

Semiannual Report to the Congress

April 1, 1997 - September 30, 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 September 30, 1997.

The OIG continued to work closely with GSA management to find ways to increase the efficiency and effectiveness of the Agency's programs and operations and to identify and implement sound business management and operational improvements. We expanded our work to provide non-traditional audit and investigative, value-added services to Agency managers through enhanced consulting services, advisory reports, and continued active participation on Agency improvement task forces. The acceptance of our work in these non-traditional roles is evidenced by continuing management requests for consulting assistance and participation on various Agency task forces.

At the request of Agency management, we expanded our consulting services role and provided program managers with quick, up-front responses to specific management concerns. Our consulting services covered a range of GSA activities cutting across all GSA components. We also issued several advisory reports informing managers of opportunities for operational improvements.

We also increased our emphasis on conducting large scale, operational reviews of major GSA programs and operations. Our reports included recommendations for improvement in the accountability, performance measurement, training, and information sharing practices for the Federal Protective Service, and the administration and accountability of GSA's Fast Track Award program. We also made recommendations to improve inventory cost management and controls over the Personal Property Donation program. In addition, we made recommendations to improve GSA's program designed to quickly and efficiently procure off-the-shelf computer products and services. Also, four emerging issues and concerns are discussed this period.

During this reporting period, we identified almost \$55 million in financial recommendations on how funds could be put to better use and in other program savings. In addition, 192 referrals were made for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 16 successful prosecutions. The OIG also reviewed 268 legislative and regulatory matters and received 1,755 Hotline calls and letters. Savings achieved this period from management decisions on audit financial recommendations, civil settlements, and investigative recoveries totaled over \$65 million.

I want to take this opportunity to thank the GSA Administrator, GSA's senior managers, and the Congress for their support. I also want to commend the OIG's employees for their continued professionalism, dedication, and willingness to accept new challenges and to adapt to an ever-increasing demand for both traditional and non-traditional work products.

William R. Barton

WILLIAM R. BARTON
Inspector General

October 31, 1997

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Summary of OIG Performance

OIG Accomplishments

April 1, 1997 - September 30, 1997

Total financial recommendations \$55,267,993

These include:

- Recommendations that funds be put to better use \$45,727,157
- Questioned costs \$9,540,836

Audit reports issued 152

Referrals for criminal prosecution, civil litigation, and administrative action 192

Results Attained

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$65,006,746

Indictments and informations on criminal referrals 13

Cases accepted for criminal prosecution 8

Cases accepted for civil action 3

Successful criminal prosecutions 16

Civil settlements 5

Contractors suspended/debarred 33

Employee actions taken on administrative referrals involving GSA employees 17

Fiscal Year 1997 Results

During Fiscal Year (FY) 1997, OIG activities resulted in:

- Over \$121 million in recommendations that funds be put to better use and in questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayers.
- Management decisions to put funds of \$246.7 million to better use based on OIG recommendations.
- 312 audit reports that assisted management in making sound decisions regarding Agency operations.
- 9 implementation reviews that tracked the progress of actions in response to internal audit reports.
- \$43.4 million recovered as a result of management decisions to recover funds, civil settlements, court-ordered recoveries, and investigative recoveries.
- 318 new investigations opened and 305 cases closed.
- 22 case referrals (45 subjects) accepted for criminal prosecution and 7 case referrals (10 subjects) accepted for civil litigation.
- 31 criminal indictments/informations and 31 successful prosecutions on criminal matters referred.
- 14 civil settlements and 1 judgment.
- 27 referrals to other Federal agencies for further investigation.
- 22 employee actions taken on administrative referrals involving GSA employees.
- 31 contractor suspensions and 49 contractor debarments.
- 343 legislative matters and 58 regulations and directives reviewed.
- 3,914 Hotline calls and letters received of which 164 warranted further GSA action.

Executive Summary

During this period, we expanded our efforts to provide professional assistance through enhanced consulting services, advisory reports, active participation on Agency task forces, and the use of alert reports designed to quickly inform management of potentially serious deficiencies or other concerns prior to completion of all analytical work and formal report issuance. 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.

Consulting Services

At the request of Agency management, we expanded our consulting services role to cover a range of GSA activities cutting across all GSA components. We helped a Public Buildings Service (PBS) component develop a cost allocation system for protection billing rates (page 10); analyzed stock procurement practices and declining sales in a GSA commodity center (page 10); benchmarked private sector and other Government practices for replacing and utilizing light trucks (page 11); and helped research best management practices for managing information technology infrastructure, budget issues, and project initiatives (page 11). We also issued several advisory reports informing managers of opportunities for operational improvements.

We continued our participation on Agency task forces by providing advice on appropriate management controls. Agency management has requested our assistance in task forces looking at GSA's rent revenue forecasting system, in addition to looking at ways to better educate employees about effectively managing building assets (page 12), and to better manage emergency readiness initiatives (page 12).

We also issued two significant advisory evaluations. In our first advisory report we provided GSA contract managers with information on the most efficient ways to procure, use, and control wireless communication services (page 3). We concluded that GSA could achieve significant savings and better program management if it went from multiple vendors to a single vendor and if it developed multiple rate plans for different levels of use. The second report involved a review of GSA's Fleet Management System's "Cost Per Mile" performance measure (page 22). We reported that this performance measure was an acceptable measure for reporting performance under the Government Performance and Results Act because it did include all the various fleet operating cost components.

Program/Operational Reviews

The OIG also continued its efforts to conduct large-scale reviews of major programs and operations throughout GSA's various components. For example, in our review of security and law enforcement in Federal buildings, we reported that safety and protection of Federal employees and property is potentially being compromised because regional criminal investigation activities are operating autonomously, with no program accountability or measurable performance standards. Consequently, we made recommendations for improvements in the accountability, performance measurement, training, and information sharing practices for the Federal Protective Service (page 14). Other program reviews resulted in recommendations for improving the administration and accountability of GSA's Fast Track Award program (page 15); reducing inventory costs, improving quantity demand projections, and improving the overall management of more than 7,600 commonly used items in GSA inventories (page 21); and improving controls over the States' administration of the

Executive Summary

Personal Property Donation program (page 23). In addition, we made recommendations to improve the overall management of GSA's program designed to quickly and efficiently procure off-the-shelf computer products and services (page 4).

Our operational reviews reported that several GSA initiatives were largely successful in meeting their planned objectives. For example, GSA developed a pilot contract program to quickly meet the demand for skilled craftsmen such as electricians, carpenters, mechanics, and plumbers. We found that the pilot contract fulfilled its primary purpose of providing skilled workers to serve the needs of GSA's customers, projects were completed in a timely manner, the procurement system was operating efficiently, and Agency customers were pleased with the overall quality and timeliness of requested services (page 5). We also found that GSA's energy retrofit program for Federal buildings has exceeded its expectations in that energy use has been reduced by 20 percent and that the project is paying for itself (page 17). GSA is also taking appropriate action to help its customers reduce long distance telephone charges (page 19).

Procurement Integrity

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 \$6.7 million to resolve potential civil liability under the False Claims Act (page 2). These contractors provided a wide array of products and services such as office equipment and furniture, identification cards, and automated data processing (ADP) equipment. The violations included misrepresentation of commercial discount practices and violations of the Trade Agreements Act. In addition, our efforts resulted in the conviction of several GSA contractors involved with the theft of Government property, false certifications, and the fraudulent use of a Government credit card. However, our relationships with private industry are not always adversarial. A recent investigation conducted by the OIG in partnership with a major tool manufacturer disclosed a GSA employee stole over \$240,000 of the manufacturer's tools from a GSA distribution center and sold the tools on the "black market" for less than the production cost of the tool. Both the Government and the manufacturer were victims of this crime and worked jointly to protect the integrity of GSA's commercial item acquisition program and the manufacturer's product value (pages 8-9).

Summary of Results

The OIG made almost \$55 million in financial recommendations to better use Government funds, and in other program costs savings; made 192 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 268 legislative and regulatory actions; and received 1,755 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$65 million. See page v for a summary of this period's performance.

Executive Summary

Emerging Issues and Concerns

We continue our practice of highlighting emerging issues and matters of particular concern.

The primary ongoing issue involves GSA's previous disclosure that its forecast of rent revenue for 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. During this period, we reviewed the Agency's newly developed projection of an additional revenue gap for FY 1997 of \$78.6 million. Based on our review, we believed the projection was understated by \$28 million because it is based on overly optimistic assumptions of adjustments for bad debt expense and credit corrections. On July 2, 1997, the Agency did report the additional revenue gap to Congress as an adjustment of \$100 million. We considered this disclosure to be more consistent with our review and therefore reasonable. The Agency established a task force on revenue forecasting to examine the rent revenue forecasting process and requested our participation. In addition, the OIG, at the Agency's request, has joined with the Agency in a review of the accuracy of the data in the Agency's rent billing information system. We will continue to work with GSA in improving its rent billing system (page 24).

One new issue emerged this period that we believe warrants reporting here: concern for the proper application of management controls over program assets. We believe the current environment of reinventing Government, streamlining operations, declining staffs, shifting from a centralized to decentralized operations, and the increased emphasis on customer service, has heightened the importance of management adherence to the few remaining broad controls in place to protect Government assets. This is especially true in the procurement arena. In several ongoing reviews, we have identified problems stemming from a lack of proper controls or breakdowns in designed controls which could lead to fraud and waste in GSA's programs and operations. As a result, we plan to shift more audit resources to the review of management controls over the next year (page 27).

Two other previously reported matters remain of continuing concern: the curtailment of postaward audit authority and the elimination of pricing certifications in the Multiple Award Schedule (MAS) program (page 27), and issues relating to the Agency's authority to compromise debt (sale of the U.S. Custom House to the City of Boston) (page 28).

Customer Feedback

We are continuing with our efforts to obtain customer feedback from our internal customers. We provide a Customer Satisfaction Survey form for customer use with each of our internal products. The feedback received to date has been very positive and will be used to help us improve the quality and timeliness of our internal products (page 13).

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 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 Location

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 September 30, 1997, our on-board strength was 290 employees.

The OIG 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, and also 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 both on a preaward and postaward basis to ensure that the taxpayers' interests are protected.

Significant OIG Accomplishments

Over \$6.7 Million in Civil Recoveries

During this period, the Government entered into 5 settlement agreements in which companies agreed to pay over \$6.7 million to resolve their potential civil liabilities under the False Claims Act. These agreements, negotiated by representatives of the Department of Justice (DOJ) 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 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 these cases follow.

- A major office equipment company paid \$6,000,000 to resolve its potential False Claims Act liability for misrepresenting its commercial discounting practices to GSA during negotiations for its 1988 MAS contract. The case originated with a criminal investigation, which resulted in a plea of guilty to mail fraud in 1994 by a former official of the company.
- A company that sells office equipment to Federal customers under MAS contracts agreed to pay \$250,000 to settle the Government's claims that it violated the False Claims Act by providing products that did not meet the contract terms. The subcontractor that actually produced the items agreed to pay \$125,000 to resolve its potential liability for the same problem.
- A company that sells ADP furniture, storage, and transportation items in the MAS program paid \$202,899 to settle its potential False Claims Act liability for failing to disclose the full extent of its discounting practices to Government contract negotiators. In its complaint, the Government alleged that it would not have entered into the contract if it had known that the company was offering significantly better terms to its commercial customers.

Procurement Activities

- A company that supplies identification card accessories in the MAS program agreed to pay \$140,000 to settle the Government's claims under the civil False Claims Act. An OIG investigation had determined that the company had violated the Trade Agreements Act by falsely claiming that it had manufactured the accessories when, in fact, it had resold items made in non-designated countries.
- A company that supplied ADP furniture under a MAS contract agreed to settle the Government's claim that it violated the False Claims Act by misrepresenting the extent of its discounting practices.

Wireless Telephone Service

The growth of cellular and digital wireless telephone use has prompted interest in developing the most efficient ways to procure, use, and control wireless services. Industry publications predict that wireless service will soon replace a significant portion of traditional telephones. The GSA spends close to \$15 million each year on local telephone service. A significant portion of that amount could go wireless in a few years.

In 1996, GSA awarded a non-mandatory national contract with an estimated value of \$300 million to provide the Federal Government with wireless services and equipment. The contractor uses 54 wireless service providers to supply Federal users with nationwide wireless coverage. The contract provides flexibility for users to obtain additional emerging wireless services and equipment based upon agency requirements and public availability. Contract rates vary by service area and are to be continually adjusted throughout the life of the contract to reflect local market changes. The maximum term of the contract is 8 years with an initial 3-year period and five 1-year options.

During this period, we focused on evaluating the procurement and management of wireless telephone service in the Agency. Our review concluded that GSA could achieve significant savings and better program management if it were to use only one vendor for its wireless needs. Currently, individual Agency offices purchase wireless service on the open market, frequently using more than one vendor. This method of ordering is time-consuming, can result in unfavorable rate plans (plans that do not correspond to actual usage), requires processing of vendor billings by individual offices, and does not provide a means for monitoring overall usage of wireless phones. Use of a single vendor would achieve substantial efficiencies in the procurement, use, and management of wireless services.

