



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

# Semiannual Report to the Congress

**April 1, 2000 - September 30, 2000**



---

## 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, 2000.*

*During this reporting period, we continued to work with GSA to identify sound business management and operational improvements in the Agency's programs and operations. We issued a number of reports focusing on the major management issues facing the Agency, including information systems development, management controls, and physical security. We reported on the escalating costs and time delays in the development of the Agency's new mission-critical financial management system, and urged GSA to implement better controls over project development and to independently verify system requirements and changes. We also reviewed controls over the proceeds from over \$40 million in surplus real property sales and found that management needs to enforce controls to ensure that transactions are properly recorded and that Government assets are properly protected. We reported that GSA needs to do a better job of protecting against misuse of Government fleet services charge cards. We also recommended improvements in three separate GSA Services' use of multiple award task and delivery order contracts. In addition, we reported that, despite the Federal Protective Service's more active role in monitoring a security guard contractor's performance, the contractor is still largely non-compliant with critical contract requirements. We encouraged Agency officials to explore alternative contracting sources.*

*Working with the Department of Justice, we obtained over \$33 million in a settlement related to the supply of defective computer laptops to Government agencies. This is our largest single case fraud recovery to date. In addition, we identified over \$338 million in financial recommendations on how funds could be put to better use and in other program savings. We made 255 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 23 successful prosecutions. Savings achieved from management decisions on audit financial recommendations, civil settlements, and investigative recoveries totaled over \$119 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 express my appreciation for the accomplishments of all OIG employees and commend them for their continued professionalism, dedication, and willingness to accept new challenges.*

*WILLIAM R. BARTON  
Inspector General  
October 31, 2000*



---

## *Table of Contents*

---

	<b>Page</b>
Summary of OIG Performance .....	v
Fiscal Year 2000 Results .....	vi
Executive Summary .....	vii
OIG Profile .....	1
Major Issues .....	2
Other Reviews of GSA Programs .....	15
Procurement and Related Activities .....	17
Partnering with GSA Management .....	28
Prevention Activities .....	31
Review of Legislation and Regulations .....	35
Statistical Summary of OIG Accomplishments .....	40
<b>Appendices</b>	
Appendix I—Significant Audits from Prior Reports .....	47
Appendix II—Audit Report Register. ....	50
Appendix III—Audit Reports over 12 Months Old with Final Action Pending .....	61
Appendix IV—Delinquent Debts. ....	70
Appendix V—Reporting Requirements .....	71

**This semiannual report may be accessed on the Internet at the following address: <http://www.gsa.gov/staff/ig/publications.html>**



---

## Summary of OIG Performance

---

### ***OIG Accomplishments***

**April 1, 2000–September 30, 2000**

Total financial recommendations \$338,966,257

These include:

- Recommendations that funds be put to better use \$326,964,130

- Questioned costs \$ 12,002,127

Audit reports issued 100

Referrals for criminal prosecution, civil litigation, and administrative action 255

### ***Results Attained***

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$119,528,039

Indictments and informations on criminal referrals 25

Cases accepted for criminal prosecution 25

Cases accepted for civil action 13

Successful criminal prosecutions 23

Civil settlements 6

Contractors debarred 32

Contractors suspended 25

Employee actions taken on administrative referrals involving GSA employees 20

---

## *Fiscal Year 2000 Results*

---

During Fiscal Year (FY) 2000, OIG activities resulted in:

- Over \$383 million in recommendations that funds be put to better use and in questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayer.
- Management decisions to put funds of \$113 million to better use based on OIG recommendations.
- 211 audit reports that assisted management in making sound decisions regarding Agency operations.
- 2 implementation reviews that tracked the progress of actions in response to internal audit reports.
- \$53 million recovered as a result of management decisions to recover funds, civil settlements, and court-ordered and investigative recoveries.
- 244 new investigations opened and 185 cases closed.
- 48 case referrals (72 subjects) accepted for criminal prosecution and 21 case referrals (28 subjects) accepted for civil litigation.
- 42 criminal indictments/informations and 32 successful prosecutions on criminal matters referred.
- 15 civil settlements.
- 11 referrals to other Federal agencies for further investigation.
- 29 employee actions taken on administrative referrals involving GSA employees.
- 26 contractor suspensions and 61 contractor debarments.
- 508 legislative matters and 50 regulations and directives reviewed.
- 2,014 Hotline calls and letters received of which 192 warranted further GSA action.



---

## Executive Summary

---

This period, we continued to provide a variety of traditional services, including program evaluations; contract and financial auditing; management control reviews; investigative coverage and litigation support in contract claims, civil fraud and enforcement actions, and criminal prosecutions. In addition, we provided professional assistance through enhanced consulting services 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. We also continued our work in addressing what we believe are the major issues facing GSA.

### **Major Issues**

We have highlighted a number of reviews that address major management issues facing GSA. In December 1999, we identified to members of the Congressional leadership the most serious management challenges facing the Agency. Some of these challenges are in the areas of Federal facilities and personnel protection, information technology, and management controls. Significant reports issued this period address many of these critical areas. Still others are being addressed through ongoing and planned reviews. Our efforts during this period focused on the following:

#### **Protection of Federal Facilities and Personnel**

##### Security guards

As part of our ongoing review of GSA's efforts to improve the safety and security of Federal employees and buildings and at the request of the Federal Protective Service (FPS), we performed a follow-up review of a contract security guard contract originally reported on in our last report to the Congress. We found that only limited improvements have been made. The contractor remains largely non-compliant with critical contractual requirements such as training, testing, and supervision. In addition, the contractor continues to staff unarmed guards at armed posts. We strongly urged FPS management to quickly consider finding alternative contracting sources (page 2). We also performed a review concerning physical access controls in a regional office complex. We noted that the complex contained multiple entry points, which can be accessed by a card key system and/or security badge. Because of a variety of security badges being used by complex tenants, it is difficult for security personnel to discern the validity of badges; therefore, anyone displaying some type of identification badge is allowed entry. We noted that there is no formal procedure to ensure card keys are deactivated or security badges returned when a holder no longer needs access to the complex. Consequently, former employees still have access to the complex (page 3).

