete; the ability of contracting officials to award the most favorable prices for the Government may be adversely impacted by the heavy MAS program workload; and agencies that use the MAS program may not always comply with applicable ordering procedures. Nothing else came to our attention during the reviews that would lead the OIG to conclude that reporting officials had other than reasonable and reliable bases for their assurance statements.

We also reviewed the GSA efforts in carrying out Section 4 of the Act by evaluating the FY 1996 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 8 briefings attended by 194 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 brochures, encourage employees to use the Hotline.

During this reporting period, we received 2,159 Hotline calls and letters. Of these, 80 complaints warranted further GSA action, 17 warranted other Agency action, and 2,062 did not warrant action.

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 an implementation review in the Federal Supply Vehicle Sales Support Program and found that the recommendations had been fully implemented.

Financial Statements Audit

The Chief Financial Officers Act of 1990 requires the OIG to conduct or arrange for an annual audit of the GSA consolidated financial statements. The Act also requires a report on the GSA system of internal accounting controls and compliance with laws and regulations. An independent public accounting firm performed this audit for FY 1995 and FY 1996, with oversight and guidance from the OIG. In the audit report dated December 17, 1996, GSA received unqualified opinions on its financial statements and on its system of internal accounting controls. The report on the internal control structure over financial reporting for the consolidated financial statements described one material weakness concerning the recording of assets and equity. Several conditions affecting other programs or operations were identified

Prevention Activities

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 two program performance measures, assessing reasonableness of the control structure to generate reliable performance information as required by the Office of Management and Budget Bulletin 93-06. The preliminary assessment showed that the control risk over management's systems and processes for providing data supporting one of these measures is low. However, a control risk assessment of the other measure was not performed because the internal controls over the reported crime statistics and population counts were not sufficient to permit preparation of reliable and complete performance information.

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 102 legislative matters and 31 proposed regulations and directives. The OIG provided significant comments on the following legislative item:

- *S. 314, H.R. 716, the Freedom from Government Competition Acts.* Similar to a measure, S. 1724, introduced in the last Congress, these bills generally would require the contracting out of Government goods and services unless the Federal Government is determined to be the best value source. We agreed generally that functions currently performed by the Government should be transferred to private sector contractors when it makes economic and policy sense to do so. However, we raised concerns that the best value methodology set forth in the bills does not include consideration of factors such as accumulated Government expertise related to a particular service. We noted that, in many instances, the Government may be the best value source for a service or product. This may be especially true when oversight and policy functions, still necessarily performed by the Government, are factored in. We pointed out that the Government necessarily has more diverse and varied agendas than the private sector, which is primarily concerned with maximizing its profits. We expressed our concern that the bills do not consider this basic concept.

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

- *FSS Acquisition Letter on Variable Contract Periods.* We principally questioned the proposed elimination of the "bake off" requirements under which the Agency determines the award of identical items offered to various vendors in a MAS solicitation. We pointed out that controls over MAS contracts are necessary to ensure that the Government receives fair and reasonable pricing. Open competition is one way to determine fair and reasonable pricing; negotiation supported by price analysis and audit is another. We pointed out that if, as is currently proposed, postaward audit rights are substantially curtailed, a significant Government control for assuring price reasonableness in the MAS program is eliminated. If that happens, expanding the bake off concept and using some single awards and limited multiple awards may be the Government's only viable means of establishing fair and reasonable prices for the MAS program. We expressed our belief that open competition should always be the Government's principal method of awarding contracts; it is the most fundamental and fair way of determining price reasonableness on Government contracts. Accordingly, we recommended that the use of bake offs and single award schedules, which utilize open competition, should be used and expanded where possible rather than eliminated as suggested.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 160 audit reports. The 160 reports contained financial recommendations totaling \$65,785,551, including \$35,629,450 in recommendations that funds be put to better use and \$30,156,101 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, 1997. Eighteen reports more than 6 months old were awaiting management decisions as of March 31, 1997; all of them were preaward audits which are not subject to the 6 month management decision requirement. Table 1 does not include 23 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 10/1/96			
Less than 6 months old	65	45	\$179,149,440
More than 6 months old	21	19	7,048,776
Reports issued this period	<u>160</u>	<u>92</u>	<u>65,785,551</u>
TOTAL	246	156	\$251,983,767
For which a management decision was made during the reporting period			
Issued prior periods	68	48	\$181,487,609
Issued current period	<u>103</u>	<u>49</u>	<u>49,722,063</u>
TOTAL	171	97	\$231,209,672
For which no management decision had been made as of 3/31/97			
Less than 6 months old	57	43	\$ 16,063,488
More than 6 months old	<u>18</u>	<u>16</u>	<u>4,710,607</u>
TOTAL	75	59	\$ 20,774,095

Statistical Summary of OIG Accomplishments

Management Decisions on Audit Reports With Financial Recommendations

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

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

	<u>No. of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 10/1/96		
Less than 6 months old	34	\$173,640,998
More than 6 months old	19	7,048,776
Reports issued this period	52	35,629,450
TOTAL	105	\$216,319,224
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
• management action	—	\$201,683,014
• legislative action	—	—
Recommendations not agreed to by management	—	10,555
TOTAL	61	\$201,693,569
For which no management decision had been made as of 3/31/97		
Less than 6 months old	28	\$ 9,915,048
More than 6 months old	16	4,710,607
TOTAL	44	\$ 14,625,655