The national contract already provides many benefits, including nationwide coverage; a single point of contact for ordering, billing, and answering questions; and a 48-hour turnaround upon receipt of orders. In addition, we found contract rates to be highly competitive in many major metropolitan areas. Despite the advantages, Governmentwide use has been delayed in many cases, partly because many users may be locked into existing extended service agreements with local vendors, while others have diverse needs.

The Agency's national wireless contract currently contains only one rate plan per service area, generally based on 75 free minutes of airtime per month. In the major

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wireless markets, the industry offers different rate plans based on different levels of usage. We believe that multiple rate plans are necessary for the contract to meet the needs of GSA and other Federal customers in a cost-competitive manner.

We also noted that current contract-based pricing restrictions could discourage a vendor from offering Federal customers its most competitive rates. The vendor is not able to target specific Federal users in a particular service area for discounted rates without being bound to offer all other Federal customers in the same service area equivalent rates. We believe the Government would benefit from removal of across-the-board pricing restrictions within the same service area.

The September 24, 1997 report is advisory in nature and does not contain formal recommendations. However, subsequent to our discussions of contract enhancements with GSA and the contractor representatives, and in recognizing the need to improve the viability of the contract, GSA initiated a contract modification to allow more pricing flexibility.

Federal Acquisition Services for Technology Program

The Federal Acquisition Services for Technology (FAST) program was established in July 1996 to procure commercial off-the-shelf computer products and services in a quick and efficient manner for customer agencies. FAST was developed to replace a local program that the OIG had reported as not in accordance with Federal Acquisition Regulation and Small Business Administration requirements. FAST operates through a national program office and 11 regional offices. During the first 9 months of FY 1997, the FAST program generated revenues of \$311.8 million. Its operations are funded through customer fees.

Our review noted that the FAST program needs to operate more effectively and to process orders in a more timely manner. It is projected to have a loss of almost \$3 million this fiscal year. In addition, the OIG report noted several program areas that can be improved:

- The FAST program has a regional focus, which has led to the regional FAST offices competing against each other as well as other Federal telecommunication services programs, instead of competing with other Federal agencies' computer technology programs.
- Regional FAST offices had not established adequate surcharge rates to recover costs and the program's revenues have been substantially overestimated.
- Not all offices have sufficient staffs to carry out the mission and provide good customer relations.
- The marketing program for the FAST program can be better organized.
- The program needs to comply with the Prompt Payment Act because the offices often prepare receiving reports late. This caused the Government to incur interest of over \$53,000 in the first half of FY 1997. Also, the procurement process is not automated in most offices.

Procurement Activities

Management has recently made some changes designed to reduce internal competition, increase the surcharge rates, and automate procurement processes. However, additional measures are needed to more effectively compete with several other Federal programs.

Our September 24, 1997 report recommended that the Commissioner, Federal Telecommunications Service:

- Develop and implement a business plan, covering operations and marketing, for the national FAST program.
- Develop and implement standard procedures for the processing of FAST program transactions.

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

Commercial Skilled Craft Manpower Services

In response to decreasing staff and restrictions on hiring, officials in one region created a pilot contract to restore the capacity to deliver services to Agency customers. The contract for skilled craft manpower services was awarded in November 1994. Under this contract, the region is able to obtain skilled craft persons including electricians, carpenters, mechanics, and plumbers as the need arises by issuing manpower task orders. The contract is also a vehicle for subcontracting repair work through the contractor. When a repair is beyond the contractor's responsibility under the manpower provisions of the contract, GSA may elect to use the contractor to solicit bids and award a contract to an outside vendor.

Agency management in that region asked the OIG to assist by reviewing the pilot project. The region will then decide whether to expand this type of contract into other property management centers.

Our review focused on evaluating whether:

- The contract is being used in the manner intended;
- The manpower contractor's performance has been satisfactory;
- The contracting officer has reasonable assurance that GSA is receiving the goods and services for which GSA is being invoiced under the contract; and
- The contract costs can be lowered.

This contract is a flexible tool for managing skilled craft manpower provided by a commercial company. It is fulfilling its primary purpose of providing skilled workers to assist GSA in serving the needs of its customers. By issuing task orders to the contractor, the regional manager can quickly change the size of the skilled craft work force or the skills mix in response to changes in personnel levels, budget restrictions, or Agency demands for services.

Procurement Activities

Our review found that repair projects were completed in a timely manner through an efficient procurement system set by the contract. Agency tenants generally rated the contractor good to excellent in responding to service calls; and GSA was satisfied with contractor performance, skill level, and productivity. Inefficiency was noted with the time required to oversee the contract.

We pointed out opportunities for reducing costs in this or future contracts, and provided additional suggestions offered by the private sector on strategies for pooling skilled craft resources to provide services for an expanded building inventory.

Our September 29, 1997 report did not contain formal recommendations. We have provided observations and suggestions, where appropriate.

Decentralized Contracting Functions

Property Management Centers (PMC) are responsible for the overall operations of GSA-managed and Government-owned buildings. In order to provide better, faster, and smarter service to the customer agencies, the contracting function has been delegated to the PMC level. Since the regional offices have been unable to keep up with the loss of personnel, procurement authority has been delegated to those with backgrounds that do not include contracting experience.

In addition, the Clinger-Cohen Act of 1996, which was enacted into law on February 10, 1996, requires the establishment of qualification prerequisites, including education, training, and experience, for both entry-level and senior positions in the General Schedule contracting series. GSA is in the process of implementing the requirements of the Act.

This period we reviewed a region's decentralization of contracting functions within the PMCs. Our primary emphasis was to determine if contracting officers and contract specialists had adequate training, education, and experience to perform their duties, and if procurement controls were in place to ensure reasonable prices and contracting terms.

The review found that while the PMC contracting officials are qualified to negotiate and award contracts, and that they were obtaining reasonable prices and contract terms, more could be done to protect the Government's interests. Contracting officials should be given added training in awarding contracts. In addition, improvements should be made in controls over materials or services ordered and received to ensure that the items are used as authorized, and that contract modifications are in the best interest of the Government. Finally, enforcement of controls already in place over the use of credit cards will prevent the misuse of funds.

Our September 29, 1997 report to the Assistant Regional Administrator recommended that:

- Contract officials receive adequate training to keep their expertise current with recent changes, trends, and significant issues in procurements.
- PMCs ensure that only authorized officials procure supplies and services; all materials and services procured through the PMC are verified and documented, and controls over contract modifications are strengthened.

Procurement Activities

GSA management began actions to improve the training of contracting officials before our review was completed. The report is still in the resolution process.

Construction Contracts

GSA is responsible for construction, repair, and alteration of Federal buildings. The construction contracts specify quality, quantity, and the delivery location and date(s) of the work to be provided. This period, the OIG completed two reviews in the construction contracting area.

Term Contracts

The GSA awards indefinite quantity contracts that facilitate the procurement process for acquiring repair and alteration services at agreed-upon prices for stated units of labor and material. Although the term contracts were being awarded quickly and efficiently, user GSA field offices were not effective in ensuring that contractors delivered the services on the dates agreed to. The primary reason was that delivery dates were not amended when necessary, and inspections were not scheduled to be performed when the work was to be completed.

The review in one region identified problems with the accuracy of pricing delivery orders and with the ordering process that may have resulted in overpayments for the required services. Our review noted that GSA ordering offices need to improve the clarity of the scope of work to ensure that the Government gets the services that it pays for, prepare adequate price support for any work that is ordered from the term contractors, and comply with verifying wages required by labor laws.

Our June 24, 1997 report to the Regional Administrator recommended actions to improve the procurement and administrative processes. The Regional Administrator concurred with the recommendations in the report. The audit is still in the resolution process.

Contract Administration

Construction contracts usually contain a liquidated damages clause that sets a value for late delivery or performance when the estimate of loss is uncertain or would be difficult to prove. Damages should be set at a level which provides an incentive for on-time delivery of work, yet which does not constitute a penalty which the courts would be hesitant to enforce.

An OIG review found that the liquidated damages rates in current contracts were based on outdated tables, some dating back to 1981. Discussions with other Federal, State, and local Government organizations engaged in the construction industry indicate their use of either current tables or case-by-case damage rates. Although use of tables is administratively convenient, it may not be appropriate in all situations.

Our July 10, 1997 report recommended that the Regional Administrator establish a uniform policy for development of rates of liquidated damages that

Procurement Activities

are reasonable, supportable, and current. The Regional Administrator agreed with the recommendation in the report. The audit is still in the resolution process.

Theft of Government Property

On September 16, 1997, a GSA employee pled guilty in U.S. District Court to theft of Government property. He was arrested by OIG agents and released on a \$25,000 bond. Sentencing is set for November 1997.

This investigation was predicated upon information brought to the OIG by a major tool manufacturer that products they supplied to GSA were surfacing on the "black market" at prices below the manufacturer's production cost for the tool. The manufacturer was concerned that the value of their product would be adversely affected by this activity, and the OIG was equally concerned that Government property was being diverted from GSA's commercial item acquisition program. The OIG and the manufacturer partnered in the ensuing investigation that identified a GSA distribution center warehouse which stored bulk quantities of the manufacturer's tool products for resale to Government agencies. The investigation ultimately determined that a GSA employee had systematically stolen over \$240,000 of these tool products from the warehouse inventory. In addition to large quantities of tools recovered and returned to Government inventories, the source of "black market" compromise of the manufacturer's product value was eliminated. Additionally, investigative results and the findings of an ongoing OIG audit are being provided to GSA for improvement of theft prevention and inventory controls at the Agency's distribution centers.

Previously, on June 3, 1997, two other GSA employees also pled guilty in U.S. District Court for theft of Government property from the GSA distribution center. Sentencing of these two employees is set for October 1997.

Program Fraud Civil Remedies Act

On May 22, 1997, an athletic and recreational equipment supplier agreed in a settlement to pay the Government \$6,000 under the Program Fraud Civil Remedies Act. Under the 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.

The OIG initiated actions under the Act after a GSA contracting officer reported that the supplier shipped basketballs labeled "made in Korea" to another Government agency. Under the contract terms, the supplier was required to certify that the products being provided were "domestic end products" as defined in the Trade Agreements Act. The investigation disclosed that the supplier sold sporting equipment imported from Taiwan and Korea to the Government in violation of the Trade Agreements Act.

Procurement Activities

Fraud Conviction

On April 18, 1997, an Army recruiter was sentenced to probation for a period of 2 years and agreed to make restitution to GSA in the amount of \$1,960 after pleading guilty in U.S. District Court for fraudulent use of Government gasoline credit cards.

The OIG investigation determined that the recruiter had conspired with the gasoline station attendants to inflate the amount of gasoline purchased with the Government credit card. Since the dollar amount of the sale was inflated, the recruiter and the attendants split the difference.

The scheme was detected through a proactive database review which initially disclosed many instances during the period June 1994 to March 1995 wherein the gasoline tank of a Government vehicle assigned to the recruiter was filled in excess of its 16-gallon capacity.

A report of investigation was forwarded to the Department of the Army for administrative action it deems appropriate.

Conflict of Interest

On April 24, 1997, as a result of an OIG investigation, a GSA buildings manager was suspended for 12 days, required to cease all outside employment, assigned to a different job position, and had his contracting warrant cancelled for conflict of interest.

This investigation was initiated when another GSA employee alleged that a GSA building manager might be using GSA contractors in his non-Government, personal outside business activities. The investigation disclosed that the GSA buildings manager was engaged in an unauthorized outside employment venture as a general contractor building private residences. Additionally, we determined the buildings manager engaged the services of an electrical contractor simultaneously in both his private business enterprises and in his official capacity as a GSA buildings manager for GSA repair and alteration contracts.

Partnering with GSA Management

New Value-Added Assistance Services

This period the OIG continued its expanded efforts to provide value-added professional assistance to GSA through decision-enhancing consulting services, management alert reports, and participating on Agency improvement task forces. As with our other services, these expanded 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 timely information sought by managers for improving decision-making, program outputs, and mission accomplishment. In addition, managers requesting assistance receive a faster response because innovative methods are being used to quickly develop data and deliver results. 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, up-front responses to specific program concerns. Because consulting services are initiated by management and not by the OIG, requesting officials are able both to 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:

- **Development of Cost Allocation Systems** - A regional PBS manager asked the OIG to assist the Federal Protective Service in developing a cost allocation system aimed at generating a per-square-footage protection billable rate that could be used to charge Federal agencies occupying Government-owned and Government-leased space. Our product addressed the costs for guard service contracts and control centers, and a system for allocating these costs to Federally-occupied buildings that receive protection service. By applying sophisticated cost-accounting methodologies, the OIG was able to propose improved allocation strategies that could result in more equitable distribution of the GSA protection costs.
- **Analyses of Stock Procurement and Declining Sales** - Federal Supply Service (FSS) officials for a commodity center asked the OIG to assess two separate issues concerning stock items. The first project examined the factors for not awarding term contracts, and then assessed the cost of items purchased for warehouse stock from small-purchase sources and not from those unsuccessful term contracts. By analyses of specific stock items that were not awarded contracts, the OIG was able to assure Agency management that contracting officers' decision not to award contracts due to price unreasonableness was appropriate and less costly to customers than stock purchases under small-purchase procedures. The second project responded to management's concern about declining sales for specific, large sales volume, stock items. By applying analytical techniques, the OIG was able to provide Agency management statistical data of major customers' purchasing patterns and identify factors contributing to the sales decline of the stock items.