##### Building security

#### **Information Technology**

GSA is in the process of replacing its aging National Electronic Accounting and Reporting (NEAR) system with a new financial

---

## Executive Summary

---

### Financial management system

management system known as Pegasys, which is based on a commercial off-the-shelf product currently being used by 18 Government agencies. Since 1999, project cost estimates have escalated from \$34 million to \$134 million and implementation dates have gone from 3 to 6 years. To date, approximately \$39 million has already been obligated, with only part of Phase 1 operational on a currently planned four-phased project. Continual changes to the project scope, lack of detailed plans and tasks, insufficient project staff, and contractor payments based on hours worked rather than completed tasks will make it difficult for GSA to accurately project and control Pegasys' total costs for both the development and GSA-wide integration. We advised management to implement control mechanisms to direct, monitor, and accurately assess the contractor's performance in developing Pegasys. Also, an independent oversight and verification and validation process should be instituted to review progress and proposed system changes needed as development continues (page 4).

### Cyber-based infrastructure security

We performed a review of GSA's Critical Infrastructure Protection Plan (CIPP) for implementing Presidential Decision Directive 63 (PDD 63), which is concerned with the security of cyber-based infrastructures of the United States. Our review was part of the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency (PCIE/ECIE) Governmentwide review of Federal agencies' infrastructure assurance programs. With respect to GSA, we found the Agency has not clearly defined operational roles and responsibilities for protecting GSA's critical infrastructure, does not include protection planning for all GSA critical infrastructure assets, nor provide for critical infrastructure security planning into the design of new systems. Moreover, GSA has not established an Agency-wide process for completing vulnerability assessments and risk mitigation plans for its cyber-based infrastructure, as required by PDD 63 (page 5).

### Smart card

We examined GSA's efforts to promote and assist Federal agencies in implementing the use of a single "smart card" which Federal employees can use to acquire a range of services including travel, small purchases, and building access. GSA established the Office of Smart Card Initiatives within the Federal Technology Service (FTS) to provide Governmentwide implementation and internal GSA coordination across its Services. A lack of coordination of GSA's internal smart card efforts has led to a lack of standardization across GSA's Service lines. We recommended that the office responsible for internal smart card implementation have clear and measurable standards to gauge its efforts. Furthermore, GSA needs to clearly communicate its specific responsibilities and guidance for coordinating, monitoring, and standardizing the smart card pilots and for full Governmentwide implementation (page 6).

---

## Executive Summary

---

In addition, we performed a review of the FTS Wireless Telecommunications Services Program. Although GSA is currently planning new initiatives aimed at improving wireless service to Federal agencies, we noted the need for a clear acquisition plan and the need to ensure adequate competition (page 8).

### Management Controls

#### Revenue controls

We reviewed management controls over proceeds from real property sales. We performed this review to evaluate if management controls provide assurance that revenue generated from the sale of real property and reimbursable services provided to customer agencies are properly accounted for, appropriately monitored, and safeguarded. We found GSA cannot be assured that transactions are properly recorded and Government assets are adequately protected. In addition, controls over transaction recording, documentation, separation of duties, access to and accountability for resources, and employee supervision are deficient. We recommended a periodic review of the Property Disposal Revenue Program and transactions, development of more meaningful, user friendly reports, and better guidelines to zonal offices (page 10).

#### Fleet charge cards

During our review of a GSA Fleet Management Center, we determined that, while the Agency did a creditable job of implementing management controls over its vehicles, improvements were needed to protect fleet services charge cards, a \$411 million program, from misuse. We also found that GSA should ensure destruction of license plates from vehicles removed from service. We recommended that fleet management: improve controls over the approval for replacement fleet services charge cards, separate ordering and receiving duties for the cards, verify the deactivation of the cards for sold vehicles, and ensure proper notification and verification of license plate destruction (page 12).

#### Cost/revenue allocation

In order to make sound financial decisions regarding more than 8,300 owned and leased buildings, GSA must continuously assess and analyze the revenues and expenses for each property. We initiated a review to determine if the Agency has effective controls to ensure that all operating costs and revenues associated with a building are properly assigned to that building. In some cases, when costs or revenues are not readily assigned to a building, GSA uses holding accounts, which GSA refers to as “dummy” accounts, to capture these costs until they can be properly assigned in the accounting system. In our review, we found that entries were incorrectly posted to dummy building accounts and were not redistributed from these numbers to the appropriate accounts. While there was no material impact on the financial statements, asset management decisions could be influenced. For example, we found over \$345 million in new building construction costs, repair and alteration projects, and project costs associated with multiple buildings that were

---

## Executive Summary

---

not reassigned to appropriate buildings. We also found that other capitalized and depreciated costs were being improperly passed through dummy accounts. We recommended actions to strengthen controls to ensure that costs are properly allocated (page 13).

### Other Program/Operational Reviews

#### Best practices

GSA's Federal Supply Service (FSS) is developing performance measures for its acquisition centers and linking them to its budget justification, as required by the Government Performance and Results Act. Based on a request from the Commissioner, FSS, we conducted a best practices review of performance measures for acquisition centers. We met with 12 private sector companies and a state acquisition agency. We found that FSS is using many of the same key performance measures as the private sector to help achieve excellence in purchasing goods and services. FSS is also currently refining its performance measures to improve its management practices and service delivery (page 15).

### Procurement Integrity

An important part of the OIG's work is to support the Agency's contracting officers and to protect the integrity of GSA's procurement programs and operations by detecting and preventing fraud, waste, and abuse. Based on our audit and investigative work this period, the Government entered into six settlement agreements in which companies agreed to pay over \$35 million to resolve potential civil liabilities under the False Claims Act. In one settlement, we obtained over \$33 million from a company that sold defective laptop computers to Government agencies. Other settlements involved contractors who provided office products, cushioning and packing materials, and computers. The settlements involved allegations that the companies had misrepresented their commercial discount practices and had conspired to substitute inferior products in violation of the False Claims Act and other statutory and contractual provisions (pages 17-18).