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 10/1/96			
Less than 6 months old	11	\$ 5,508,442	\$ —
More than 6 months old	0	0	—
Reports issued this period	<u>40</u>	<u>30,156,101</u>	<u>—</u>
TOTAL	51	\$35,664,543	\$ —
For which a management decision was made during the reporting period			
Disallowed costs	—	\$20,199,538 *	\$ —
Costs not disallowed	—	<u>9,435,421</u>	<u>\$ —</u>
TOTAL	36	\$29,634,959**	\$ —
For which no management decision had been made as of 3/31/97			
Less than 6 months old	15	\$ 6,148,440	\$ —
More than 6 months old	0	0	—
TOTAL	15	\$ 6,148,440	\$ —

* \$2,482,744 of this amount was recovered in civil settlements, as reported in Table 5.
 ** Includes \$118,856 that management decided to seek that exceeded recommended amounts.

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 154 investigative cases and closed 142 cases during this period. In addition, the OIG received and evaluated 86 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	19	40
Civil	5	6
Administrative	88	185
TOTAL	112	231

In addition, the OIG made 14 referrals to other Federal activities for further investigation or other action and 75 referrals to GSA officials for informational purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 14 cases (33 subjects) were accepted for criminal prosecution and 4 cases (5 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 18 indictments/informations and 15 successful prosecutions. OIG civil referrals resulted in 4 cases being accepted for civil action and 9 case settlements. Based on OIG administrative referrals, management debarred 21 contractors, suspended 26 contractors, and took 5 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 as a result of criminal and civil actions arising from OIG referrals.

In addition, the OIG identified for recovery \$684,827 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	\$ 132,281	\$ —
Settlements or Judgments	—	3,406,689*
Restitutions	1,562,785	—
TOTAL	\$1,695,066	\$3,406,689

* This amount includes \$2,482,744 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 audit management decision process, the GSA Office of Management Services and Human Resources, Office of Management Services, Administrative Policy and Information Management Division, is responsible for tracking implementation of audit recommendations after a management decision has been reached. That office furnished the following status information.

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

Background Checks on Contractor Personnel

Period First Reported: April 1, 1996 to September 30, 1996

The review focused on the GSA practices over background checks on contractor personnel. The report contained seven recommendations; two have been implemented.

The recommendations involve establishing time frames and procedures, processing background checks through the GSA system, determining if a change in policy is needed for employees not currently required to have checks, and ensuring that contractor employees in delegated buildings have checks performed according to GSA policy. They are scheduled for completion by August 15, 1997.

PBS Information Systems Strategy

Period First Reported: April 1, 1996 to September 30, 1996

The review identified the importance of defining, planning, and coordinating the procurement of new information systems. The report contained two recommendations; one has been implemented.

The remaining recommendation requires ensuring that the GSA pilot systems and planned software initiative are technically compatible and are not duplicative. It is scheduled for completion by January 15, 1998.

Managing Software Licenses

Period First Reported: April 1, 1996 to September 30, 1996

The review focused on the management of licensed software. The report contained two recommendations; one has been implemented.

The remaining recommendation involves issuing a policy statement on the use of licensed software and requiring each employee to acknowledge the policy. The action plan for this recommendation is currently under review by the responsible program office.

Validating Open Obligations

Period First Reported: April 1, 1996 to September 30, 1996

The review advised management of opportunities to streamline the validation process of open obligations. The report contained nine recommendations; six have been implemented.

The recommendations involve revising the standard operating procedures, establishing a lump-sum tax accrual account, and establishing accruals that closely match tax payments. They are scheduled for completion between April 15, 1997 and May 15, 1997.

Purchase of Telecommunications Services

Period First Reported: October 1, 1995 to March 31, 1996

The review advised management of opportunities to better serve telecommunications customers. The report contained six recommendations; five have been implemented.

The remaining recommendation involves reviewing both the Purchase of Telecommunications Services and MAS programs to determine whether the best interests of the customer are served by continuing each. It is scheduled for completion by October 15, 1997.

Stock Program Management Information System

Period First Reported: October 1, 1995 to March 31, 1996

The review identified opportunities for improvement in the accuracy and reliability of information provided to stock program managers. The report contained four recommendations; one has been implemented.

The recommendations include improvements in the accuracy and reliability of data, the evaluation of computer programs, and the continued development of an information system. They are scheduled for completion by various dates between May 15, 1997 and November 15, 1997.

Appendix I – Significant Audits From Prior Reports

Background Checks of Child Care Center Employees

Period First Reported: October 1, 1995 to March 31, 1996

The review focused on the GSA practices over criminal history background checks for child care center employees. The report contained five recommendations; none have been implemented.

The recommendations include promulgating policies and guidelines covering the clearance process and ensuring compliance with Public Law 101-647. They are scheduled for completion by April 9, 1997.

Aircraft Management

Period First Reported: October 1, 1995 to March 31, 1996

The review identified opportunities for improvement in the GSA program for assisting civilian agencies with the management and cost effectiveness of their aircraft operations. The report contained five recommendations; none have been implemented.

Two of the recommendations involve obtaining the necessary resources to accomplish program initiatives. They are scheduled for completion by April 15, 1997. Another recommendation involves the development of a logistics system; it is scheduled for completion by November 15, 1997. One recommendation concerns the identification of aircraft data necessary for making informed decisions and is scheduled for completion by November 15, 1997. The final recommendation consists of ensuring the reliance of data. It is scheduled for completion by April 15, 1997.