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- **Replacement Standards of Light Trucks** - The OIG was asked to assess the replacement cycle for light trucks and the impact of alternate replacement criteria. Using the Agency's fleet database system, the net present value was developed based on the overall average miles and age of the trucks. Expenses and revenues were evaluated to assess the point at which losses would be incurred. Benchmarking techniques were used, in that private-sector firms with sizable fleets of light trucks were contacted, as well as State governments, to compare their replacement standards with the Agency's fleet standards. We were able to provide Agency management with information regarding the most economical replacement cycle, and considerations for optimizing light truck usage before the replacement cycle.
- **Cost Review of a Coast Guard Facility** - After the Coast Guard abandoned a facility serviced under a pipeline and utility services contract, it appointed GSA to negotiate an equitable settlement on the contract because the services were no longer necessary. Regional officials asked the OIG to assess the cost of work performed under the contract in order to evaluate options available with the disposition of the contract. Cost analyses were made on the financial data submitted by the contractor, including their economic analysis that was prepared prior to entering into the contract and settlement proposal. The OIG provided estimates of the contractor's capital investment and return on equity, and also provided information on the potential cost liability.
- **Information Technology Initiatives** - A Federal Telecommunications Service manager asked the OIG to assist in researching best management practices taking place in the Federal Government and private corporations for managing information technology (IT) infrastructure, budget issues, and project initiatives. By conducting interviews with several Federal agencies and industry representatives and researching Internet sites, both Federal and private-sector, the OIG focused on the decisional philosophy of a centralized versus a decentralized IT organization, addressing issues of duplication, redundancy of efforts, and underutilized economies of scale. We provided Agency management with the research results from both Federal and private-sector viewpoints addressing global infrastructure, decision-making and funding, interface issues, Internet and Intranet initiatives, outsourcing experiences, and the total cost of ownership.

Task Force Participation. These efforts involve assigning OIG representatives to work with GSA team members, and furnishing proactive advice and counsel to Agency task forces. By participating as a task force member, we 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.

By working directly with the Agency on task forces we not only contribute our expertise and advice, we stay abreast 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

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subsequent audits of the same subject areas. Some of the ongoing areas in which the OIG is involved include:

- **Continuity of Operations Plan** - The Regional Administrator, National Capital Region, asked the OIG to participate in the region's Continuity of Operations Plan (COOP) after an audit report disclosed that the COOP was not included in its Emergency Support program. GSA needed to develop a COOP that would support its emergency readiness initiatives. The OIG participated in the training that developed the region's COOP. The OIG also participated on the planning team that provided training to all levels of regional management and developed a draft plan to meet the Agency's deadline. The task force is expected to continue the planning process and the OIG will continue its participation in FY 1998.
- **PBS Portfolio Management Profit and Loss Statements** - A regional manager asked the OIG to participate in a task force to better educate their employees about current profit and loss (P&L) conditions essential for critical decision-making and effective management of building assets. The OIG assisted in developing a series of basic reports for each building within its area of responsibility that presented data affecting the region's profitability. At the request of the regional manager, the OIG will continue to provide support, as necessary, on updating the monthly P&L reports.

Alert Reports. These OIG efforts are designed to inform management, prior to the completion of all analytical work and the issuance of the final audit report, of audit concerns or potentially serious deficiencies needing immediate management attention. By this process, we can provide information to the Agency officials in a more timely manner, affording them an opportunity to take appropriate action. Alert reports concluded for this period include:

- **Real Estate Tax Assessments** - The OIG completed two audits in this area. In both instances, the lessors received a decrease in real estate taxes and a tax credit but these were not passed on to the Government. The OIG's analyses of tax payments, credit records histories, and lease file documentation determined that the Government was entitled to a refund of over \$1.5 million. Alert reports were issued so that Agency management could determine whether to recover the funds before the leases were terminated.

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.

Partnering with GSA Management

Customer Feedback Received on Internal Audit Products

We are continuing our efforts to obtain feedback from our internal customers, as was mentioned in the prior Semiannual Report to the Congress. We completed our development of Customer Satisfaction Surveys for each of our four types of internal reviews: advisory, programmatic, oversight/preventive/regulatory, and consulting services. A Customer Satisfaction Survey form is transmitted to our customers along with each final internal audit report, and is used to solicit feedback from our customers on how well we accomplished our job.

The following examples are comments received from GSA management officials. We are pleased they reflect progress being made by the OIG to meet customer needs:

“Great job!!”

“The team was competent, professional and their product report was very helpful in streamlining the organization & making better use of personnel.”

“This review was a model for future Management Assistance Reviews.”

“The Audit Operations Staff was very professional and presented their findings in a timely manner. It was a good effort on their part and provided us with valuable information on the status of our leasing program.”

“Entire Audits Staff very helpful & cooperative & supportive.”

The OIG believes that timely and quality service to our customers is extremely important, both in audit services to business line program managers and the Agency procurement cadre. We will use our feedback system to provide a quality control check on our services. While we have been encouraged that our office continues to receive very positive feedback from our customers on the quality of our contract audit reports and the level of contract audit services provided, the OIG is striving to improve upon its progress.

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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

Federal Protective Service Investigation Office

The Federal Protective Service (FPS) criminal investigators are a non-uniform special police force empowered to carry firearms and make arrests while enforcing Federal laws and building rules and regulations on GSA-controlled property. Criminal investigators are tasked to conduct investigations of crimes, such as burglaries, larcenies, and threats or complaints. Other duties include testifying before grand juries and courts; intelligence gathering; participating on task forces; and serving on protection details during sensitive events such as the Olympics, political conventions, Presidential Inaugurations, and terrorist trials.

In the aftermath of the bombing of the Federal building in Oklahoma City, the Department of Justice (DOJ) reported that a higher responsibility was placed on FPS for security and law enforcement in Federal facilities. The heightened sensitivity of the Agency's security mission prompted us to review this program activity.

We found that the safety and protection of Federal employees and property is potentially being compromised because regional criminal investigation activities are operating autonomously, with no program accountability or measurable performance standards.

Our review noted that in one region the FPS criminal investigation unit was well managed, highly motivated, and was an office that placed great emphasis on customer feedback and intelligence networking. Accordingly, the OIG used this region as the review benchmark, supplemented with "best practices" followed in other regions. In most regions, however, the criminal investigators operate in a fragmented organization with imbalanced staffing resources, disparate lines of authority, and inconsistent approaches from region to region. We noted:

- Regional investigator staffing levels differ widely and range from 2 to 17.
- Coverage of Federal buildings per investigator range from 42 buildings to as many as 642.
- Some regions locate criminal investigators in one group under one leader, while other regions disperse investigators throughout different segments of the organization.

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- Some investigators report to experienced lead investigators, and others report to various non-investigative personnel.

The program lacks an effective and useful law-enforcement management information system. The existing system is not compatible with the Federal Bureau of Investigation reporting requirements, does not provide useful management information, and does not capture information about the Criminal Investigation program. While several regions have independently developed tracking systems, FPS efforts are underway to acquire a new integrated system.

Also, the Criminal Investigation program needs to have a centralized system to help identify training needs. Although some regions have provided specialized training courses to investigators beyond the initial, basic Federal law enforcement training instruction, others have not. Consistency in training requirements should be achieved; however, without any comprehensive training record system, and no formal means for sharing course information, this would prove difficult.

Finally, the Intelligence Sharing program lacks sufficient coordination. Although FPS has established the program in response to a DOJ report which stressed the importance of collecting and disseminating security-related intelligence in a timely and cooperative manner, the program does not yet operate as a fully functional, coordinated effort. It is critical for the FPS Intelligence Sharing program to distribute information not only internally within its own component offices, but to be able to link up with and communicate within the law enforcement community.

Our July 11, 1997 report recommended that the Assistant Commissioner, Office of Federal Protective Service:

- Establish measurable performance standards, emphasizing threat deterrent efforts and customer satisfaction.
- Improve program accountability by establishing a Special Agent-in-Charge position in each region and reassessing the inconsistent placement of criminal investigators within differing regional organizational structures.
- Issue clear direction regarding the authority limits covering FPS criminal investigations.
- Establish a centralized training system and strengthen the coordination of the Intelligence Sharing program.
- Consider adopting the benchmarked best practices on a national basis.

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

Fast Track Awards Program

The Fast Track Awards program was established in 1987 to provide prompt recognition of relatively small achievements that might not be recognized under normal incentive award procedures. Initially, fast tracks were small cash awards given to employees to recognize nonrecurring achievements that required extra effort

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within or outside the employees' normal job responsibilities. The maximum annual value of awards to an employee was \$300.

Recently, GSA implemented a new Performance Management System that does not provide for monetary awards at the time of employees' annual evaluation; rather, managers are encouraged to use fast track awards throughout the performance period to recognize employee contributions. Accordingly, the definition of fast track awards was expanded to cover both outstanding nonrecurring efforts and periods of sustained exceptional performance. Further, the net dollar value for a single award was increased to a maximum of \$2,500, and the annual limit was removed.

For the 12-month period immediately preceding the new Performance Management System, managers granted over 7,500 fast track awards totaling \$1.9 million. In the subsequent 12-month period, managers granted in excess of 21,500 fast track awards totaling over \$11 million.

Because of the significant increase in the number and value of fast track awards, the OIG initiated an evaluation to determine if the program has adequate controls. The review assessed the program controls for proper and timely authorizations for awards, sufficient documentation, separations in key responsibilities for processing award transactions, oversight monitoring of awards, and achieving expected program outcomes.

Our report concluded that although the processing of individual award transactions is adequately controlled, recommended awards should be reviewed more critically as to the nature of employee accomplishments being recognized by the Fast Track Awards program. In addition, officials need enhanced award information to properly evaluate the program's outcomes. Approving officials did not have routine access to the award information in the Fast Track Awards, Payroll, or Personnel systems, and therefore relied on manual cuff records to monitor fast track awards.

The report pointed out that program data was available through the GSA Intranet and in the regional personnel offices that summarized the fast track awards granted to each employee since March 1996. Properly used, this information is sufficient for the managers to monitor fast track awards. The Agency can use the same data to monitor the Fast Track program from a regional, service/staff office, and national perspective.

Given the significant increase in fast track awards and the program's goal of having awards granted throughout the year as accomplishments occur, our review noted that management should implement controls that would identify situations where individual approving officials request large amounts of awards within a defined time period and require that a higher level official concur with the awards before they are granted.

The September 18, 1997 report recommended that the Associate Administrator, Office of Management Services and Human Resources consider setting controls to ensure that fast track awards are granted for employee accomplishments that meet the intent of the Fast Track Awards program.

Agency management generally agreed with the recommendation. The audit is still in the resolution process.

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Energy Retrofit for Federal Buildings

One GSA region has pioneered the use of the Utility Incentive program and piloted the Agency's first completed project at a Federal building. Several other projects are being planned or considered. In response to a request from management, we reviewed this region's use of the program to accomplish energy retrofit projects for Federal buildings in order to achieve energy savings. Under this program, a utility company may finance an entire project and be paid for their services through a fixed monthly loan payment charge on the agency's utility bill. Projects are to be designed so the monthly payments are offset by the energy savings achieved. The program is a three-phase process consisting of a feasibility study, design and engineering, and implementation. A project will only be implemented if the payback period is less than 10 years.

The pilot project used proven technology, and energy savings have exceeded expectations. Energy usage has been reduced by approximately 20 percent and the project is more than paying for itself. The agreement with the utility company calls for payments by GSA to be included on the monthly utility bills and to be calculated to recover the actual direct cost of providing the service, including a Public Utility Commission authorized rate of return. GSA is actively monitoring monthly energy usage reports. Savings under the project have averaged over \$50,000 a month, while the payment to the utility for this energy retrofit measure is approximately \$48,700 per month.

Our June 12, 1997 report concluded that the region is using the Utility Incentive program to meet its energy conservation goals in a prudent manner and in the best interest of the Government. Our review of the completed energy retrofit project showed that the monthly energy savings being achieved will adequately cover the cost of the incentive program service, and that due care is being taken to minimize the risks to the Government under this program.

The report did not contain any formal recommendations.

Information Systems and Technology

A Newly Formed Audit Unit

During this period, the OIG established an Information Technology Audit Office recognizing the ever-increasing role computer systems and automated data technologies play in the Government business and work environment. This office will serve to more effectively respond to the mounting tasks placed upon the OIG to review the GSA service programs, most which are critically dependent on major, complex computer systems and many of which are integrated with other supporting systems. Also, this office will be providing any necessary technical support to the other field audit offices. Furthermore, the current trends continue to promote Governmentwide business like operations, encouraging forms of decentralized program offices linked by high-efficiency communications and data transmissions networking. Information processing controls and security over systems are becoming more diverse and technologically challenging to the OIG.