GSA has adopted the use of multiple award task and delivery order contracts (MACs) to aid Federal agencies in selecting contractors when the Government cannot determine the precise quantities of goods or services it will need for specific tasks. These contracts, referred to as indefinite delivery indefinite quantity contracts, are designed to promote competition among contractors, lower prices, improve quality, and to better meet agency requirements. Each of GSA's Services developed MACs to meet customer requirements and to promote competition. At the request of GSA management, we reviewed GSA's use of these contracts. Overall, we found that each of GSA's Services used MACs but with mixed results. For example, our review showed that FTS clients have increased

---

## Executive Summary

---

their use of MACs when procuring information technology services. This has resulted in greater flexibility and speed in meeting customer needs. However, only a small percentage of these contracts complied with Federal regulations that require contracts to be performance-based and contain pricing incentives (page 19). The Public Buildings Service (PBS) Property Management Centers used MACs to improve cost-effective delivery of quality construction services. However, their use was inconsistent throughout PBS, resulting in missed opportunities for less costly services and better quality (page 20). We also reviewed the use of MACs under the FSS Multi-Vendor Program. We noted that over 65 percent of the delivery orders we sampled were not supported by documentation showing that vendors were provided a fair opportunity to compete for these orders, and that acquisitions were not reported to the Federal Procurement Data System. We made several recommendations to GSA management to improve the overall use of MACs, by documenting contractor selection, ensuring vendors have a fair opportunity to compete, and strengthening controls over the ordering and delivery processes (page 21).

GSA awarded national real estate services contracts in four geographic areas for a wide variety of services, from administrative lease functions to the full acquisition of space. We noted that the service contracts are meeting customer and Agency requirements. However, we could not determine the cost-effectiveness of these services because there is no mechanism in place to measure the internal cost of operations. We concluded that GSA needs to implement a cost accounting system to help determine the advantage of providing leasing services in-house versus purchasing leasing services through commercial real estate firms (page 22).

We reviewed the award of several contracts used to provide financial and consulting services to two Federal agencies and concluded that GSA did not fulfill the Competition in Contracting Act requirement to use competitive procedures in all non-exempt procurements for goods and services. We recommended that officials provide for competition as required by regulations and contract clauses (page 24).

### **Criminal Investigations**

The OIG is a participant in the New York Electronic Crimes Task Force that investigates telecommunications fraud primarily involving Federal facilities within the New York metropolitan area. As a result of our involvement with this task force, we completed investigations that resulted in two arrests, two indictments, and five convictions this period (page 25).

Additionally, we investigated the fraudulent acquisition and disposal of Federal surplus property (page 26). Another investigation resulted in a

---

## **Executive Summary**

---

GSA employee pleading guilty to accepting a bribe from a Government contractor (page 32). We performed investigations regarding GSA's \$411 million fleet charge card program and \$157 million small purchase charge program. We arrested a GSA employee for misusing a VISA International Merchant Purchase Authorization Card (IMPAC) (page 32) and had another employee plead guilty to Government charge card fraud (page 33).

### **Value-Added Assistance Services**

The OIG continued to provide value-added professional assistance to GSA through participation in Agency improvement task forces, committees, and working groups. We continued to participate in a GSA task force established to facilitate a troubled courthouse construction project by responding to requests for information on cost allowability and other contract provisions (page 28). In addition, the OIG participates in a number of committees and working groups that directly affect our ability to add value to the Agency. For example, we participate in the Procurement Executives Council, the Information Technology (IT) Council, and the PCIE IT Roundtable. We also take part in the following working groups: GSA's Data Warehousing Pilot, PCIE IT Security and Audit Workforce, and the PCIE Government Performance and Results Act. Our Inspector General for Auditing is a member of the Cost Accounting Standards Board (page 29).

### **Summary Statistics**

The OIG made over \$338 million in financial recommendations to better use Government funds; made 255 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 331 legislative and regulatory actions; and received 1,124 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$119 million. (See page v for a summary of this period's performance.)

---

## 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 Congress.*

### Organization

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

- **The Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program performance reviews, internal controls assessments, and financial and compliance audits. The office also conducts external reviews in support of GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions. The office additionally provides advisory and consulting services to assist Agency managers in evaluating and improving their programs.
- **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**, 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**, a multidisciplinary staff that plans and directs field office appraisals and conducts internal affairs reviews and investigations.
- **The Office of Administration**, an in-house staff that provides information systems, budgetary, administrative, personnel, and communications services.

### Office Locations

The OIG is headquartered in Washington, D.C., at GSA's Central Office building. Field audit and investigation 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 and Cleveland.

### Staffing and Budget

As of September 30, 2000, our on-board strength was 290 employees. The OIG's FY 2000 budget was \$33.3 million.

---

## Major Issues

---

*The OIG is committed to addressing major management issues facing GSA. We identified and shared, with Congress and management, issues that present key challenges to the Agency. We made recommendations in several major areas that GSA management needs to take steps to address. It is our intention to assist management in improving Agency operations.*

### Significant OIG Accomplishments

**Contract guards remain ill-equipped, and inadequately trained and supervised.**

#### Protection of Federal Facilities and Personnel Building Security

GSA's Federal Protective Service (FPS) has had an increased responsibility for security and law enforcement in Federal facilities since the 1995 bombing of the Federal building in Oklahoma City. Because of the heightened importance of the Agency's security mission, the OIG has directed several reviews toward major activities within the FPS, and aspects of those reviews have been highlighted in our semiannual reports over the past several years.

#### Contract Security Guard Program

GSA contracts with private security firms for both armed and unarmed guards at Federal facilities. Currently, there are almost 7,000 contract security guards nationwide. FPS is attempting to create a national program and has determined that five program areas must be standardized in all regional guard contracts. These include guard training, weapons and ammunition, guard eligibility, a basic written examination, and suitability and certification requirements. However, a lack of staffing to monitor the guard contractors presents a significant obstacle to reform.