Value Engineering

Period First Reported: October 1, 1995 to March 31, 1996

The review identified opportunities for more effective use of value engineering in GSA. The report contained one recommendation; it has not yet been implemented.

The recommendation involves the GSA Office of Acquisition Policy assuming a leadership role in GSA's use of value engineering. It is scheduled for completion by April 15, 1997.

Federal Telecommunications Service - Verification of Billings

Period First Reported: October 1, 1995 to March 31, 1996

The review focused on the verification of usage and related charges. The report contained three recommendations; one has been implemented.

One recommendation includes the implementation of draft regulations for performing verifications of the call detail report. It is scheduled for completion by July 15, 1997. Another recommendation requires revision to the draft regulations to recognize shared responsibility among GSA managers for verifying the validity and purpose of long distance calls. It is to be completed by April 15, 1997.

Construction Projects

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

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

The remaining recommendation involves an evaluation of the method used to establish rent for special purpose space and is scheduled for completion by October 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; four have been implemented.

The remaining recommendation involves issuing policy for the utilization of fine arts in Federally-controlled space and its acceptance and disposal. It is scheduled for completion by May 15, 1997.

Real Estate Management

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

The review found that repair and alteration projects in one region could be more comprehensively planned and databases

Appendix I – Significant Audits From Prior Reports

more accurately maintained. The report contained ten recommendations; nine have been implemented.

The one remaining recommendation, involving the validation of work items listed in the database, is scheduled for completion by September 15, 1997.

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; two have been implemented.

One of the remaining recommendations requires establishing alternative payment procedures and is due for implementation by April 15, 1997. Another recommendation involves transferring service information from customer agencies and is scheduled for implementation by April 15, 1997. The final recommendation involves streamlining the operational structure and is scheduled for completion by April 15, 1997.

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 April 15, 1997.

Business Allocation

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

The review focused on the GSA administration of the 60 percent and 40 percent anticipated business allocation

between two Federal Telecommunications Service contractors. The report contained two recommendations; one has been implemented.

The remaining recommendation involves the Agency's determination of its future role in contractor revenue allocation and indicating it in future proposals. Completion has been revised and is now scheduled by April 15, 1997.

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 suggested that a cost-benefit determination be made on whether to recover health benefit insurance premium contributions for prior years and to take appropriate action based on that determination. While the cost-benefit decision has been made, the recommendation 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 MAS program concerns. It is scheduled for completion by April 15, 1997.

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: Because some audits pertain to contracting award or actions which have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)</i>				
PBS Management Consulting Reviews				
11/07/96	A61816	Management Assistance Review on Janitorial Contract Pricing in the Heartland Region		
02/26/97	A70616	Management Assistance Review on the Development of an Allocation System for Rental Rates for FPS' Services (Region 2)		
03/14/97	A72102	Management Assistance Review of Savings From Region 7 Public Buildings Service Work at Home Program		
FSS Management Consulting Reviews				
11/19/96	A63316	Management Assistance Review on the Controls Over the Federal Supply Service's Industrial Funding Fee		
12/20/96	A61552	Management Assistance Review of IFMS Customer Spending Authorization for Maintenance and Repairs		
02/28/97	A71209	Management Assistance Review, Wholesale Distribution Centers, Order and Shipment Processing System		
02/28/97	A71210	Management Assistance Review, Palmetto, Georgia Wholesale Distribution Center, Order and Shipment Processing System		
ITS Management Consulting Review				
12/11/96	A60349	Management Assistance Review Alternatives for the Federal Computer Acquisition Center		
Other Management Consulting Reviews				
12/02/96	A60945	Management Assistance Review, I.M.P.A.C. Visa Card Usage, Mid-Atlantic Region		
03/14/97	A70904	Management Assistance Review for the Office of Management Services		
PBS Internal Audits				
10/11/96	A61532	Review of Northern Ohio Property Management Center, Cleveland, Ohio, Great Lakes Region		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
10/31/96	A61548	Audit of the Use of Funds for Larger Construction Contracts, PBS Great Lakes Region		
12/12/96	A53026	Audit of Service Contracting		
01/13/97	A62493	Audit of Procurement Actions, Nevada Field Office, Pacific Rim Region		
01/13/97	A62503	Audit of Procurement Actions, Central California Field Office, Pacific Rim Region		\$8,829
01/15/97	A63020	Postaward Lease Review: National Place, 1331 Pennsylvania Avenue, NW, Washington, DC, Lease GS-11B-40085		
02/04/97	A61537	Audit of Postaward Lease Administration: U.S. Bankruptcy Court, Columbus, Ohio, Lease Number GS-05B-15610		
02/19/97	A61551	Audit of Progress Payment Procedures, Great Lakes Region		
03/11/97	A60936	Audit of the General Services Administration's Regional Telecommuting Center Initiatives		
03/14/97	A63031	Audit of the Federal Triangle Property Management Center, Washington, DC		
03/18/97	A72423	Audit of Operating Cost Escalation, Lease Number GS-09B-60808: 44 East Broadway, Tucson, Arizona, Pacific Rim Region		\$77,460
03/26/97	A61247	Review of the Public Buildings Service Debarment Program		
03/28/97	A71503	Review of GSA's Affirmative Procurement Program		