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Identifying GSA's Information Systems

As one of its first major undertakings, this newly established audit office completed a survey of the automated information systems within GSA. This survey represented a significant effort on our part to not only identify the existing systems, but also assess what functions the systems perform in relation to the Agency's mission, and what potential risks may exist in the systems. We defined major systems as those that are critical to accomplishing GSA's mission, vital to controlling the Agency's assets, or process large numbers of transactions or dollar volume. Our survey report provides valuable information and insight for use in the OIG planning for future audits in the information technology arena.

GSA uses 87 major systems to support virtually all Agency functions. In addition, many offices have developed numerous smaller systems to help meet individual needs, perform administrative functions, and interface with the major systems. Many of the major systems are older and incorporate inefficient technologies compared to today's advanced systems. Modification and maintenance of these old systems has become more complex and costly. While GSA recognizes that many of these older systems need to be replaced, it faces significant technical challenges in trying to complete system development within reasonable cost and time frames and to provide necessary capabilities to meet user needs. There is some concern that cost-benefit studies and security risk assessments may not be adequately performed in the rush to bring new systems on-line before the year 2000.

In today's technical environment, system security features are needed to protect against unauthorized access, restrict access by users and systems personnel to only that data and those functions necessary to perform their specified job duties, and guard against accidental deletion or modification of data. Security for many GSA systems may not be adequate, and risk assessments may be outdated or not fully developed.

A number of smaller systems do not have specific back-up plans and recovery procedures but rely on the vendor's software or hardware backup procedures. Most of GSA's larger systems have their own plans and procedures. However, these plans and procedures need to be periodically tested to ensure that they are sufficient. While failure of a smaller system might cause the loss of a few hours of an individual's work, GSA risks severe impact from disruption involving a large, critical system.

Information Technology Fund Management

The OIG reviewed a regional finance division's practices in managing GSA's Information Technology (IT) Fund accounts receivable activities, and concluded that the responsible IT Fund collections unit actively pursues delinquent accounts receivable in an effort to prevent or minimize cash flow concerns. Furthermore, collections personnel generally write off small, insignificant amounts in a timely manner.

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Overall, the collection effort was successful because the total write-off was very small in relation to the total receivables. For FY 1996, delinquent receivables averaged \$26.5 million per month and accounted for 32.7 percent of monthly average billed receivables. At year-end, accounts receivable personnel wrote off \$175,898, or less than one percent (.0055%) of the average monthly delinquent receivables. However, the process is not entirely efficient because of the extraordinary amount of time and effort used to collect Department of Defense (DOD) delinquent receivables.

DOD has a long history of being GSA's largest delinquent customer. During FY 1996 and the first three months of FY 1997, DOD's average monthly delinquency rate varied from 75 to 97 percent of the total IT fund delinquency balance. Thus, technicians expend considerable time and effort working with DOD payment personnel collecting numerous delinquent amounts.

Since GSA finance managers were already working with DOD finance officials to find solutions to lessen or eliminate delinquent payments, our April 30, 1997 report made no recommendations.

Long Distance Telephone Service Costs

Federal agencies have an opportunity to reduce the cost of local telephone company charges for connecting to the FTS2000 long distance network by as much as \$10 million a year. Our review explored the role the GSA has in reducing long distance access costs incurred by Federal agencies using the FTS2000 long distance network. Upon completing our initial survey, we concluded that the Agency has taken appropriate action to help its customers optimize and consolidate access arrangements to reduce long distance charges. GSA has chosen to adopt a network analysis model already developed by the U.S. Department of Agriculture, and is acting to train regional telecommunications specialists to assist customer agencies in lowering their long distance costs.

Since Agency management has these actions underway, we have deferred additional audit work while GSA management proceeds with its proposed action plan. Accordingly, our May 7, 1997 report did not contain any formal recommendations.

Regional Reinvention Lab

One GSA region was designated a reinvention lab in 1993, and granted the authority to suspend or deviate from nonstatutory policies and procedures, if that was in the best interests of the Government. The reinvention lab sought to be a creative, professional, and productive team empowered to modify work processes, try new ideas, and encourage innovation, with the ultimate goal of providing the best possible service to clients.

The region reorganized operations into eight business lines, including four geographically-oriented service centers, which provide required services to their clients. In the reorganization, the separate contracting division was eliminated, with the contracting personnel and functions incorporated into the business lines that required contracting services. Contracting officers were to participate with the technical program personnel as members of project teams to plan how best to complete each project within the context of performing in a more streamlined manner without violating laws and regulations, thereby achieving better customer service.

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The OIG reviewed the regional reinvention lab to determine if GSA had reasonable management controls built into the reinvention processes to assure the integrity of the contract function while accomplishing program goals in a streamlined environment. The evaluation determined that management controls over the contracting activities associated with the reinvented work processes were generally adequate. Some project team members, however, circumvented established management controls over contracting procedures and project teams did not always function as well as originally envisioned. Contract actions required post approvals and contracting officer representatives (CORs) exceeded their authority by altering scopes of work and not following established funds control procedures. This increased the risk of unlawful contract actions, claims, misuse of resources, increased operating costs, and had a negative effect on morale.

In addition, solicitations containing inadequate, incomplete, or ambiguous specifications resulted in protests and the need to rewrite and reissue solicitations that generated the expenditure of added effort. Some supervisors need to ensure that contracting and technical personnel are included in planning and executing projects, and that lines of authority are clearly established and maintained, to provide necessary separation of duties.

We noted that where management was supportive of early involvement of contracting personnel in the project planning process, we saw fewer problems and a more cooperative atmosphere between project and contracting personnel.

The September 16, 1997 report to the Regional Administrator recommended that:

- The entire project team, including contracting personnel, be involved in the planning to assure both that the integrity of the contracting process is maintained and program requirements are met.
- When levels of authority are exceeded, the circumstances are reviewed, and appropriate consequences are affected.
- Levels of authority are clearly established, including the dollar level of modifications, which CORs may negotiate, for all contract types.

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

Administration of Real Estate Taxes

The GSA's leases contain a tax adjustment clause that allows lessors to pass on a share of cost increases when real estate taxes rise. Conversely, when lessors receive tax credits, rebates, or reduced taxes, the Government is to receive its share of these benefits. Our review of real estate tax administration disclosed that GSA is not receiving the benefits of reductions in real estate taxes paid by lessors to local government taxing authorities. Until recently, real estate taxes tended to increase each year and rental costs were appropriately adjusted to reflect the higher costs. However, current trends and conditions are resulting in lessor challenges to tax assessments and ultimately the lowering of taxes. Although most lessors are quick to submit their tax bills when the rates rise, they have little incentive to notify GSA of tax reductions.

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Our review in several GSA regions involving a sample of 92 leases resulted in identifying 31 leases where decreased taxes were not passed on to the Government as required by the terms of the lease. GSA is owed approximately \$4.8 million for these leases.

The September 26, 1997 report recommended to the Commissioner, Public Buildings Service, that management modify contract procedures to:

- Collect these monies due from the individual lessors.
- Ensure that the Government shares the lessor's decrease in real estate tax payments when market values decline and properties are re-appraised.

The Deputy Commissioner agreed with our recommendations. The audit is still in resolution. However, GSA has already taken action to review other leases for possible recovery of tax overpayments.

GSA Office Space Modernization

GSA provides Federal customers a full range of real estate services including property management, security, and repair and alteration. Public buildings operations are funded through an annual appropriation from the Federal Buildings Fund (FBF), which in turn receives funds from the rent charges paid by GSA customers. Generally, space alterations are performed using repair and alteration money. After funds are distributed to the regional offices based on established formulas, regional management decides which projects will be performed using these monies. Renovations to GSA PBS's own space could be one of these projects.

Because of a perception that PBS space was better than that of its customers, the OIG initiated a review to determine if the quantity and quality of PBS space was in fact superior to that of its customers. For ease of comparison, we limited our evaluation to major GSA organizational offices.

We concluded that overall PBS space is no better than the Agency's other major organizational components. Exceptions observed in Central Office and in two regional buildings were noted in our report but considered to be minor. Accordingly, the July 9, 1997 report did not contain any formal recommendations.

Inventory Cost Management

The GSA can reduce costs by more efficiently managing the inventory of more than 7,600 commonly used items it offers to Federal agencies throughout the Government. The Agency relies on a computer system to calculate ordering quantities and stock to minimize inventory levels while still maintaining sufficient inventory to meet customer demands. In FY 1996, Stock program sales approached \$1 billion, and the program had an ending inventory of \$160 million. The Agency's goal is to provide a high level of customer service while minimizing inventory investment and operating costs.

In our review of the program management information systems, we found that, although the computer system provides useful and important information, there are weaknesses in the mathematical variables and calculation methodologies used to compute economic order quantity (EOQ). Demand projections varied significantly from actual demand and the inventory cost data relied on outdated information.

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These weaknesses cause inventory levels to be higher than necessary to meet customer demands.

In our September 25, 1997 report, we recommended that the Commissioner, Federal Supply Service:

- Improve the accuracy and reliability of EOQ to reduce inventory levels and operating costs.
- Evaluate demand projections, and update procurement and inventory holding cost data.
- Assess the need for EOQ for all items.

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

Fleet Maintenance Procurements

GSA manages a fleet of about 150,000 vehicles and provides related services for over 75 Federal agencies and their contractors. The Agency's maintenance control centers in each region oversee vehicle maintenance performed by commercial vendors. These maintenance centers authorize repairs, maintain vehicle history records, and assist Government drivers in locating qualified vendors. Repair and maintenance costs exceed \$80 million annually.

To check transactions involving repair and maintenance of fleet vehicles, we used computer-assisted techniques to examine the fleet database to identify any irregularities such as repetitive or expensive repairs to the same vehicle, warranty coverage, unusual vendor qualifications or characteristics. We reviewed over 2,000 repairs costing about \$2 million.

Our review did not identify any improper transactions. We also verified by a random test sample of vendors that GSA was dealing with legitimate businesses, and that authorizing technicians took adequate steps to inquire about proposed repairs and used sound judgment to ensure fair pricing. Accordingly, our September 4, 1997 report did not contain any formal recommendations.

Fleet Management Performance Measurement

We reviewed GSA's Interagency Fleet Management System (IFMS) "Cost Per Mile" performance measure reported in the Agency's FY 1996 Annual Report. "Cost Per Mile" is a measure of the cost of providing Federal customers quality vehicles and fleet management services at competitive prices. The GSA is required to recover the full cost it incurs in acquiring and maintaining assigned vehicles including fuel, labor, and supplies for maintenance and repairs, depreciation and overhead, and does so through a reimbursable charge to its customer agencies. The IFMS also provides a policy/oversight function affecting all Federal fleet operations.

We ensured that the Agency's policies, procedures, and practices appropriately identified all the various operating and other cost components of the IFMS fleet activities. Additionally, we determined that "Cost Per Mile" could be used

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successfully as a Government Performance and Results Act performance measure. In order to meet its overall mission of providing its customers with quality vehicles and fleet services at competitive costs, the IFMS "Cost Per Mile" performance measure serves as a measure of competitiveness. Using this rate, the IFMS can analyze and compare itself to its commercial competitors as well as against prior years' results. Thus, we also determined that this measure provided relevant, meaningful, and timely data regarding GSA's fleet management.

The April 18, 1997 report was advisory in nature and did not contain any formal recommendations.

Personal Property Donation Program

GSA is responsible for administering the Surplus Property Donation program. This period, we completed evaluations of the operations at two State agencies to ensure that they are acquiring, storing, and distributing surplus property in compliance with Federal guidelines.

In one review, we found that the State erroneously retained the proceeds from an auction of surplus property, which should have been paid to GSA. We also noted that the same State was not properly accounting for each item in its inventory and was overcharging some of the donees through service charges that exceeded allowable charges contained in the State donation plan.

In the second review, we found that the State's method for documenting and tracking donated property was incomplete and inaccurate. Also, inventory needs to be reconciled and controls need to be in place to determine the accurate value of the inventory.

In our reports, dated July 25, 1997 and August 12, 1997, we recommended specific actions to correct identified deficiencies. These included recommendations that the cognizant Assistant Regional Administrator, Federal Supply Service and Acting Regional Administrator:

- Ensure that the State reimburse to GSA the \$19,000 owed from its auction sale.
- Instruct the State to adopt an adequate inventory method.
- Abide by the tenets of the State plan regarding the imposition of service charges to donees.
- Ensure that State officials comply with the inventory controls and accounting system as set forth in the Government property management regulations.

Management generally agreed with the recommendations in the reports. The audits are still in the resolution process.

Emerging Issues and Concerns

In our last report we noted that two issues had emerged warranting special mention: PBS's \$680 million "rent shortfall" and concerns arising from the Agency's compromise of debt in connection with its sale of the U.S. Custom House to the City of Boston. These matters are of continuing concern and are discussed below.