This period, regional management asked us to evaluate the progress FPS has made toward resolving the deficiencies noted in our October 15, 1999 alert report. In that review, OIG auditors identified significant matters that warranted management's immediate attention regarding a northeastern state guard service contract. We discussed how FPS officials tolerated critical performance deficiencies, such as vacant or abandoned posts, without enforcing contract requirements or taking deductions against the contract. We also reported that GSA paid for training, weapons, uniforms, equipment, and supervisory hours that had not been provided. Our primary concern, however, was the security breakdown posed by allowing a contractor to continuously provide ill-equipped, inadequately trained, non-performing guards. FPS had been extending the contract on a month-by-month basis while monitoring the contractor's performance. The results of our alert report were incorporated in our Contract Security Guard Program review, highlighted in the last semiannual report.

In this follow-up review, we concluded that, despite FPS's more active role in monitoring the contractor's performance, only limited



---

## Major Issues

---

### ***Protection of Federal Facilities and Personnel (continued)***

improvements have resulted. The contractor in that region is still largely non-compliant with critical contractual requirements such as training, testing, and supervision. In addition, due to difficulties in obtaining weapon permits, the contractor continues to staff unarmed guards at armed posts.

The continuing deficiencies are such that FPS cannot provide the intended level of security to its customers in this northeastern state. Therefore, we strongly urged FPS officials to explore alternative contracting sources in an expedited manner. Our review was continued as a result of a management request and the report, dated May 16, 2000, did not contain formal recommendations. As such, it is not subject to the audit resolution process.

### **Building Access Controls**

We reviewed the adequacy of controls over physical access to buildings forming a regional office complex. The complex, comprised of seven buildings, is campus-like in that the buildings are one or two story structures, surrounded by parking areas. In the three buildings included in our review, there are 15 entry points. These entrances can be accessed by a card key system and/or by displaying a security badge to security personnel.

Most of the card keys can be used to access entrances at the complex 24 hours a day, 7 days a week, and one card key will permit any number of people to enter and move about the building without restriction.

A variety of security badges is currently being used by GSA and the other tenant agencies within the complex. This impacts the security personnel's ability to discern the validity of the badges and, generally, anyone is allowed to enter the building if they display any kind of identification badge.

GSA has no formal procedure to ensure that card keys are deactivated or security badges are returned when a holder no longer has a valid need for routine access to buildings at the complex. Consequently, many former regional employees continue to have unlimited access to the complex.

Our September 19, 2000 report to the Regional Administrator recommended that regional officials, in conjunction with the Building Security Committee, reevaluate access controls at the complex.

Management officials agreed with our recommendation in the report. The audit is still in the resolution process.

***Building access controls at a regional office complex must be improved.***

---

## Major Issues

---

### **Information Technology**

#### **Implementation of Pegasys**

In 1996, GSA began planning for the development of a new financial management system to replace its aging National Electronic Accounting and Reporting (NEAR) system. In 1998, GSA procured a commercial off-the-shelf (COTS) financial management product that is currently being used by 18 Government agencies. However, significant modifications were needed to this product to meet GSA's requirements. This modified COTS system is known as Pegasys.

***The Pegasys development schedule has grown from 3 to 6 years, and estimated costs have increased from \$34 million to \$134 million.***

Pegasys cost estimates have grown significantly and substantial costs have already been incurred. Since 1999, the Pegasys development schedule has grown from 3 to 6 years, and estimated total development and life cycle costs have increased from \$34 million to \$134 million. To date, approximately \$39 million has already been obligated with only part of Phase 1 operational on a currently planned four-phased project. With the changes to the scope of the development effort and the lack of detailed plans and tasks for later phases, it will be challenging for the Chief Financial Officer (CFO) to accurately estimate the cost for the total Pegasys development and integration effort. Further, GSA pays the contractor based on hours worked on a task, rather than completion of certain system functions. The lack of mechanisms to control costs limits the CFO's ability to meet current cost estimates and limit further cost increases.

Pegasys has a very limited in-house project management staff—one full-time employee and various part-time personnel located across the country—that performs daily activities for the system. A Pegasys Advisory Board of senior GSA officials representing the major Agency Services has been established, but it does not decide project scope or direction, nor review or approve rescoping efforts. Only CFO top management officials decide what requirements and modifications to the software will be included in each phase.

The COTS software, as originally purchased, meets requirements set forth by the Joint Financial Management Improvement Program (JFMIP), as required by the Federal Financial Management Improvement Act (FFMIA). JFMIP issues guidance on financial management improvement and the development of financial systems. According to JFMIP, a financial system is made up of a number of core functions that maintain account balances by fund structure and individual general ledger accounts. The core functions also ensure that the Federal Government does not obligate or disburse funds in excess of those appropriated, and provide appropriate controls over all payments made by or on behalf of an agency. Significant modifications made to the original software affect some of these core functions. For example, the credit card features in the software, a part of the payment function, were not sufficient to meet

---

## Major Issues

---

### ***Information Technology (continued)***

GSA's needs and required extensive modifications. Also, receipt management will not be included in Pegasys and will be initiated as a separate development effort. Without independent review of major modifications and an assessment of their impact on the entire system, GSA risks building a system that may have to undergo significant modifications later in order to comply with JFMIP requirements.

Development of Pegasys could benefit from an ongoing Independent Validation and Verification (IV&V) process by an organization that is neither the developer nor the acquirer of the software. IV&V uncovers high risk errors early, evaluates the products against system requirements, and employs many types of analysis, including requirements, design, code, performance, and cost, as well as testing, to ensure that software development efforts are successful.

In order to improve GSA's ability to effectively and efficiently deliver Pegasys capabilities, the CFO needs to implement control mechanisms to direct, monitor, and accurately assess the contractor's performance in developing Pegasys. Also, an oversight and verification and validation process should be instituted to make any changes needed as development continues. Finally, the CFO should ensure that the system meets all necessary requirements.