PBS Contract Audits

10/02/96	A60347	Audit of Delay Claim: Suffolk Construction Company, Inc., Contract Number GS-01P-90-BZC-0035		
10/03/96	A60350	Preaward Audit of Management and Inspection Services Contract: Gilbane Building Company, Solicitation Number GS-01P-96-BZC-0004, Option II		
10/03/96	A61557	Preaward Audit of Supplemental Architect and Engineering Services Contract: Roger Johnson - Richard Smith Architects Inc., Proposed Contract Number GS-05P-96-GAD-0166		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
10/04/96	A60346	Postaward Audit of Change Order Costs: Suffolk Construction Company, Inc., Contract Number GS-01P-90-BZC-0035		\$238,491
10/08/96	A61846	Preaward Audit of Cost or Pricing Data: Goodwill Industries of Central Iowa, Proposed Contract Number GS06P95GXC0164		
10/15/96	A63647	Preaward Audit of Change Order Proposal: Mahogany, Inc., a Subcontractor of Turner Construction Company, Contract Number GS-11P91AQC0060		
10/24/96	A63649	Preaward Audit of Architect and Engineering Services Contract: Alphatec, P. C., Solicitation Number GS11P96EGD0001		
10/25/96	A61255	Preaward Audit of Small Business Administration 8(a) Pricing Proposal: Klean Rite Services, Inc., Solicitation Number GS-04P-96-CXC-0005		
10/25/96	A62501	Preaward Audit of a Claim for Increased Costs: Conco Cement Company, Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
10/28/96	A62510	Preaward Audit of Cost or Pricing Data: ADT Security Systems, Solicitation Number GS-09P-96-KYC-0021		
10/29/96	A60669	Preaward Audit of Cost or Pricing Data Review of 1992-1993 Liability Insurance Costs: The Port Authority of New York and New Jersey, Lease Number GS-02B-15370		
10/31/96	A70607	Preaward Audit of Architect and Engineering Services Contract: Atkinson Koven Feinberg Engineers LLP, Solicitation Number GS-02P-96-DTC-0047(N)		
11/04/96	A62509	Preaward Audit of Cost or Pricing Data: Signet Testing Labs, Contract Number GS-09P-93-KTC-0005		
11/06/96	A61562	Preaward Audit of Architect and Engineering Services Contract: Wiss, Janney, Elstner Associates, Inc., Contract Number GS-05P-95-GBC-0005		
11/07/96	A63641	Audit of Claim for Increased Cost: John J. Kirlin, Inc., Contract Number GS-11P91MKC0196"U"		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
11/12/96	A62489	Preaward Audit of a Claim for Increased Costs: Alexander Manufacturing, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
11/20/96	A60670	Preaward Audit of a Claim: Falcon Associates, Inc., Contract Number GS-05P-91-GBC-0108		
11/22/96	A70610	Preaward Audit of Architect and Engineering Services Contract: Gilsanz, Murray, Steficek, LLP, Solicitation Number GS-02P-96-DTC-0047		
11/22/96	A70615	Preaward Audit of Architect and Engineering Services Contract: Direct Labor Escalation, Atkinson Koven Feinberg Engineers LLP, Solicitation Number GS-02P-96-DTC-0047(N)		
11/27/96	A62487	Preaward Audit of a Claim for Increased Costs: The George Hyman Construction Company, Contract No. GS-09P-93-KTC-0034		
11/27/96	A70608	Preaward Audit of Architect and Engineering Services Contract: Perkins Eastman Architects PC, Solicitation Number GS-02P-96-DTC-0047(N)		
11/27/96	A70609	Preaward Audit of Architect and Engineering Services Contract: V.J. Associates, Solicitation Number GS-02P-96-DTC-0047		
12/02/96	A71202	Preaward Audit of Small Business Administration 8(A) Pricing Proposal: I.C.F. Builders and Consultants, Inc., Solicitation Number GS-04P-96-CXC-0016		
12/11/96	A61863	Audit of Proposed Overhead and Insurance Rates: Morse Diesel International, Inc., Contract Number GS06P95GZC0501		
12/13/96	A70620	Limited Review of the Dimension Stone Subcontract Bids on the New US Courthouse and Federal Building in Islip, New York: Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)		
12/16/96	A60338	Report on Audit of Claim for Increased Costs: Clark Construction Group, Inc., Contract Number GS02P94CUC0039		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
12/17/96	A63646	Preaward Audit of Termination Claim: W.M. Schlosser Co., Inc., Contract Number GS11P95AQC0002		
12/18/96	A61858	Postaward Audit of Incurred Costs: Challenge Unlimited, Inc., Contract Number GS06P95GXC0092		
12/31/96	A62497	Preaward Audit of a Claim for Increased Costs: HAP Construction, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
12/31/96	A72404	Preaward Audit of a Claim for Increased Costs: Rosendin Electric, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
12/31/96	A72421	Preaward Audit of a Claim for Increased Costs: Engineered Glass Walls, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
12/31/96	A73604	Preaward Audit of Termination Claim: Moody/Ebony Joint Venture, Contract Number GS-04P94EXC0062		
01/06/97	A73605	Preaward Audit of Sole Source Contract: CDA Incorporated, Solicitation Number GS-04P-96-EYC-0183		
01/24/97	A70619	Limited Postaward Review of Small Business Subcontracting Plan: Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)		
01/24/97	A72431	Audit of Real Estate Tax Adjustments: Pacific Corporate Towers, LLC, Lease Number GS-09B-85185, Calendar Years 1987 Through 1995		\$672,721
01/27/97	A73608	Audit of Claim for Increased Cost: Moody/Ebony, Joint Venture, Contract Number GS-04P94EXC0062		
01/30/97	A72106	Limited Postaward Audit of Concession Contract: Hernandez Enterprises, Inc., Contract Number GS-07-P-93-HTC-0030		
02/05/97	A73602	Audit of Claim for Increased Cost: United Sheet Metal, Inc., a Subcontractor to John J. Kirlin, Inc., Contract Number GS-11P91MKC-0196"U"		
02/06/97	A70622	Preaward Audit of Change Order Proposal: Turner Construction Company, Contract Number GS-02P-95-DTC-0014		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
02/20/97	A70626	Preaward Audit of Architect and Engineering Services Contract: Syska and Hennessy, Inc., Contract Number GS-02P-92-CUC-0029(N)		
02/20/97	A71520	Preaward Audit of Supplemental Architect and Engineering Services Contract: Globetrotters Engineering Corporation, Contract Number GS-05P-96-GAD-0193		
02/26/97	A70623	Preaward Audit of Architect and Engineering Services Contract: Richard Meier & Partners, Contract Number GS-02P-92-CUC-0029(N)		
02/27/97	A71205	Preaward Audit of Small Business Administration 8(A) Pricing Proposal: Paragon Systems, Inc., Solicitation Number GS-04P-96-EYC-0117		