In addition, we highlight two other areas that we believe pose risks to the Agency's programs and which we will be examining in the coming period: the adequacy of management controls and the curtailment of postaward audit rights and elimination of pricing certifications in MAS contracts.

PBS Rent Shortfall

In its September 9, 1996, FY 1998 budget submission to Congress, GSA reported that its forecast of rent revenue for FY 1996 and FY 1997 exceeded what the actual rent income will be by \$680.5 million (an amount later revised upward). For both years, Congress had authorized construction, repair and alteration, and related building operations activities spending from the FBF based on GSA's forecasts of rent revenue. Consequently, the Agency could not fund all the projects authorized by the Congress. Although the FBF has a balance, Congress limits the amount of this revenue that can be spent on authorized activities. GSA's overestimate of revenue resulted in projects being deferred.

The OIG continues to work with the Agency on several projects that should produce more accurate rent revenue forecasting. On August 1, 1997, we issued a report addressing PBS's projection of an additional revenue gap for the remainder of FY 1997. In addition, several audits in process should enhance the Agency's reliance on outputs from a new information system, including more accurate space assignment records and rental rates. Future audit plans will include a review of the entire rent structure and the challenges facing the FBF.

Review of PBS's Projection of the Additional Revenue Gap

In May 1997, the OIG became aware of a PBS revenue gap discussion paper that indicated an additional gap for FY 1997. PBS looked at the current year rent receipts and increased the estimate by \$78.6 million based on an extrapolation of actual receipts through April 30, 1997 to the end of the fiscal year. Our review of this estimate concluded that:

- PBS's projection may be understated by \$28 million because it contains overly optimistic assumptions especially on adjustments for bad debt expense and a credit correction. In our opinion, documentation did not support increasing revenue for these adjustments. We projected the gap to be approximately \$106 million, projecting actual receipts through May 31, 1997 to the end of the fiscal year.
- PBS was lacking documentation for the assumptions as well as the methodology used for developing the projection of the additional revenue gap. Documenting the assumptions and methodology is important for verifying and monitoring the projection through the end of the year. Further, PBS does not have documented procedures in place for forecasting revenues and expenses for budgetary purposes to assure consistency in the budget process from year-to-year.

Emerging Issues and Concerns

- PBS did not have an oversight or review process of the additional gap projection. Many individuals and offices were responsible for providing data used in developing the additional revenue gap. However, only one individual had the responsibility of combining the data for the projection. We saw no indication of any review of the PBS projection. Monitoring the projection, such as whether income is being collected as anticipated, must be an ongoing effort and should not be the responsibility of just one individual.

On July 2, 1997, PBS reported the additional revenue gap to Congress as an adjustment of \$100 million. As a result, we consider the disclosure presented to Congress to be in line with our projection and therefore reasonable. The difference between the PBS projection and ours is not material.

Agency Task Group on Revenue Forecasting

The OIG participated in an Agency task group (Rent Revenue Forecasting "GO" Team) which was established in March 1997, with the objective of examining the rent revenue forecasting process and developing recommendations for improving the process. The team presented their results to the PBS Commissioner in mid-July 1997 and recommended the establishment of a full-time revenue team that would continuously monitor the revenue forecast and act as the review and coordination point with all applicable Central Office functions. Overall responsibility for the revenue forecasting function would be assigned to the PBS Office of Financial and Information Systems (formerly known as the Office of the Controller).

The report also pointed out the critical need for the documentation of a revenue forecasting methodology. Policy changes, technical assumptions, and source data used in a revenue projection must be documented.

We have been informed that the recommendations were accepted in total and actions were taken to implement them.

PBS/Arthur Andersen Study

To improve its financial management capabilities, PBS retained Arthur Andersen (AA) as an independent consultant to review ongoing initiatives, specifically with respect to the area of estimating rental income and expenses for the FBF.

On July 3, 1997, AA presented its interim status report, which made preliminary and long-term recommendations with respect to key issues identified with organization, management information and analysis, documentation, pricing factors, and political environment.

Review by the General Accounting Office

The House of Representatives Subcommittee on Public Buildings and Economic Development requested that the General Accounting Office (GAO) verify GSA's explanation for the rent revenue shortfall, the sufficiency of the Agency's actions for improvement, and the impact the current solution might have on the future of the FBF. GAO's review is in process. We are in continuing contact with GAO to ensure that our related work is properly coordinated.

Emerging Issues and Concerns

Audit of Rent Billing Data

This review is a joint venture undertaking between the PBS and the OIG. The objective of the review is to answer the following questions:

- Is the PBS information system data accurate for the quantities, classification, location, and occupancy of space in PBS-owned and leased buildings?
- What is the impact on the rent income for each building included in the audit sample, and are discrepancies of such a magnitude as to distort either the PBS or GSA financial statements?
- If a substantial number of discrepancies are found, what are the systemic causes, and how might they be addressed?

PBS provided essential support and assistance by:

- Assigning a senior PBS official to serve as point of contact;
- Generating electronic and hard copy rent billing data;
- Providing the services of a statistician;
- Acquiring and facilitating access to necessary building and space drawings, occupant detail, and real estate files;
- Awarding contracts and task orders for space to be measured; and
- Providing PBS employees who are knowledgeable of the buildings' structures and systems to expedite on-site inspections by the contractor and OIG personnel.

The fieldwork is substantially complete and the OIG is in the process of preparing a report.

Audit of PBS's Rent System

The OIG is performing an audit of the new rent system that is currently being developed by GSA. The review is still in the survey stage. This program review was initiated because of the growing concern by customer agencies about the escalating cost of rent and services, and the anticipated changes to the system. With greater budgetary constraints, agencies are more closely looking at rates charged by GSA.

The review will examine major aspects of the proposed rent system changes, to include:

- Use of occupancy agreements with agencies, to clarify the conditions and amount of space, cost, and fees;
- Streamlining the number of space classifications;

Emerging Issues and Concerns

- Lease rates based on cost instead of market value, with an identified management fee for PBS's cost;
- Government-owned space based on annual appraisals; and
- Differing rental rates within the same building tailored to reflect the specific uses.

Focus on Management Controls

With the recent efforts to reinvent Government and streamline operations to serve the customer as quickly and efficiently as possible, and with the declining workforce, GSA has been aggressive in empowering staff to look for ways to reduce administrative barriers to promptly respond to customer needs. In simplifying existing rules, operating procedures, and guidelines, management eliminated many of the checks and balances previously part of the control system, and now relies on a few broad controls for documentation and review of procurement actions. Overall, these efforts have improved customer service and satisfaction. However, since there are now fewer controls in place, it is important that they be consistently followed.

In several ongoing reviews, we have identified problems arising from a lack of management controls being exercised, particularly in the procurement arena. Procurement authority is being delegated to the front line, and employees are urged to use credit cards to expedite vendor payment. Many employees who are now authorized to pay for supplies and services with credit cards are making procurements without the full benefit of the experience and training in procurement regulations. While GSA's customers seem to be pleased with the prompt results and services they receive, we believe that management is overlooking breakdowns in some checks and balances inherent to a system of controls which would help deter fraud, waste, and abuse.

We have found in our recent preventive and management control reviews that the Agency needs to do more to ensure that program assets are adequately safeguarded, efficiently used, and appropriately monitored, and that expected outcomes are achieved. Eliminating controls may have been a contributing factor to several audit findings being referred to the Office of Investigations for follow-up on possible irregularities, and to an apparent violation of the Antideficiency Act identified in an ongoing review. In light of these identified problems and GSA's new culture, we plan to shift more audit resources to the review of controls over the next year.

Final General Services Acquisition Regulation (GSAR) Rule Implementing Federal Acquisition Streamlining Act (FASA) and Clinger-Cohen Act Changes in the MAS Program

On August 21, 1997, the Agency issued a final rule which implemented certain changes made by the FASA, Pub. L. No. 103-355, and the Clinger-Cohen Act, Pub. L. No. 104-106, in the MAS program. During this reporting period, we worked with the Agency on issues related to the final rule. We continue to have significant reservations regarding two provisions of the final rule relating to postaward contractual audit authority and pricing certifications.

Emerging Issues and Concerns

Specifically, our chief continuing concern with the final rule's provisions centers around the limitations placed on postaward audit authority over information submitted during negotiations. The final rule, like the revised interim rule, continues to provide for contractual access to MAS contractors' records for the purpose of verifying compliance with the price reduction, Industrial Funding Fee, and overbillings provisions for 3 years after final payment. The final rule, however, does not provide for automatic postaward access to information submitted during negotiations as to each MAS contract. Instead, the rule provides that contracting officers may modify contracts to add this audit authority only if they determine that a "likelihood of significant harm exists to the Government" without such audit access and if the modification is approved by the Agency's senior procurement executive. Such audit access would be available only for 2 years from award of the relevant contract. The OIG feels that the reliability of pricing information used to negotiate MAS contracts continues to be problematic and has repeatedly stated its concerns with limiting audit authorities.

We are also concerned with the final rule's elimination of the certification relating to pricing information submitted for negotiations purposes. Prior to the February 1996 GSAR revisions, MAS contracts contained a provision by which all offerors certified that the data submitted with their offers was current, accurate, and complete as of the date when price negotiations are concluded. In response to industry pressure and partially in anticipation of the review of procurement certifications directed by the Clinger-Cohen Act, GSA eliminated this certification in the interim rule of February 16, 1996. The final rule also reflects the elimination of this pricing certification. The OIG's experience has shown that certifications serve as an integral part of the proper notice provided to the individual who signs the certification that the Government relies on the accuracy of the information provided and that he or she will be held accountable for his or her failure to make a good faith effort to insure the adequacy of the disclosures. The OIG believes that eliminating pricing certifications further exposes the MAS program to overpricing and fraud.

As reflected in comments to the GSA on both the interim and the revised interim rule, the OIG feels that the changes relating to audit limitations and elimination of pricing certifications are detrimental to the Government's ability to achieve favorable pricing for products sold under the MAS program. Because we feel that these changes may increase the MAS program's vulnerability to overpricing and fraud, our Office has planned and expects to undertake in the upcoming reporting period several significant audit initiatives in this connection.

Agency's Authority to Compromise Debt (Sale of U.S. Custom House)

In our two most recent semiannual reports, we reported on our concerns arising from GSA's sale of the U.S. Custom House to the City of Boston (the City). In 1987, GSA sold the historic building to the City as surplus property and accepted a \$9.9 million mortgage on it. The City defaulted on the debt in 1991. Three years later, GSA agreed to restructure the debt on more favorable terms for the City and to forgive \$361,010 in penalties on the original note. In January 1996, GSA 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.

Emerging Issues and Concerns

We questioned GSA's waiver of the penalty payments and its compromise of the original debt. It is our position that the Federal Claims Collection Act requires that GSA not compromise a debt of over \$100,000 without the prior approval of the DOJ. GSA management disagrees with our position.

Because of 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, we sought an authoritative opinion on the issue from the DOJ's Office of Legal Counsel (OLC). When OLC declined the request on the grounds that it considered the matter to be an intra-agency dispute, we asked for an advisory opinion from the GAO. Subsequent to that request, the Office of Management and Budget (OMB) undertook a review of this issue and, on May 19, 1997, the Office of General Counsel of OMB issued an opinion which supported the Agency's authority to compromise the City of Boston's debt. We have not yet received GAO's opinion.

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 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 85 contracts with an estimated value of \$210 million. The audit reports contained over \$45 million in financial recommendations.

This period, we audited a 5-year extension to a MAS contract for the sale of scaffolding work and service platforms. The projected Governmentwide sales for the contract extension are \$20.2 million. Based on the audit findings, we recommended that \$1.7 million in funds be put to better use. The audit also disclosed that the contractor had overcharged its GSA schedule customers as a result of violations of the price reduction clause of its original MAS contract. A separate report will be developed to quantify the overcharges.

Other significant contract audits during this period included claims for increased costs allegedly caused by the Government during the construction and renovation of Federal buildings. Three of the more significant audits contained proposed prices totaling \$17.5 million, and recommended adjustments of \$16.5 million. In an audit of a claim for increased costs during construction, we advised the contracting officer that the entire amount claimed by a prime contractor and its subcontractors was not supported by appropriate accounting records, and was not allowed by contract provisions and Federal guidelines. In an audit of another claim, we advised the contracting officer that the contractor overstated its labor hours and hourly rates, did not establish it was entitled to overhead costs, and did not provide any documentation to support other costs it claimed. Finally, in an audit of a claim for increased costs due to Government-caused delays and disruptions during a renovation project, we advised the contracting officer that a tile subcontractor's claim should be adjusted for duplicate costs, costs incurred due to delays caused by the prime contractor, costs not attributable to any delays, and overstated overhead costs.

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 five briefings attended by 58 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.

Prevention Activities

During this reporting period, we received 1,755 Hotline calls and letters. Of these, 84 complaints warranted further GSA action, 16 warranted other Agency action, and 1,655 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 eight implementation reviews. In five of the reviews, all of the recommendations had been fully implemented. In the other three reviews, some of the recommendations had not been fully implemented.