Our September 29, 2000 report was intended to alert management to matters requiring immediate attention concerning Pegasys cost and development. We advised the CFO that we plan to continue our evaluation of the Pegasys system development and the matters cited in this alert report will be closely monitored.

This report contained no formal recommendations and is not subject to the audit resolution process.

### **Critical Infrastructure Protection Plan**

In May 1998, President Clinton issued Presidential Decision Directive 63 (PDD 63), which calls for a national effort to assure the security of the increasingly vulnerable and interconnected infrastructures of the United States, especially the cyber-based infrastructures. The directive places special emphasis on protection of the Government's own critical assets from cyber attack and the need to remedy deficiencies in order to become a model of information security. Our review of GSA's Critical Infrastructure Protection Plan (CIPP) for implementing PDD 63 was a part of a President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency (PCIE/ECIE) Governmentwide review of Federal Agencies' infrastructure assurance programs.

***GSA falls short in its efforts to improve security for its critical assets and cyber-based infrastructures.***

---

## Major Issues

---

### ***Information Technology (continued)***

Agency-wide operational roles and responsibilities for protecting GSA's critical infrastructures have not been clearly defined and are currently split between the Chief Infrastructure Assurance Officer (CIAO), within the Office of Federal Technology Service's Office of Information Security, and the Office of the Chief Information Officer (CIO). Although the CIAO, along with a designated team, completed the CIPP for GSA, the CIAO lacked operational and policy authority to direct information technology security policies and procedures necessary to implement the Plan. The CIAO and the CIO must coordinate their efforts to assure that the PDD 63 actions that were planned for in the Agency's CIPP are completed.

GSA's CIPP does not: (a) identify milestones for incorporating its critical infrastructure protection functions into GSA's strategic planning and performance measurements frameworks, (b) require the Agency to ensure security procedures are incorporated into the design of new infrastructures, or (c) identify milestones for establishing procedures to ensure that the Agency incorporates critical infrastructure security planning into the basic design of new programs or systems.

PDD 63 defines critical infrastructures as those physical and cyber-based systems essential to the U.S. economy and to maintain minimum operations of the Government. GSA's CIPP identifies 52 cyber-based systems as mission critical, but does not define mission criticality. The systems identified in the CIPP were derived from GSA's Year 2000 conversion process rather than through an assessment of the Agency's core missions or critical assets. Consequently, GSA's CIPP does not include protection planning for all GSA critical infrastructure assets or provide for an evaluation of new assets. Moreover, GSA has not established an Agency-wide process for completing vulnerability assessments and risk mitigation plans for its cyber-based infrastructure, as required by PDD 63.

Our September 29, 2000 review was a part of the PCIE/ECIE Governmentwide review. The report contained no formal recommendations and is not subject to the audit resolution process.

### **Smart Card Initiatives**

In July 1996, the Office of Management and Budget (OMB) formally requested GSA to be the lead agency in the promotion and implementation of smart cards for the Federal Government. GSA assigned this responsibility to its Office of Governmentwide Policy. A smart card, which has an integrated circuit chip containing a microprocessor, has read, write, and calculate function capability. This

---

## Major Issues

---

**While emphasizing the award of the Governmentwide contract for acquiring smart card services, GSA neglected its own card implementation.**

### **Information Technology (continued)**

tiny portable database can be used for many technologies such as bar codes, magnetic stripes, and digitized photos.

The smart card initiative was further advanced when the President stated in his FY 1998 Budget that “the Administration wants to adopt ‘smart card’ technology so that, ultimately, every [Federal] employee will be able to use one card for a wide range of purposes, including travel, small purchases, and building access.” GSA’s Administrator then created the Office of Smart Card Initiatives (OSCI), tasked with overseeing the implementation of these cards Governmentwide and coordinating the Agency’s in-house smart card programs. The following year, OSCI was transferred to the Federal Technology Service. Soon after, it became a business line and changed its focus from one of central oversight and coordination to one of providing a contract vehicle for acquisition, project management, and assistance to Federal agencies on a reimbursable basis.

The Agency has made some progress in its implementation efforts. Numerous pilots and smart card applications were tested following the formation of the smart card business line. Additionally, a contract was recently awarded, estimated at \$1.5 billion over 10 years, that will allow the Federal Government to procure smart card services, project management, training assistance, and support. GSA also issued technical guidelines and is currently working with a committee to produce standards for Governmentwide interoperability.

We found, however, that the results for only two of thirteen pilot projects could be used to improve the smart card application. These two pilots were centrally managed and coordinated, and closely monitored. One was the implementation of developing, manufacturing, administering, and utilizing the multi-function smart chip card; the other was for building access and security. We noted that many of the remaining pilots lacked centralized management, coordination and monitoring, as well as a defined plan and lessons learned assessment.

In its Interoperability Guidelines, GSA recognizes the need to have a management structure that will allow the integration and management of multiple applications across functional and organizational boundaries. However, the lack of coordination of GSA’s internal smart card efforts led to a lack of standardization across GSA’s Service lines. While emphasizing the award of the Governmentwide contract for acquiring smart card services, GSA neglected its own card implementation.

---

## Major Issues

---

### **Information Technology (continued)**

In our September 11, 2000 report to the Associate Administrator, Office of Governmentwide Policy, and the Commissioner, Federal Technology Service, we recommended that:

- The office responsible for internal smart card implementation be identified and have clear and measurable standards to gauge its efforts.
- Specific responsibilities and guidance be provided for coordinating, monitoring, and standardizing the smart card pilots and full implementation.

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

### **FTS Wireless Telecommunications Services Program**

GSA's Federal Technology Service (FTS) offers nationwide cellular and paging services and equipment to Federal agencies via its Federal Wireless Telecommunications Services (FWTS) Program. The program features a national contract with direct order and direct bill arrangements, where the service providers are free to extend their latest commercial offerings. Nevertheless, demand for services under this contract remains far below expectations. FTS is experimenting with other contract vehicles in an effort to add value to the customers and increase sales volume.