02/27/97	A71206	Preaward Audit of Small Business Administration 8(A) Pricing Proposal: Paragon Systems, Inc., Solicitation Number GS-04P-96-EYC-0128		
03/12/97	A70305	Preaward Audit of Architect and Engineering Services Contract: Add, Inc., Solicitation Number GS-01P-95-BZC-0047		
03/14/97	A72439	Preaward Audit of a Claim for Increased Costs: HAP Construction, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
03/17/97	A72432	Audit of Real Estate Tax Adjustments: Curacao Limited Partnership, Lease Number GS-09B-84827, Calendar Years 1986 Through 1996		\$9,731
03/17/97	A72433	Audit of Real Estate Tax Adjustments: L. A. World Trade Center Partnership and Royal Investment System Partnerships, Lease Number GS-09B-85563, Calendar Years 1989 Through 1996		\$130,103
03/17/97	A72451	Limited Scope Preaward Audit of Proposed Overhead Rate: ET LaFORE, Inc., Contract Number GS-08P-96-JBC-0001		
03/18/97	A70621	Preaward Audit of a Delay Claim: The Haskell Company, Contract Number GS-04B-31363		
03/20/97	A71211	Audit of Termination for Convenience Settlement Proposal: Halstead Contractors, Incorporated, Contract Number MOU-A-4-334		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)		
03/21/97	A71830	Preaward Audit of Cost or Pricing Data: Ceco Concrete Construction Corporation, Contract Number GS06P94GYC0076(N)		
03/21/97	A72444	Preaward Audit of a Claim for Increased Costs: The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
03/24/97	A72434	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-88163, Calendar Years 1990 Through 1996		\$6,778
03/24/97	A72435	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-91634, Calendar Years 1993 Through 1996		\$7,050
03/25/97	A70306	Preaward Audit of Architect and Engineering Services Contract: R.G. Vanderweil Engineers, Inc., Solicitation Number GS-01P-95-BZC-0047		
03/25/97	A70629	Preaward Audit of Architect and Engineering Services Contract: The Spector Group, Contract Number GS-02P-92-CUC-0029(N)		
03/25/97	A70631	Preaward Audit of Change Order Proposal: Leewen Contracting Corporation, Contract Number GS-02P-94-CUC-0054		
03/26/97	A72429	Preaward Audit of a Claim for Increased Costs: Columbia Fabricating Company, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
03/26/97	A73614	Preaward Audit of Architect Engineering Services Proposal: Interior Services, Inc., Solicitation No. GS-11P-97-MJD-0002		
03/27/97	A71827	Preaward Audit of Cost or Pricing Data: U.S. Engineering Company, Contract Number GS06P94GYC0076(N)		
03/27/97	A72441	Preaward Audit of Change Order Proposal: Rollie R. French, Inc., Subcontractor to The George Hyman Construction Company, Solicitation Number GS-09P-93-KTC-0034		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
03/28/97	A71531	Preaward Audit of Supplemental Architect and Engineering Services Contract: Globetrotters Engineering Corporation, Contract Number GS-05P-96-GAD-0193		
FSS Internal Audits				
10/08/96	A62507	Audit of Inventory of Sensitive Items, Western Distribution Center, Stockton, California, Pacific Rim Region		
01/10/97	A61830	Advisory Review of Operations of FSS's National Customer Service Center		
01/24/97	A62145	Audit of the Federal Personal Property Donation Program, State of Arkansas		
02/06/97	A72402	Management Control Review of FSS Reinvention: Decentralizing Regional Maintenance Control Center, Rocky Mountain Region		
02/27/97	A61545	Audit of the Personal Property Donation Program, Indiana State Agency for Surplus Property, Great Lakes Region		
02/27/97	A62483	Audit of Security Over Depot Stock Items at the Western Distribution Center, Pacific Rim Region		
FSS Contract Audits				
10/02/96	A60314	Postaward Audit of Multiple Award Schedule Contract: Lista International Corporation, Contract Number GS-00F-8377A		\$80,000
10/02/96	A60656	Postaward Audit of Multiple Award Schedule Contract: Russo Music Center, Contract Number GS-07F-6776A for the Interim Period May 12, 1993 Through June 30, 1996		
10/02/96	A61528	Postaward Audit of Multiple Award Schedule Contract: Life Fitness, Inc., Contract Number GS-07F-6059A		\$159,214
10/03/96	A61559	Preaward Audit of Multiple Award Schedule Contract: Steelcase, Inc., Solicitation Number 3FNS-B8-950001-B		
10/04/96	A50650	Postaward Audit of Multiple Award Schedule Contract: Lumex, Contract Number GS-00F-8329A		\$291,199
10/08/96	A61560	Preaward Audit of Multiple Award Schedule Contract: Steelcase, Inc., Solicitation Number 3FNS-95-G201-B		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
10/09/96	A61253	Limited Postaward Audit of Quantity Discounts: ABC School Supply, Incorporated, Contract Number GS-07F-4701A		\$20,463
10/11/96	A51831	Postaward Audit of Multiple Award Schedule Contract: Steelcase, Inc., Contract Number GS-00F-8629A for the Period November 4, 1991 Through September 30, 1994		\$1,172,287
10/15/96	A61813	Postaward Audit of Multiple Award Schedule Contract: Bend-Pak, Inc., Contract Number GS-07F-3076A for the Period July 1, 1990 Through June 30, 1994		\$179,751
10/17/96	A53617	Postaward Audit of Multiple Award Schedule Contract: Cantwell-Cleary Co., Inc., Contract Number GS-02F-6071A for the Interim Period March 31, 1992 Through October 31, 1994		\$50,038
10/22/96	A61861	Postaward Audit of Multiple Award Schedule Contract: Terex Corporation, dba Mark Industries, Contract Number GS-07F-5671A for the Period May 1, 1993 Through April 30, 1996		\$8,587
11/01/96	A21882	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-07065 for the Period November 14, 1988 Through September 30, 1991		\$5,721,544
11/01/96	A31851	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02598 for the Period August 26, 1988 Through March 31, 1991		\$1,728,816
11/01/96	A31865	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02046 for the Period December 4, 1987 Through September 30, 1990		\$801,506
11/04/96	A62506	Postaward Audit of Multiple Award Schedule Contract: Richard Young Products, Contract Number GS-02F-8832B for the Interim Period September 9, 1994 Through May 31, 1995		
11/06/96	A22154	Postaward Audit of Multiple Award Schedule Contract: Alamo Sales Corporation, Contract Number GS07F19337		\$150,000
11/06/96	A60344	Postaward Audit of Multiple Award Schedule Contract: S&S Worldwide, Contract Number GS-07F-4823A		\$343,533