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 241 legislative matters and 27 proposed regulations and directives. The OIG provided significant comments on the following regulatory items:

- *Draft General Services Administration Acquisition Manual.* We provided comments on the Agency's draft update of the GSA Acquisition Manual. We suggested certain changes to the part relating to Improper Business Practices and Conflicts of Interest, wherein contracting officials report their suspicions of irregularities or allegations to the OIG. We also made several comments on the coverage relating to the MAS contracting program. We asked that the requirement for contracting officials to document, typically in the price negotiation memorandum, the award of MAS contracts at less than most-favored customer pricing be continued. We also suggested that consideration be given to adding nonmandatory guidance to the manual to further define the phrases "best interests of the government" and "fair and reasonable pricing" in the context of pricing policies for MAS contracts.
- *Federal Acquisition Regulation (FAR) Case 95-029, FAR Part 15 Rewrite, Group B.* We provided comments to the FAR Council on the proposed rewrite of FAR Part 15, Contracting by Negotiation, relating mostly to the field pricing support coverage. We suggested that the current regulatory language, which provides that contracting officers shall request field pricing support before negotiating contracting actions over \$500,000, be retained. The proposed rule would provide that contracting officers "should request field pricing assistance when the information available at the buying activity is inadequate to determine a fair and reasonable price." We felt the current language, by providing contracting officials with sufficient flexibility while affirmatively setting out the \$500,000 threshold, more appropriately emphasizes and encourages the use of field pricing support to aid in the negotiation of significant contracting actions.
- *Proposed Rulemaking, "Public Availability of Agency Records and Informational Materials."* We provided comments to GSA regarding its proposed rules implementing the Freedom of Information Act (FOIA). We raised the concern that the proposed rules do not address the changes made to the FOIA by the Electronic Freedom of Information Act Amendments of 1996. We suggested several changes to the rules to bring them into compliance with that Act. We also addressed several issues regarding the GSA proposed rules regarding the production of present or former GSA employees in response to subpoenas or other demands in civil or administrative cases. We commented that there is some question whether GSA has the authority to apply its regulations to former employees. We also suggested that the proposed regulation should be crafted to apply in cases where the United States is not a party. This situation might arise when a party brings an action pursuant to the *qui tam* provisions of the civil False Claims Act, 31 U.S.C. § 3729 *et seq.*

Review of Legislation and Regulations

- *Proposed Freedom of Information Act Handbook.* We commented on several parts of the GSA proposed handbook for FOIA requestors. We noted that the draft we reviewed appeared to place burdens on the Agency beyond those required in the FOIA and Electronic Freedom of Information Act Amendments. Our position is that the language of the handbook should mirror that of the statutes so that requestors clearly understand their rights and GSA's obligations once a request is made.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 152 audit reports. The 152 reports contained financial recommendations totaling \$55,267,993, including \$45,727,157 in recommendations that funds be put to better use and \$9,540,836 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 September 30, 1997. Eighteen reports more than 6-months old were awaiting management decisions as of September 30, 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 4/1/97			
Less than 6 months old	57	43	\$16,088,010
More than 6 months old	18	16	4,710,607
Reports issued this period	152	90	55,267,993
TOTAL	227	149	\$76,066,610
For which a management decision was made during the reporting period			
Issued prior periods	57	43	\$16,088,010
Issued current period	108	58	38,819,317
TOTAL	165	101	\$54,907,327
For which no management decision had been made as of 9/30/97			
Less than 6 months old	44	32	\$16,448,676
More than 6 months old	18	16	4,710,607
TOTAL	62	48	\$21,159,283

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

	No. of Reports	Financial Recommendations
For which no management decision had been made as of 4/1/97		
Less than 6 months old	28	\$ 9,939,570
More than 6 months old	16	4,710,607
Reports issued this period	74	45,727,157
TOTAL	118	\$60,377,334
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
• management action	—	\$45,106,144
• legislative action	—	—
Recommendations not agreed to by management	—	4,892
TOTAL	75	\$45,111,036
For which no management decision had been made as of 9/30/97		
Less than 6 months old	27	\$10,555,691
More than 6 months old	16	4,710,607
TOTAL	43	\$15,266,298

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 4/1/97			
Less than 6 months old	15	\$ 6,148,440	\$ —
More than 6 months old	0	0	—
Reports issued this period	16	9,540,836	—
TOTAL	31	\$15,689,276	\$ —
For which a management decision was made during the reporting period			
Disallowed costs	—	\$13,826,070 *	\$ —
Costs not disallowed	—	1,243,368	—
TOTAL	26	\$15,069,438**	\$ —
For which no management decision had been made as of 9/30/97			
Less than 6 months old	5	\$ 5,892,985	—
More than 6 months old	0	0	—
TOTAL	5	\$ 5,892,985	\$ —

* \$6,202,899 of this amount was recovered in civil settlements, as reported in Table 5.

** Includes \$5,273,147 that management decided to seek that exceeded recommended amounts.

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 164 investigative cases and closed 163 cases during this period. In addition, the OIG received and evaluated 81 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	20	33
Civil	8	11
Administrative	85	148
TOTAL	113	192

In addition, the OIG made 13 referrals to other Federal activities for further investigation or other action and 37 referrals to GSA officials for informational purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 8 cases (12 subjects) were accepted for criminal prosecution and 3 cases (5 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 13 indictments/informations and 16 successful prosecutions. OIG civil referrals resulted in 3 cases being accepted for civil action and 5 case settlements. Based on OIG administrative referrals, management debarred 28 contractors, suspended 5 contractors, and took 17 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 \$4,836,039 during the course of its investigations, predominately from seizure of diverted Federal surplus property.

Table 5. Criminal and Civil Recoveries

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$487,533	\$ —
Settlements or Judgments	—	6,791,533*
Restitutions	162,326	—
TOTAL	\$649,859	\$6,791,533

* This amount includes \$6,202,899 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 and Workplace Programs, 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.

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

Telecommuting Centers

Period First Reported: October 1, 1996 to March 31, 1997

The review focused on GSA's role in the Federal Government's telecommuting initiatives, and the recovery of costs and the methods being used to recover costs. The report contained two recommendations; they have not yet been implemented.

One recommendation involves expanding the functions of the office responsible for the program. The other recommendation involves developing billing rates to recover costs and developing a mechanism for billings. Both are scheduled for completion by November 15, 1997.

Debarment Program

Period First Reported: October 1, 1996 to March 31, 1997

The review identified opportunities for improving the debarment program. The report contained two recommendations; they have not yet been implemented.

One recommendation involves modifying the new contractors' performance database and is scheduled for completion by June 15, 1998. The other recommendation involves providing debarment program training to contracting officers and is scheduled for completion by May 15, 1998.

Charge Card Programs

Period First Reported: October 1, 1996 to March 31, 1997

The review examined general management, card issue, and user controls over three of the Agency's charge card programs. The report contained one recommendation; it has not yet been implemented.

The recommendation involves developing and implementing methods to instruct and assist cardholders, appropriate officials, and program administrators in proper use of each type of credit card. It is scheduled for completion by February 15, 1998.

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 February 15, 1998.

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; two have been implemented.

The recommendations include improvements in the accuracy and reliability of data and the continued development of an information system. They are scheduled for completion by April 15, 1999 and January 15, 1998.

Appendix I – Significant Audits From Prior Reports

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; two have been implemented.

One recommendation involves the development of a logistics system; it is scheduled for completion by November 15, 1997. Another recommendation concerns the identification of aircraft data necessary for making informed decisions and is scheduled for completion by March 15, 1998. The final recommendation consists of ensuring the reliability of data. It is scheduled for completion by October 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.

Federal Protective Service

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

Two OIG reviews found that GSA needed to strengthen its control over firearms and improve internal security. One report was implemented as of September 30, 1994. The remaining report contained 14 recommendations; 13 have been implemented.

The remaining recommendation involves making improvements to alarm systems. It is scheduled for completion by January 15, 1998.

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 September 15, 1998.

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				
05/29/97	A70625	Review of Pipeline and Utility Costs for the Coast Guard Facility at Governors Island, New York		
05/29/97	A70640	Management Assistance Review on the Development of an Allocation System for Rental Rates for FPS' Services (Region 2)		
08/26/97	A70313	Management Consulting Services: Review of Pricing Evaluation Factors and Net Pricing Value Discount Factors for Electric Power Purchase in Region 1, Solicitation Number GS-01P-97-BWD-0053		
FSS Management Consulting Reviews				
04/30/97	A72105	Management Assistance Review on Sales Decline of Items Managed by the General Products Center		
07/28/97	A71514	Consulting Report: Review of IFMS Light Truck Replacement Standards		
07/31/97	A72122	Management Assistance Review of Region 7's Procurement Practices for Federal Supply Service Stock Items		
09/29/97	A71541	Management Assistance Review, Vendor Performance		
FTS Management Consulting Reviews				
09/19/97	A73011	Management Consulting Review of Information Technology Initiatives for the Regional Information Officer in the National Capital Region		
PBS Internal Audits				
04/09/97	A61238	Interim Review of Cost Charging Practices for the Atlanta Federal Center, Region 4	\$475,000	
06/10/97	A62131	Review of the Assignment of Space in Government Owned Buildings, Region 7		
06/12/97	A72425	Audit of Energy Retrofit for Buildings Using the Utility Incentive Program, Pacific Rim Region		
06/17/97	A70918	Audit of Real Estate Taxes, Gateway Building, 3535 Market Street, Philadelphia, PA 19104, Lease Number GS-03-B-6148		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
06/24/97	A61558	Review of the Use of Term Construction Contracts, Great Lakes Region		
07/09/97	A70303	Is PBS Space Better Than Space Provided to PBS Customers?		
07/10/97	A71513	Audit of Liquidated Damages Clauses in Great Lakes Region Construction Contracts		
07/11/97	A60645	Audit of the Federal Protective Service's Criminal Investigation Program		
07/21/97	A70635	Postaward Review of Selected Leases, Northeast and Caribbean Region		
07/21/97	A70648	Audit of Real Estate Taxes: 101 Marietta Tower, Atlanta, Georgia 30303, Lease Number GS-04B-15730		
07/29/97	A70647	Postaward Lease Review: 101 Marietta Tower, Atlanta, Georgia 30303, Lease Number GS-04B-15730		
08/01/97	A73313	Audit of PBS' Projection of the Additional Revenue Gap		
08/07/97	A60921	Report on the Mid-Atlantic Region's Lease Services Contract		
09/16/97	A72440	Audit of Rocky Mountain Region, Public Buildings Service Reinvention Lab		
09/17/97	A62504	Audit of Lease Tax Rate Adjustments in California, Pacific Rim Region		
09/26/97	A70627	Audit of Real Estate Tax and Janitorial Service Contract Payments		
09/29/97	A63038	Review of Commercially Provided Skilled Craft Manpower Services		
09/29/97	A73010	Audit of the Decentralization of Contracting Functions in the National Capital Region		