We performed this review to determine if the wireless program was providing a good value to its customers and if its contracts were operating within the bounds of the Federal Acquisition Regulation. Because the FTS contracts offered no price advantage, many cost-conscious customers resorted to direct procurement. FTS's future strategy will engage multiple vendors offering their products and services through commercial market channels, and will provide a single electronic site, a virtual wireless store, where customers can compare prices, features, and coverage areas before purchasing online.

Although FTS is in the midst of implementing many new wireless program initiatives, we were able to discern procurement-related vulnerabilities that may impede program success. We noted the absence of a cohesive acquisition plan and lack of sufficient detail to ensure a proper and complete procurement design. As a result, procurement objectives seemed to lack a clearly defined target market and procedures to ensure an adequate level of competition.

***Because the FTS contracts offered no price advantage, many cost-conscious customers resorted to direct procurement.***

---

## *Major Issues*

---

### *Information Technology (continued)*

With respect to the individual procurements that now comprise this evolving wireless program, we found:

- Changes to the FWTS contract have, in effect, created a sole source marketing opportunity for the two primary subcontractors, with no justification for other than full and open competition.
- FTS's new multiple award indefinite delivery indefinite quantity (IDIQ) contracts do not incorporate a procedure to provide vendors with a fair opportunity to be considered for each task order.
- Achieving and maintaining a viable level of competition under the multiple award IDIQ contracts may be challenging.
- There is considerable potential overlap in contracts under this wireless program, FTS 2001, and Federal Supply Service (FSS) Multiple Award Schedule (MAS) contracts.
- The ultimate success of FTS's proposed e-commerce solution—a virtual wireless store that will post available service plans and equipment for comparison and online purchase—will be a direct function of the extent to which the underlying contracts offer better than market prices.

We concluded that FTS has the technical expertise and working knowledge to develop a viable acquisition plan for wireless services; however, it lacks the authority to create a multiple award contract with all the advantages available under the FSS MAS Program. Conversely, while FSS has the procurement authority, wireless service represents a new, unfamiliar market and a substantial learning curve. Both services should cooperate in their planning and either consolidate their procurement actions under a single unified acquisition or clearly differentiate their separate contracts.

We recommended, in our July 27, 2000 report, that the Commissioner, Federal Technology Service:

- Not exercise future options to extend the FWTS contract.
- Work with the FSS procurement personnel to conduct adequate market research and prepare a cohesive acquisition plan for wireless services.
- Incorporate provisions in multiple award contracts to ensure vendors receive fair opportunity to be considered.

---

## Major Issues

---

### ***Information Technology (continued)***

A responsive management action plan was provided for implementing the report recommendations.

#### **Information Tracking Process**

The Federal Technology Service (FTS) has automated its procurement and financial tracking process by implementing the Integrated Task Order Management System (ITOMS) and the IT Solutions Shop (ITSS). The systems were developed to increase the efficiency of financial management processing and order preparation, respectively.

Although current efforts and future planned actions indicate a significant attempt to properly develop and implement ITOMS, the scope and functionality of the system have evolved rather than being defined as a part of system development life cycle processes.

Inadequate testing has caused processing delays and inaccurate financial records, which may adversely affect GSA, client agencies, and industry partners. As a result of our review, FTS has begun to implement a revised testing strategy. The Service has also significantly modified its implementation schedule to allow for increased testing of applications.

Our September 18, 2000 report to the Commissioner, Federal Technology Service, recommended that management continue the current procurement efforts in ITOMS application development and increase emphasis on using the resources of the FTS Chief Information Office to: (a) identify anticipated system requirements, (b) increase centralized control and guidance, and (c) improve cost projections and budgeting.

Management officials agreed with our recommendation in the report. The audit is still in the resolution process.

### ***Management Controls***

#### **Controls over Proceeds from Real Property Sales**

GSA disposes of surplus real property under its direct authority provided by the Federal Property and Administration Services Act. It also disposes of properties for other Federal agencies on a cost reimbursable basis. The Agency transfers surplus property to another Federal agency for continued use, sells the property at a discount (or donates it) to a state or local government, or sells the property to the general public. For FY 1999, GSA's cost for operating the program was approximately \$29 million, and revenue collections totaled over \$42 million.

We performed this review to evaluate if management controls provide assurance that revenue generated from the sale of real property and

***Inadequate testing  
has caused  
processing delays  
and inaccurate  
financial  
information.***



---

## Major Issues

---

**GSA cannot be assured that surplus real property transactions are properly recorded and Government assets are protected.**

### **Management Controls (continued)**

revenue from reimbursable services provided to customer agencies are properly accounted for, appropriately monitored, and safeguarded.

We found that GSA cannot be assured that transactions are properly recorded and Government assets are adequately protected. Controls over transaction recording, documentation, separation of duties, access to and accountability for resources, and employee supervision are deficient. We found that:

- Property disposal zonal offices use a predominantly manual accounting process for their disposal activities. The processes used often do not provide adequate documentation for transactions, do not lend themselves to easy verification of transaction recording, and make supervision over the process difficult. The processes do not ensure that transactions are properly categorized as reimbursable and billed to client agencies. Although GSA developed a management information system with modules to track both time and project cost, neither module is currently being used.
- Controls over receipts were not sufficient to assure that: check receipt logs were maintained, bid deposits were sent to the Office of Finance in a timely manner, proceeds were distributed timely, and customer agencies were provided a detailed accounting of transactions.
- The Finance Processing Center eliminated a monthly report previously used by the zonal offices to monitor cash receipts and reimbursements, and required the zonal offices to provide a new report. However, clear guidance on accurate preparation of the new report was not provided.
- The current billing rate does not provide for total reimbursable program cost recovery.

In our August 21, 2000 report to the Commissioner, Public Buildings Service, we recommended that the Office of Property Disposal:

- Initiate, in consultation with other Agency components and the Office of Finance, a periodic review of the Property Disposal Revenue Program and transactions to test compliance with and effectiveness of the controls established.
- Partner with the Office of Finance to find better ways to use available accounting tools and develop new mechanisms to provide more meaningful, user-friendly reports that management can use to oversee cash receipts and disbursement activities.