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
11/06/96	A62511	Postaward Audit of Multiple Award Schedule Contract: Magnavox Electronic Systems Co., Contract Numbers GS-00K-93-AGS-0702 and GS-35F-1112D		
11/13/96	A51563	Postaward Audit of Multiple Award Schedule Contract: Onan Corporation, Contract Number GS-00F-0733F for the Period December 22, 1990 Through November 30, 1993		\$334,939
11/21/96	A50938	Postaward Audit of Multiple Award Schedule Contract: Protective Security, Inc., Contract Number GS-07F-3398A for the Period February 25, 1991 Through August 31, 1995		\$110,793
11/25/96	A62456	Postaward Audit of Multiple Award Schedule Contract: Aqua Serv Engineers, Inc., Contract Number GS-10F-7787A for the Interim Period March 16, 1992 Through February 29, 1996		\$1,198
11/26/96	A62146	Preaward Audit of Proposed Price Adjustments Requested Under the Economic Price Adjustment Clause: Monaco Enterprises, Inc., Contract Number GS-07F-7832C		
12/02/96	A40321	Postaward Audit of Multiple Award Schedule Contracts: Spectro Incorporated, Contract Number GS-00F-2362A; and Contract Number GS-00F-93732		\$418,414
12/03/96	A72422	Preaward Audit of a Claim for Increased Costs: KLN Steel Products Company, Contract Number GS-27F-40000		
12/10/96	A60629	Postaward Audit of Multiple Award Schedule Contract: Maxell Corporation of America, Contract Number GS-02F-8810B for the Interim Period October 26, 1993 Through April 30, 1996		\$197,056
12/11/96	A61250	Audit of Claims for Increased Costs: CARAM, Contract Numbers GS-04F-90-ETS-0451 and GS-04F-90-ETS-0466		
12/11/96	A63642	Postaward Audit of Multiple Award Schedule Contract: DLT Solutions, Inc., Contract Number GS00K94AGS5419		\$29,225
12/16/96	A50931	Postaward Audit of Multiple Award Schedule Contract: Techni-Tool, Incorporated, Contract Number GS-00F-0785A for the Interim Period June 1, 1993 Through December 31, 1995		\$10,621
12/26/96	A70614	Preaward Audit of Multiple Award Schedule Contract: Precision Manufacturing, Incorporated, Solicitation Number 3FNS-95-G201-B		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
12/31/96	A70613	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Johnson Camping, Inc., Contract Number GS-07F-6307A		\$5,110
01/10/97	A52159	Postaward Audit of Multiple Award Schedule Contract: Austin Computer Systems, Inc., Contract Number GS-00K-91-AGS-5201		\$84,228
01/10/97	A70911	Price Adjustments on Multiple Award Schedule Contract: Carolina Shoe Company, Contract Number GS-07F-8148B for the Interim Period May 1, 1994 Through October 31, 1996		
01/21/97	A70605	Postaward Audit of Multiple Award Schedule Contract: Princeton Gamma-Tech, Incorporated, Contract Number GS-24F-1263C for the Interim Period December 27, 1994 Through September 30, 1996		
01/23/97	A70611	Postaward Audit of Multiple Award Schedule Contract: Colenta America Corporation, Contract Number GS-25F-6157D for the Interim Period March 25, 1996 Through October 31, 1996		
01/23/97	A70906	Postaward Audit of Multiple Award Schedule Contract: Carolina Shoe Company, Contract Number GS-07F-8148B for the Interim Period May 1, 1994 Through November 21, 1996		\$9,189
01/23/97	A71208	Preaward Audit of Multiple Award Schedule Contract: New Hermes, Incorporated, Solicitation Number 7FXI-D7-96-3201-1		
01/23/97	A71817	Postaward Audit of Multiple Award Schedule Contract: Finishing Group, Inc., Contract Number GS-07F-5834A for the Interim Period October 1, 1993 Through September 30, 1996		
01/24/97	A62132	Postaward Audit of Multiple Award Schedule Contract: Frymaster Corporation, Contract Number GS-07F-6490A		\$62,887
01/24/97	A62136	Limited Postaward Audit of Multiple Award Schedule Contract Refund: Motorola, Incorporated, Contract Number GS00K93AGS0680		\$5,385,510