PBS Contract Audits

04/02/97	A70634	Preaward Audit of Architect and Engineering Services Contract: Richard Meier & Partners, Contract Number GS-02P-92-CUC-0029(N)		
04/02/97	A73612	Audit of Claim for Equitable Adjustment: Real Estate Technical Advisors, Inc., Contract Number GS-11P94MJD0030		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
04/03/97	A71528	Preaward Audit of Supplemental Architect and Engineering Services Contract: Muller & Muller, P.C., Ltd., Contract Number GS-05P-96-GBD-0006		
04/03/97	A72450	Preaward Audit of a Claim for Increased Costs: Azteca Construction, Inc., Subcontractor to Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032		
04/04/97	A71527	Preaward Audit of Architect and Engineering Services Contract: Schmidt Associates, Inc., Contract Number GS-05P-96-GBC-0013		
04/04/97	A71828	Preaward Audit of Cost or Pricing Data: Barnes & Dodge, Inc., Contract Number GS06P94GYC0076(N)		
04/04/97	A72436	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-90017, Calendar Years 1991 Through 1995		\$23,564
04/04/97	A72437	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-91267, Calendar Years 1993 Through 1995		\$15,201
04/04/97	A73615	Preaward Audit of Cost or Pricing Data: Hillian Brothers and Sons, Inc., RFP Number GS-11P97MKC0010 NEG. 8(A)		
04/07/97	A72452	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Beyaz and Patel, Inc., Solicitation Number GS-09P-96-KTD-0010		
04/08/97	A72455	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: K. F. Davis Engineering, Inc., Solicitation Number GS-09P-96-KTD-0002		
04/08/97	A73610	Audit of Claim for Increased Cost: National Fire Protection, Inc., a Subcontractor to John J. Kirlin, Inc., Contract Number GS-11P91MKC-0196"U"		
04/10/97	A70636	Preaward Audit of a Delay Claim: B&W Mechanical Contractors, Inc. and Regency Electric Company, Inc., Subcontractors to the Haskell Company, Contract Number GS-04B-31363		
04/11/97	A72428	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		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
04/16/97	A70633	Preaward Audit of Change Order Proposal: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033(N)		
04/16/97	A71530	Preaward Audit of Architect and Engineering Services Contract: Smith Hinchman & Grylls Associates, Inc., Consultant to Schmidt Associates, Inc., Contract Number GS05P96GBC0013		
04/22/97	A71835	Preaward Audit of Cost or Pricing Data: All Pro Construction, Inc., Contract Number GS06P94GYC0076(N)		
04/22/97	A72442	Preaward Audit of Change Order Proposal: Rollie R. French, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
04/28/97	A71805	Audit of Claim for Increased Costs: T.J. Ahrens Excavating, Inc., Subcontractor to Morse Diesel International, Inc., Contract Number GS06P94GYC0037		
04/29/97	A71825	Preaward Audit of Cost or Pricing Data: J.E. Dunn Construction Company, Contract Number GS06P94-GYC0076(N)		
04/30/97	A72427	Preaward Audit of a Claim for Increased Costs: Rollie R. French, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
04/30/97	A72462	Preaward Audit of a Claim for Increased Costs: Aire Sheet Metal, Inc., Subcontractor to Schram Construction Inc., Contract Number GS-09P-93-KTC-0034		
05/01/97	A72454	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Electrical and Control System Engineering, Inc., Solicitation Number GS-09P-96-KTD-0002		
05/01/97	A72460	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Winzler and Kelly Consulting Engineers, Solicitation Number GS-09P-96-KTD-0002		
05/07/97	A71832	Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P95GZC0501		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
05/08/97	A72453	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Consulting West, Solicitation Number GS-09P-96-KTD-0003		
05/09/97	A72456	Preaward Audit of a Claim for Increased Costs: Superior Tile Company, Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
05/09/97	A72457	Preaward Audit of a Claim for Increased Costs: Schram Construction, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
05/16/97	A72459	Limited Preaward Audit of Cost or Pricing Data: Abide International, Inc., Solicitation Number GS-09P-95-KTC-0038		
05/23/97	A70638	Preaward Audit of Architect and Engineering Services Contract: HLW International, LLP, Contract Number GS-02P-93-CUC-0062		
06/02/97	A70308	Preaward Audit of Architect and Engineering Services Contract: JSA, Inc., Solicitation Number GS-01P-96-BZC-0031		
06/02/97	A73018	Preaward Audit of Architect and Engineering Services Contract: Meta Engineers, P.C., Solicitation Number GS11P96EGD0005		
06/06/97	A72466	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Brayton & Hughes Design Studio, Solicitation Number GS-09P-95-KTC-0029		
06/09/97	A72461	Preaward Audit of a Claim for Increased Costs: Charles D. Walker Manufacturing Company, Subcontractor to Alexander Manufacturing, Inc., and the George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
06/10/97	A73616	Preaward Audit of Change Order Proposals: Adkins & Company, Inc., Contract Number GS-03P93DXC0044		
06/13/97	A71837	Preaward Audit of Cost or Pricing Data: IBS Industries, Inc., Contract Number GS06P97GXC0062		
06/17/97	A72464	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Moore Ruble Yudell, Solicitation Number GS-09P-95-KTC-0029		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
06/17/97	A72470	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Frederick Brown Associates, Solicitation Number GS-09P-95-KTC-0029		
06/23/97	A71833	Audit of Proposed Rates: Corrigan Company Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P95GZC0501		
06/24/97	A71536	Preaward Audit of Indefinite Quantity Contract: National Institute of Building Sciences, Solicitation Number GS-11P-97-AQD-0011		
06/25/97	A72445	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032		
06/26/97	A72465	Preaward Audit of a Claim for Increased Costs: Lawson Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032		
06/26/97	A72471	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Tsuchiyama & Kaino, Inc., Solicitation Number GS-09P-95-KTC-0029		
06/26/97	A73017	Preaward Audit of Cost or Pricing Data: Twigg Corporation, Contract Number GS-11P95MKC0028		
06/27/97	A71811	Audit of Claim for Increased Costs, Miscellaneous Subcontractors to: Morse Diesel International, Inc., Contract Number GS06P94GYC00037		
06/27/97	A72472	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: John A. Martin & Associates, Solicitation Number GS-09P-95-KTC-0029		
07/11/97	A71533	Preaward Audit of Claim for Increased Costs: M. A. Mortenson Company, Contract Number GS-05P-93-GBC-0022		
07/11/97	A71803	Audit of Claim for Increased Costs: Nicholson Construction Company, Contract Number GS06P94GYC0037		
07/14/97	A70310	Preaward Audit of Architect and Engineering Services Contract: Dufresne-Henry, Inc., Solicitation Number GS-01P-96-BZC-0031		
07/18/97	A71539	Preaward Audit of a Claim for Increased Costs: Terstep Company, Inc., Subcontractor to D. L. Woods Construction, Inc., Contract Number GS05P91GBC0057		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
07/18/97	A72474	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Iyer & Associates, Solicitation Number GS-09P-96-KTC-0010		
07/22/97	A71804	Audit of Claim for Increased Costs: Rodio/ICOS St. Louis Joint Venture, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P94GYC0037		
07/29/97	A71838	Preaward Audit of Cost or Pricing Data: Boese Electric, Inc., Contract Number GS06P94GYC0076(N)		
07/30/97	A70644	Preaward Audit of Cost or Pricing Data: Cole Consulting Corp., Subcontractor to Lehrer McGovern Bovis, Inc., Contract Number GS-02P-92-CUC-0028(N)		
07/31/97	A71820	Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P94GYC0037		
07/31/97	A72467	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Peterson Construction Company, Inc., Contract Number GS-08P-96-JFC-0004		
07/31/97	A72476	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Development One, Inc., Solicitation Number GS-09P-96-KTC-0011		
08/05/97	A71540	Preaward Audit of Supplemental Architect and Engineering Services Contract: Gibraltar Design, Inc., Solicitation Number GS-05P-97-GAD-0020		
08/05/97	A73617	Refund From The Committee For Purchase From People Who Are Blind Or Severely Disabled, Agreement Number GS-02F-61511		
08/07/97	A71846	Preaward Audit of Cost or Pricing Data: Boese Electric, Inc., Contract Number GS06P94GYC0076(N)		
08/12/97	A71542	Preaward Audit of Supplemental Architect and Engineering Services Contract: KJWW Engineering Consultants, P.C., Contract Number GS05P97GAD0027		
08/14/97	A73022	Preaward Audit of Change Order Proposal: Turner Construction Company, Subcontractor to BPT Metroview Assocs., L.P., Contract Number GS-11P91AQC0060		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
08/18/97	A72127	Preaward Audit of Change Order Proposal: Centex Construction Company, Inc., Contract Number GS-07P-96-JUC-0032		
08/19/97	A71844	Preaward Audit of Cost or Pricing Data: Eliason & Knuth of Kansas City, Inc., Contract Number GS06P94GYC0076(N)		
08/22/97	A70646	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		
08/27/97	A70650	Preaward Audit of Change Order Proposal: P. T. & L. Contracting Corporation, Subcontractor to Crow Jones Construction Company, Contract Number GS-02P-96-DTC-0058		
08/28/97	A71849	Preaward Audit of Cost or Pricing Data: Griffin Services, Inc., Contract Number GS06P94GXC0089		
08/28/97	A72463	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Gruen Associates, Solicitation Number GS-09P-95-KTC-0029		
08/28/97	A72481	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Kal Architects, Solicitation Number GS-09P-96-KTD-0011		
08/29/97	A70645	Preaward Audit of Cost or Pricing Data: Lehrer McGovern Bovis, Inc., Contract Number GS-02P-92-CUC-0028(N)		
09/03/97	A72485	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Raw International, Solicitation Number GS-09P-96-KTD-0011		
09/16/97	A72488	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Nasland Engineering, Solicitation Number GS-09P-96-KTD-0011		
09/17/97	A73025	Preaward Audit of Sole Source Contract: Gilford Technology Corporation, Contract Number GS-11P97MKC0037		
09/18/97	A72489	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Store, Matakovich & Wolfberg, Solicitation Number GS-09P-96-KTD-0011		
09/22/97	A70649	Preaward Audit of a Delay Claim: Consolidated Electric, Inc., Subcontractor to Beacon/Procon, Joint Venture, Contract Number GS-02P-94-CUC-0070(N)		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
09/23/97	A70652	Preaward Audit of Change Order Proposal: Mackroyce Dismantling, Ltd., Subcontractor to Crow Jones Construction Company, Contract Number GS-02P-96-DTC-0058		
FSS Internal Audits				
07/09/97	A70922	Audit of SATO Travel, Travel Management Center, Philadelphia, PA, Contract No. GS-04F-92-ETS-0729		
07/25/97	A72118	Audit of the Federal Personal Property Donation Program, State of Oklahoma		
08/12/97	A70921	Audit of the Personal Property Donation Program, Virginia State Agency, Mid-Atlantic Region		
09/04/97	A72403	Preventative Review of Fleet Management, Maintenance Control Center Procurements		
09/25/97	A73302	Inventories Can Be Reduced by Using More Accurate and Reliable Data on Economic Order Quantities and Safety Stock		
FSS Contract Audits				
04/04/97	A70920	Price Adjustments on Multiple Award Schedule Contract: JLG Industries, Inc., Contract Number GS-07F-3576A for the Interim Period June 1, 1997 Through February 28, 2001		
04/18/97	A70628	Postaward Audit of Multiple Award Schedule Contract: Clayton Associates, Inc., Contract Number GS-07F-8188B, for the Interim Period June 1, 1994 Through January 31, 1997		\$6,448
05/09/97	A61561	Interim Period Postaward Audit of Multiple Award Schedule Contract: Tibbet, Inc., Contract Number GS-00F-5285A		
05/09/97	A71504	Interim Period Postaward Audit of Multiple Award Schedule Contract: Tibbet, Inc., Contract Number GS-00F-5086A		
05/22/97	A62127	Postaward Audit of Multiple Award Schedule Contract: Micro Focus, Incorporated, Contract Number GS00K90AGS5251		
05/28/97	A70637	Postaward Audit of Multiple Award Schedule Contract: National Labnet Company, Contract Number GS-24F-1309C for the Interim Period April 7, 1995 Through March 31, 1997		\$2,640
05/28/97	A70639	Postaward Audit of Multiple Award Schedule Contract: Achievement Products, Inc., Contract Number GS-07F-8459C for the Interim Period March 1, 1995 Through December 31, 1996		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
05/30/97	A72104	Interim Postaward Audit of Multiple Award Schedule Contract: Mannington Carpet, Inc., Contract Number GS-00F-8442A		
06/11/97	A61827	Postaward Audit of Multiple Award Schedule Contract: Alexander Manufacturing Company, Contract Number GS-07F-3956A for the Period February 1, 1992 Through October 31, 1995		\$1,005,458
06/13/97	A62130	Preaward Audit of a Claim for Equitable Adjustment: Technical Assistance International, Inc., Contract Number GS-07F-51460		
06/16/97	A70927	Preaward Audit of Cost or Pricing Data: JIL Information Systems, Inc., Proposal No. GSC-TFGD-97-1012		
06/20/97	A51552	Postaward Audit of Multiple Award Schedule Contract: Globe Firefighters Suits, Contract Number GS-07F-4405A for the Period February 22, 1991 Through April 30, 1994		\$570,853
06/24/97	A70928	Preaward Audit of Cost or Pricing Data: Criticom, Inc., Solicitation No. GSC-TFGD-97-1014		
07/09/97	A71505	Postaward Audit of Multiple Award Schedule Contract: Life Fitness, Inc., Contract Number GS-07F-6059A for the Period February 27, 1992 Through December 31, 1996		\$801,842
07/23/97	A62117	Postaward Audit of Multiple Award Schedule Contract: AT&T Global Information Solutions, Contract Number GS00K93AGS5677		
07/28/97	A70307	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Edward Ochman Systems, Contract Number GS-00F-5350A		
07/29/97	A61849	Postaward Audit of Multiple Award Schedule Contract: Hytorc, Division of Unex Corporation, Contract Number GS-06F-77977 for the Period November 1, 1989 Through October 31, 1994		\$225,665
07/30/97	A71819	Postaward Audit of Commercial Acquisition of Multiple Products Contract: Hytorc of Virginia, Inc., Contract Number GS-06F-78361 for the Period November 1, 1994 Through December 18, 1996		\$55,694