---

## Major Issues

---

### **Management Controls (continued)**

- Provide better guidelines to zonal offices, stressing the need for adequate supervision and better separation of duties, and mandate the use of a time tracking system for all employees.

The Commissioner agreed in principle with some of the report observations and outlined planned actions that would fulfill the intent of most of the recommendations. The audit is still in the resolution process.

### **Fleet Management Center Controls**

GSA's Fleet Management Centers (FMCs) provide full service leases for motor vehicles to Federal agencies. These leases include fuel and maintenance, which is charged to a fleet services charge card assigned to each vehicle. The fleet services charge card program is valued at \$411 million. FMCs are responsible for vehicle license plates, ordering new and replacement credit cards, monitoring credit card usage and repair charges, and responding to customer inquiries. This period, the OIG reviewed the operations of one regional FMC, which manages approximately 5,000 motor vehicles leased to customer agencies.

The audit determined that, while the FMC did a creditable job of implementing management controls over its vehicles, improvements were needed to protect fleet services cards from misuse and to ensure destruction of license plates from vehicles removed from service.

- Services cards. During our review of the FMC, we observed that key duties and responsibilities related to fleet services cards are vested in one individual. This person is responsible for ordering new and replacement cards, receiving and distributing the cards, and deactivating the cards when vehicles are removed from service. These duties need to be separated in order to minimize potential misuse and to comply with internal control standards.

A recent OIG investigation of activities at another FMC revealed illegal purchases made with cards that should have been destroyed.

Because of a lack of controls, an individual ordered replacements for 100 incorrectly embossed cards and recorded the cards on a destruction log, but kept and used the cards for illegal purchases. GSA lost approximately \$18,000 before the deception was detected.

- License plates. Although the FMC has contracted with an auction house to destroy plates from vehicles that are removed from service and sold by the auction house, no FMC employee witnesses the destruction, nor is the FMC provided an opportunity to do so. Without this independent verification of plate destruction, or notification of

**Key duties and responsibilities need to be separated to minimize potential misuse of fleet services cards.**

---

## Major Issues

---

### **Management Controls (continued)**

which plates will be destroyed, the FMC has no assurance that the plates will not be illegally used.

In our September 29, 2000 report to the Regional Administrator, we recommended that Fleet Management:

- Require that all orders for replacement fleet services cards be approved by a fleet services representative or the FMC manager.
- Separate ordering and receiving duties for fleet services cards.
- Compare an inventory of vehicles and cards in the database to a list of vehicles sold to ensure that the corresponding cards have been appropriately deactivated.
- Require auction houses to notify the FMC before destroying license plates and ensure that FMC employees take steps to ensure the actual destruction of license plates.
- Direct the staff to comply with GSA policy for using credit cards.

Management officials agreed with our recommendations in the report. The audit is still in the resolution process.

### **Dummy Building Accounts**

GSA provides a wide range of real estate services, including property management, construction, repair and alteration, and portfolio management, to Federal agencies in more than 8,300 owned and leased buildings nationwide. In order to make sound financial decisions regarding these buildings, GSA must continuously assess and analyze the revenues and expenses for each property.

To aid management in effectively managing its assets, costs identifiable to specific buildings need to be charged to those buildings. In cases where the Agency cannot readily assign costs to a specific building, it uses holding accounts, which GSA refers to as “dummy” building numbers, to capture these costs in the accounting system. Dummy accounts are also sometimes used to temporarily capture project costs until they can be properly redistributed.

During a recent review, OIG auditors noted the Agency was inappropriately using reimbursable work authorizations to acquire

***GSA needs to strengthen controls to ensure that management decisions are based on sound financial information.***

---

## Major Issues

---

### **Management Controls (continued)**

financial and consulting services for other Government agencies. (See “Financial and Consulting Services,” page 24.) Since these transactions were processed through regional dummy building accounts, we initiated this review to determine if the Agency has effective controls to ensure the propriety and accuracy of financial data recorded against the dummy numbers.

We found that entries were incorrectly posted to dummy building accounts and were not redistributed from these numbers to the appropriate accounts. While there was no material impact on the financial statements, asset management decisions could be influenced. We noted that:

- \$344.7 million for construction of new buildings was not reassigned to the appropriate buildings;
- over \$300 thousand for repair and alteration projects was charged to dummy accounts rather than the appropriate buildings;
- \$1.6 million of depreciation expense was processed through dummy numbers; and
- general and administrative costs for new construction and repair and alteration projects are being capitalized and depreciated through dummy building accounts rather than through the individual building numbers, contrary to Federal Financial Accounting Standards requirements.

We concluded that the Agency needs to strengthen controls to ensure that management decisions are based on sound financial information. We observed several factors that contribute to the above concerns, including regional staff not verifying the accuracy of their transactions; supervisors not emphasizing the need for, and assuring, accuracy; and regional staff being unsure of their duties and responsibilities for recording project costs. Management needs to address these factors to ensure accurate reporting of the data.

Our September 15, 2000 report to the Commissioner, Public Buildings Service, included recommendations to implement effective controls to ensure the accuracy of financial data for individual buildings.

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

---

## Other Reviews of GSA Programs

---

*GSA is a central management agency that sets Federal policy in such areas as Federal procurement, real property management, and telecommunications. GSA also manages diversified Government operations involving buildings management, supply facilities, real and personal property disposal and sales, information technology, and motor vehicle and travel management. Our audits examine the efficiency, effectiveness, and integrity of GSA programs and operations, and result in recommendations and reports to management. Our internal audit program is designed to facilitate management's evaluation and improvement of control systems by identifying areas of vulnerability and providing consulting and advisory services.*

### Significant OIG Accomplishments

***GSA is taking steps to enhance its supply and procurement business line's performance measures.***

### Acquisition Best Practices

GSA's Federal Supply Service (FSS) is working to develop meaningful performance measures that are linked to the Agency's budget, as required by the Government Performance and Results Act. FSS recently contracted with a management consulting firm to assist with development of performance measures for all FSS programs. Additionally, the FSS Commissioner requested that our office conduct a best practices review of performance measures for acquisition centers.