01/24/97	A62137	Postaward Audit of Multiple Award Schedule Contract: Frymaster Corporation, Contract Number GS-07F-18051		\$36,211
01/27/97	A60667	Postaward Audit of Multiple Award Schedule Contract: Card Technology Corporation, Contract Number GS-00F-7167A		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
01/29/97	A61857	Postaward Audit of Multiple Award Schedule Contract: Intoximeters, Inc., Contract Number GS-07F-6122A for the Period March 26, 1992 Through July 31, 1996		\$196,168
02/19/97	A61860	Postaward Audit of Multiple Award Schedule Contract: Clarke Industries, Inc., Contract Number GS-00F-5435A for the Period March 5, 1991 Through September 30, 1995		
02/21/97	A71510	Interim Period Postaward Audit of Multiple Award Schedule Contract: Fellowes Manufacturing Company, Contract Number GS-26F-00037		
02/26/97	A60949	Postaward Audit of Multiple Award Schedule Contract: Picker International, Inc., Health Care Products Division for the Period February 1, 1991 Through January 31, 1996, Contract Number GS-00F-4523A		\$25,501
03/17/97	A41807	Postaward Audit of Multiple Award Schedule Contracts: Krueger International, Inc., for the Period July 1, 1987 Through November 30, 1992		\$2,784,475
03/26/97	A72115	Postaward Audit of Multiple Award Schedule Contract: BMC Software, Inc., Contract Number GS00K93AGS5675 PS01		\$18,300
03/26/97	A72116	Postaward Audit of Multiple Award Schedule Contract: BMC Software, Inc., Contract Number GS00K93AGS5675		
ITS Contract Audit				
01/16/97	A73607	Preaward Audit of Sole Source Contract: Systems Assessment & Research, Inc., Solicitation Number GSC-TFGD-97-1002		
FTS Internal Audit				
12/02/96	A63019	Audit of the PAPCAP Price Adjustments		\$8,500,000
FTS Contract Audits				
10/03/96	A60666	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008		
12/17/96	A70606	Postaward Audit of Travel Costs: Centel Federal Systems Corporation, Contract Number GS-00K-89AHD0007		\$88,175
Other Internal Audits				
10/10/96	A62717	Limited Audit of the Office of Management Services and Human Resources' Fiscal Year 1996 FMFIA 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
10/10/96	A62718	Limited Audit of the Chief Financial Officer's Fiscal Year 1996 Section 4 Federal Managers' Financial Integrity Act Assurance Statement		
10/10/96	A63032	Limited Audit of the Federal Supply Service's Fiscal Year 1996 Federal Managers' Financial Integrity Act Section 2 Assurance Statement		
10/10/96	A63033	Limited Audit of the Information Technology Service's and Office of the Chief Information Officer's Fiscal Year 1996 FMFIA Section 2 Assurance Statements		
10/15/96	A62719	Limited Audit of the Chief Financial Officer's Fiscal Year 1996 Section 2 Federal Managers' Financial Integrity Act Assurance Statement		
10/15/96	A63036	Limited Audit of the Federal Telecommunications Service Fiscal Year 1996 FMFIA Section 2 Assurance Statement		
10/17/96	A63037	Limited Audit of the Public Buildings Service Fiscal Year 1996 FMFIA Section 2 Assurance Statement		
11/08/96	A62716	Consolidated Report of Fiscal Year 1996 FMFIA, Section 2 Assurance Statements		
12/02/96	A60944	Audit of GSA's General Management & Administrative (GM&A) Expenses		
12/10/96	A62128	Audit of Payment Processing Without Region 7 Finance Division Obtaining Receiving Reports		
12/16/96	A43006	President's Council on Integrity and Efficiency, Combined Report on the Federal Civilian Agencies' Aircraft Management Programs		
01/09/97	A62715	Audit of Time and Attendance Practices at the GSA Interagency Training Center		
01/28/97	A63023	Audit of the National Capital Region's Emergency Support Function		
02/04/97	A62714	Limited Audit of the Public Buildings Service's "Crime Rate in GSA Buildings Per 1,000 Employees" Performance Measure		
03/28/97	A61854	Audit of Controls Over GSA's Charge Card Programs		