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
08/06/97	A70304	Limited Scope Preaward Audit of Multiple Award Schedule Contract: Digital Equipment Corporation, Solicitation Number FCI-96-DL0001B		
8/18/97	A70651	Preaward Audit of a Claim: Minolta Corporation, Contract Number GS-00F-32025		
08/26/97	A72129	Postaward Audit of Multiple Award Schedule Contract: Hydrolab Corporation, Contract Number GS-00F-7366A		
09/04/97	A61829	Postaward Audit of Multiple Award Schedule Contract: O'Sullivan Industries, Inc., Contract Number GS-00F-5047A for the Interim Period April 1, 1991 Through February 29, 1996		\$136,507
09/10/97	A71535	Interim Period Postaward Audit of Multiple Award Schedule Contract: Mercury Marine, A Division of Brunswick Corporation, Contract Number GS-07F-74520		
09/23/97	A71853	Postaward Audit of Multiple Award Schedule Contract: Noritsu America Corporation, Contract Number GS-00F-4507A for the Period February 7, 1991 Through January 31, 1996		
09/24/97	A20945	Postaward Audit of Multiple Award Schedule Contract: Canon U.S.A., Incorporated, Contract Number GS-00F-06327 for the Period October 25, 1988 to September 30, 1990		\$803,979
09/24/97	A71526	Price Adjustments on Multiple Award Schedule Contract: Domore Corporation, Contract Number GS-00F-5232A for the Interim Period December 1, 1997 Through January 31, 2001		
09/29/97	A71543	Preaward Audit of Multiple Award Schedule Contract: Advance Machine Company, Solicitation Number 7FXG-Z3-93-7927-B		
09/29/97	A71544	Preaward Audit of Multiple Award Schedule Contract: Belson Manufacturing Co., Inc., Solicitation Number 7FXG-C3-92-7801-B		
09/29/97	A72135	Price Adjustments on Multiple Award Schedule Contract: Motorola, Incorporated, Contract Number GS-35F-1125-D for the Interim Period October 1, 1997 Through September 30, 1998		
ITS Contract Audits				
04/07/97	A73609	Preaward Audit of Multiple Award Schedule Contract: Innova Communications, Inc., Contract Number GS-35F-1098D		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
04/24/97	A71212	Preaward Audit of Cost and Pricing Proposal: The Logistics Company, Inc., Task Order Request GSC-TFGE-97-2002		
07/23/97	A42133	Postaward Audit of Multiple Award Schedule Contract: KnowledgeWare, Inc., Contract Number GS00K91AGS5857		
FTS Internal Audits				
05/07/97	A73005	Audit of FTS2000 Service Aggregation		
06/24/97	A70908	Audit of the Federal Telecommunications Service's Time and Attendance Practices, Mid-Atlantic Region, Philadelphia, PA		
09/24/97	A71502	Audit of Federal Acquisition Services for Technology Program		
09/24/97	A71834	Advisory Review of GSA's Acquisition and Management of Wireless Telephone Service		
FTS Contract Audits				
06/06/97	A73619	Preaward Audit of Cost or Pricing Data: Symbiont, Inc., RFP Number GSC-TFGD-97-1010		
06/16/97	A73021	Preaward Audit of Cost or Pricing Data: Alphatech Corporation, Solicitation Number GSC-TFGD-97-1009		
Other Internal Audits				
04/18/97	A62713	Limited Audit of the Federal Supply Service's "Cost Per Mile" Performance Measure		
04/30/97	A62129	Audit of Receivables, Collections and Write-Offs, Information Technology Fund		
06/10/97	A62709	Arthur Andersen LLP, Fiscal Year 1996 Management Letter Comments and Suggestions for Consideration		
08/12/97	A72707	Implementation Guide for Statements of Federal Accounting Standards		
08/25/97	A73303	Survey of GSA's Automated Information Systems		
09/18/97	A71826	Review of Controls Over GSA's Fast Track Awards Program		
09/29/97	A62708	Audit of the General Services Administration's External Services Program		

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 and Workplace Programs, 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*

Contract Audits

Date of Report	Audit Number	Title
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-89AHD0008
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
03/13/96	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
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

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Date of Report	Audit Number	Title
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
04/10/96	A31549	Postaward Audit of Multiple Award Schedule Contract: GF Office Furniture, Ltd., Contract Number GS-00F-07017 for the Period December 27, 1988 Through September 30, 1991
04/23/96	A63622	Preaward Audit of Change Order Proposal: Truland Systems Corporation, a Subcontractor to Turner Construction Company, Contract Number GS-11P91AQC0060
04/24/96	A60939	Preaward Audit of Federal Information Processing Support Services Contract: Rockwell International Corporation, Solicitation Number GSC-KEGD-95-1009
04/25/96	A63615	Audit of Claim for Increased Cost: M & M Welding & Fabricators, Inc., Subcontractor to John J. Kirilin, Inc., Contract Number GS-11P90MKC0129 "NEG"
05/06/96	A63628	Preaward Audit of Cost or Pricing Data: Permanent Solution Industries, Inc., Solicitation Number RFP-GS11P96MJC0009
05/06/96	A63631	Preaward Audit of Cost or Pricing Data: Tex/AM Construction Co., Inc., Solicitation Number GS-11P95MQC0024 "Neg"
05/07/96	A53644	Audit of Claim for Increased Cost: Reliable Engineering Services, Inc., a Subcontractor of the George Hyman Construction Company, Contract Number GS-11P92MKC0062
05/10/96	A62478	Audit of Termination Settlement Proposal: TEEMS, Inc., Contract Number GS-07F-58620
05/13/96	A63627	Preaward Audit of Cost or Pricing Data: Landis & Gyr Powers, Inc., Solicitation Number GS11P95MQC0025
05/13/96	A63629	Preaward Audit of Architect and Engineering Services Contract: The Temple Group, Inc., Solicitation Number GS11P95EGD0017
05/13/96	A63632	Preaward Audit of Cost or Pricing Data: Kottman, Inc., Solicitation Number GSC-KRGB-9602
05/17/96	A41843	Postaward Audit of Multiple Award Schedule Contract: Memorex Computer Supplies, Contract Number GS-02F-6109A for the Period May 8, 1992 Through March 31, 1994
05/20/96	A62440	Preaward Audit of a Claim: Hibbitts Construction, Inc., Contract Number GS-07P-91-JXC-0010
05/22/96	A50345	Postaward Audit of Multiple Award Schedule Contract: The Brewster Corporation, Contract Number GS-00F-5297A for the Interim Period May 1, 1991 Through April 30, 1995
05/23/96	A63626	Preaward Audit of Change Order Proposal: C. J. Coakley Co., Inc., a Subcontractor to Turner Construction Company, Contract Number GS-11P91AQC0060

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Date of Report	Audit Number	Title
05/29/96	A10538	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-10F-48545
05/29/96	A10539	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-07F-13738
05/29/96	A10541	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-10F-48876
05/29/96	A10542	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-00F-87668
06/13/96	A63634	Preaward Audit of Cost or Pricing Data: Wm. D. Euille & Associates, Inc., Solicitation Number GS-11P-96-MKC-0010
06/21/96	A60649	Preaward Audit of Architect and Engineering Services Contract: Wank Adams Slavin Associates, Solicitation Number GS-02P-96-DTC-0011(N)
06/25/96	A52133	Postaward Audit of Multiple Award Schedule Contract: Attachmate Corporation, Contract Number GS00K93AGS6191
06/27/96	A60637	Postaward Review of Real Estate Taxes: Internal Revenue Service, 1133 Avenue of the Americas, New York, NY 10036, Lease Number GS-02B-22680
07/09/96	A61820	Postaward Audit of Multiple Award Schedule Contract: Plotter Supplies, Inc., Contract Number GS-02F-2046A for the Period September 1, 1990 Through February 29, 1996
07/09/96	A62490	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
07/12/96	A62496	Preaward Audit of Lease Escalation Proposal: One Waterfront Plaza Partners, Lease Number GS-09B-89551
07/16/96	A60659	Postaward Audit of Facility Charges Billed: CSC Consulting & Systems Integration, Subcontractor to AT&T Communications, Contract Number GS00K89AHD0008
07/22/96	A60653	Preaward Audit of Architect and Engineering Services Contract: Severud Associates Consulting Engineers P.C., Solicitation Number GS-02P-96-DTC-0011(N)
07/22/96	A62491	Preaward Audit of a Claim for Increased Costs: Superior Tile Company, Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034
07/22/96	A62492	Preaward Audit of a Claim for Increased Costs: Cosco Fire Protection, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034
07/30/96	A60651	Preaward Audit of Architect and Engineering Services Contract: Flack + Kurtz Consulting Engineers, Solicitation Number GS-02P-96-DTC-0011(N)

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

Date of Report	Audit Number	Title
08/13/96	A51851	Postaward Audit of Multiple Award Schedule Contract: Tiffany Office Furniture, Contract Number GS-00F-5057A for the Interim Period April 15, 1991 Through April 12, 1995
08/15/96	A51827	Postaward Audit of Multiple Award Schedule Contract: Sybase, Inc., Contract Number GS00K92AGS5576 for the Period September 9, 1992 Through September 30, 1993
08/21/96	A61544	Preaward Audit of a Claim: D. L. Woods Construction, Inc., Contract Number GS05P91GBC0057
08/26/96	A41809	Postaward Audit of Multiple Award Schedule Contract: Baxter Healthcare Corporation, Contract Number GS00F03606 for the Period June 1, 1988 Through May 31, 1991
08/26/96	A61549	Preaward Audit of Multiple Award Schedule Contract: Haworth, Inc., Solicitation Number 3FNS-B8-950001-B
08/28/96	A60663	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008
08/28/96	A61550	Preaward Audit of Multiple Award Schedule Contract: Haworth, Inc., Solicitation Number 3FNS-95-G201-B
08/29/96	A62495	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
08/29/96	A63640	Preaward Audit of Sole Source Contract: K-LO Construction, Inc., Solicitation Number GS-11P95MQC0039
09/06/96	A63643	Preaward Audit of Cost or Pricing Data: Design Management Associates, Inc., Solicitation Number GS11P96MMC0010
09/20/96	A61534	Preaward Audit of a Claim: Marino Construction Company, Contract Number GS05P90GBC0101
09/20/96	A62485	Preaward Audit of a Claim for Increased Costs: Schram Construction Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034
09/20/96	A62494	Preaward Audit of a Claim for Increased Costs: Aire-Sheet Metal Inc., Subcontractor to Schram Construction Inc., Contract Number GS-09P-93-KTC-0034
09/25/96	A60947	Preaward Audit of Multiple Award Schedule Contract: Knoll North America, Inc., Solicitation Number 3FNS-B8-950001-B
09/25/96	A61547	Preaward Audit of Multiple Award Schedule Contract: Allsteel, Inc., Solicitation Number 3FNS-95-G201-B
09/26/96	A62500	Preaward Audit of a Claim for Increased Costs: Rollie R. French, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034

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

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	04/15/99
03/27/96	A43005	Audit of GSA's Aircraft Management Program	03/15/98
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
09/30/96	A61835	Audit of Implementation of PBS's Information Systems Strategy	02/15/98

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 April 1, 1997, through September 30, 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:

- In order to comply with the Debt Collection Improvement Act of 1996 and improve debt collection, 1,705 non-Federal claims totaling \$4.6 million were forwarded to the Financial Management Service of the Department of the Treasury (Treasury) for collection.
- The existing claims accounting system was redesigned to allow multiple users to access resident data at the same time. This has improved employee productivity.
- The use of the preauthorized debit is on the increase. Claims paid in this manner are a certainty as the remitter (debtor)

gives advance written authorization to process a payment against his/her account.

- We continue to work with any debtor with a financial hardship by entering into a Promissory Note for installment payments, if applicable. This saves GSA, Treasury, and the Department of Justice both money and time from not escalating an account that cannot or will not otherwise be paid.
- Quarterly follow-ups are initiated with the Public Buildings Service contracting offices concerning claims that are in dispute and delinquent for outlease and concession accounts. Also, quarterly follow-ups are done concerning audit-related items. Our office provides assistance to contracting offices on the correct procedures for processing claims.
- We participate in the judicial process by sending representatives to testify or negotiate as necessary.

Non-Federal Accounts Receivable

	<u>As of April 1, 1997</u>	<u>As of September 30, 1997</u>	<u>Difference</u>
Total Amounts Due GSA	\$24,267,826	\$29,843,883	\$5,576,057
Amount Delinquent	\$19,339,703	\$18,355,232	\$(984,471)
Total Amount Written Off as Uncollectible Between 4/1/97 and 9/30/97	\$45,531		

Of the total amounts due GSA and the amounts delinquent as of April 1, 1997 and September 30, 1997, approximately \$631,000 and \$593,000 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	32
Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies	2, 14
Section 5(a)(2) - Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	2, 14
Section 5(a)(3) - Prior Recommendations Not Yet Implemented	41
Section 5(a)(4) - Matters Referred to Prosecutive Authorities	37
Sections 5(a)(5) and 6(b)(2) - Summary of Instances Where Information Was Refused.....	None
Section 5(a)(6) - List of Audit Reports.....	43
Section 5(a)(7) - Summary of Each Particularly Significant Report.....	2, 14
Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs	36
Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	35
Section 5(a)(10) - Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made.....	None
Section 5(a)(11) - Description and Explanation for Any Significant Revised Management Decision	None
Section 5(a)(12) - Information on Any Significant Management Decisions With Which the Inspector General Disagrees.....	None
Senate Report No. 96-829	
Resolution of Audits.....	34
Delinquent Debts.....	60
National Defense Authorization Act.....	55

Notes

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(202) 501-1780

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