Appendix III – Audit Reports Over 12 Months Old with Final Action Pending

Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), this appendix identifies those audit reports where final actions remain open 12 months after the report issuance date.

The GSA Office of Management Services and Human Resources, Office of Management Services, Administrative Policy and Information Management Division furnished the following information.

*Audits With Management Decisions Made After February 10, 1996
For Which No Final Action Has Been Completed*

Date of Report	Audit Number	Title
Contract Audits		
02/21/96	A60624	Preaward Audit of a Termination Settlement Proposal: ESC Polytech Consultants, Inc., Contract Number GS-07P-92-HUC-0067
02/21/96	A60631	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-089AHC0008
02/22/96	A63609	Audit of Claim for Increased Costs: R. Bratti Associates, Inc., a Subcontractor of the George Hyman Construction Company, Contract Number GS-11P92MKC0062
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
03/05/96	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	A41583	Postaward Audit of Multiple Award Schedule Contract; Boehringer Mannheim Diagnostics, Contract Number GS-00F-2325A
03/13/96	A60918	Preaward Audit of Multiple Award Schedule Contract: Development Dimensions International, Inc., Solicitation Number 2FYG-JI-94-0004-B
03/15/96	A60928	Preaward Advisory Report on Agreed Upon Procedures: Arinc Incorporated, Solicitation Number GSC-KEGD-95-1009
03/18/96	A60318	Report on Audit of Claim for Increased Costs: Maron Construction Co., Inc., Contract Number GS01P93BZC0003
03/19/96	A61224	Report on Audit of Proposal for Initial Pricing Under Solicitation No. GSC-KEGD-95-1009: Integrinautics Corporation, Palo Alto, California

Appendix III – Audit Reports Over 12 Months Old with Final Action Pending

Date of Report	Audit Number	Title
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	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	A61228	Report on Audit of Proposal for Initial Pricing Under Solicitation No. GSC-KEGD-95-1009: Racal Avionics, Ltd. London, England

Internal Audits

Date of Report	Audit Number	Title	Projected Final Action Date
03/12/96	A50906	Audit of the GSA Purchase of Telecommunications Services (POTS) Program	10/15/97
03/25/96	A53321	FSS' Stock Program Management Information Systems Need to be Improved to Provide More Accurate and Reliable Information	11/15/97
03/25/96	A51507	Audit of GSA's Value Engineering Program	04/15/97
03/27/96	A43005	Audit of GSA's Aircraft Management Program	11/15/97
03/27/96	A62424	Audit of Criminal History Background Checks for Child Care Center Employees	04/09/97
03/29/96	A42724	Audit of the General Services Administration's Verification of FTS2000 Billings	07/15/97
03/29/96	A42720	Audit of Accounting and Billing Controls Over the Public Buildings Service, National Capital Region's Reimbursable Work Authorizations	10/15/97

Appendix IV – Delinquent Debts

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

GSA Efforts to Improve Debt Collection

During the period October 1, 1996, through March 31, 1997, 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:

- Non-Federal claim collections for the PBS program thus far for FY 1997 is \$3.4 million. Administrative offset for the same program thus far is \$2,365. Write-offs for PBS thus far for FY 1997 are only \$13,518.
- GSA continues to participate in formal training and seminars which focus on programs or new developments in debt

collection. This is especially true of the recently enacted Debt Collection Improvement Act of 1996.

- GSA continues to work with debtors 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 prosecuting someone who cannot or will not otherwise pay a debt.
- GSA performs quarterly follow-ups with the PBS contracting offices concerning claims that are in dispute and delinquent Outlease and Concession accounts. Quarterly follow-ups are also performed with the Administrative Policy and Information Management Division for audit-related accounts. These offices are asked to help with the collection of the account or with resolution efforts.

Non-Federal Accounts Receivable

	As of October 1, 1996	As of March 31, 1997	Difference
Total Amounts Due GSA	\$19,822,017	\$24,267,826	\$4,445,809
Amount Delinquent	\$17,684,071	\$21,914,793	\$4,230,722
Total Amount Written Off as Uncollectible Between 10/1/96 and 3/31/97	\$19,824		

Of the total amounts due GSA and the amounts delinquent as of October 1, 1996 and March 31, 1997, approximately \$399,000 and \$631,000 respectively, are being disputed.

Appendix V – Reporting Requirements

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

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

Requirement	Page
Inspector General Act	
Section 4(a)(2)–Review of Legislation and Regulations.....	25
Section 5(a)(1)–Significant Problems, Abuses, and Deficiencies.....	2,11
Section 5(a)(2)–Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	2,11
Section 5(a)(3)–Prior Recommendations Not Yet Implemented	33
Section 5(a)(4)–Matters Referred to Prosecutive Authorities	29
Sections 5(a)(5) and 6(b)(2)–Summary of Instances Where Information Was Refused.....	None
Section 5(a)(6)–List of Audit Reports	36
Section 5(a)(7)–Summary of Each Particularly Significant Report.....	2,11
Section 5(a)(8)–Statistical Tables on Management Decisions on Questioned Costs.....	28
Section 5(a)(9)–Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	27
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.....	26
Delinquent Debts	51
National Defense Authorization Act	49

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