The Office of Acquisition is part of FSS's Supply and Procurement (S&P) business line. The goals of the business line are to: (1) be an employer of choice for a high performance organization, (2) partner with customers and industry, (3) improve electronic commerce and GSA Advantage!, and (4) promote sound management practices. The performance measures for each goal, contained in S&P's Business Plan, are currently being refined.

We identified best practices by addressing each of the S&P business line goals in terms of whether or not the goal was found in industry and how industry measured the goal. We met with 12 private sector companies and one state acquisition agency. As a result of our meetings with procurement organizations, we learned that most shared at least one S&P business goal. We obtained information on how industry measures these goals and determined that the organizations use key practices to achieve excellence in purchasing goods and services relative to these goals. The industry key practices are:

- Encourage and support needed skill sets for acquisition professionals.
- Identify big impact areas and focus partnering activities strategically.
- Seek information on key suppliers and customers.

---

## *Other Reviews of GSA Programs*

---

- Use information gained as leverage for creating successful relationships for customers, suppliers, and the procurement organization.
- Reap the most benefit from electronic commerce as a partnering tool.
- Add value through strategic sourcing activities.
- Measure success in cost savings and efficiencies in supply chain management.

We gave a presentation to management officials highlighting the results of our review and providing useful comments in regard to the business line's existing performance measures for each goal.

Our September 20, 2000 advisory report contained no formal recommendations and is not subject to the audit resolution process.

---

## Procurement and Related 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 manages the transfer and disposal of excess and surplus real and personal property and 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 conduct reviews and investigations in all these areas of activity to ensure that the taxpayers' interests are protected.*

### **Significant OIG Accomplishments**

#### **Over \$35 Million in Civil Recoveries**

During this period, the Government entered into 6 settlement agreements in which companies agreed to pay a total of over \$35 million to resolve their potential civil liabilities under the False Claims Act. These agreements, negotiated by representatives of the Department of Justice and the GSA OIG, reflect the ongoing efforts of the OIG to pursue cases involving procurement fraud and other practices that threaten the integrity of the Government's procurement process. Highlights of some cases follow:

- On September 29, 2000, Toshiba America Information Systems, Inc. (Toshiba) paid the United States \$23 million in settlement of claims arising from Toshiba's sale of defective computer laptops to Government agencies. The United States will also receive \$10.5 million in coupons for the purchase of Toshiba products. The investigation arose from allegations that a defect contained in Toshiba's laptops will periodically cause undetected data corruption. A class action asserting these allegations was filed in the Eastern District of Texas. The Government opted into the settlement reached in the class action and settled all potential Government claims arising from the allegations, including those arising under the civil False Claims Act.
- Lanier Worldwide, Inc. has paid the Government over \$1.3 million to settle the Government's claims, including its potential civil False Claims Act liability. The Government alleged that Lanier misled GSA contracting officials in the negotiation of six GSA Multiple Award Schedule (MAS) contracts for a variety of office products, including facsimile machines and dictation equipment, by failing to disclose better pricing extended to certain state and local customers or other commercial customers. The Government alleged that the inaccurate disclosures led to inflated pricing under the contracts. The settlement amount included over \$143,000 that Lanier had previously paid GSA to partially resolve pricing issues relating to the same contracts.
- F.P. Woll & Co. (F.P. Woll) had a MAS contract to supply specialized cushioning and packing materials to GSA's customers. An

---

## Procurement and Related Activities

---

investigation determined that, in the course of its performance of the contract, F.P. Woll began substituting a lesser-quality material for one of the items on the contract. F.P. Woll agreed to pay \$250,000 to settle its potential False Claims Act liability.

- Sales and Marketing Assistance Corporation of Gaithersburg, Maryland agreed to pay \$250,000 to settle its potential False Claims Act liability. The suit, brought by an individual citizen under the *qui tam* provisions of the False Claims Act, alleged that the company made serious misrepresentations regarding the computers it sold to Federal customers. The complaint alleged that the computers contained counterfeit hardware and software and used components. The *qui tam* provisions of the False Claims Act allow individuals to bring suit, on behalf of themselves and the Federal Government, against contractors who submit false claims to the Government. The individual who brought the *qui tam* action will receive 17 percent of the settlement.
- The Wyandotte Indian Tribe of Oklahoma agreed to pay \$45,000 to settle the Government's claim that it violated the False Claims Act by obtaining Federal excess property and then selling or bartering it for cash or other property. The excess property, including vehicles, motor graders, forklifts, tool kits, and other equipment, was originally obtained legally and was to be put to the direct use of the tribe for training and for use on community service construction projects. The investigation found that, instead, the equipment was sold and the proceeds were deposited in a tribal bank account. As part of the settlement, the tribe also returned over \$336,000 worth of equipment to the Government.

### **Task and Delivery Order Contracts**

GSA provides Federal agencies with products and services valued in the billions of dollars through various types of contracts, one of which is a multiple award task and delivery order contract (MAC). This type of contract is appropriate when the Government cannot predetermine, above a specified minimum, the precise quantities of supplies or services that will be required during the contract period. GSA competitively awards, using source selection procedures, multiple contracts covering the same scope of work and then, as needs are identified for specific tasks and products, the agencies compete the task/delivery orders among the contract holders. The use of multiple award contracts is encouraged by the Federal Acquisition Streamlining Act of 1994 to promote best value and the fair opportunity for contract awardees to compete among themselves. The competition is intended to lower prices, obtain better quality, reduce delivery time, and improve customer service.

Each of the GSA's three major Services developed MACs to promote competition and to better meet the requirements of the Agency's customers. Our assessment of the use of MACs by GSA was done at the



---

## Procurement and Related Activities

---

request of the Office of Acquisition Policy because a number of reports issued by the General Accounting Office and other Inspectors General indicated that some Federal agencies were inconsistently applying competition requirements when using multiple award contracts.

### Federal Technology Service (FTS)

FTS's clients have increased their use of the popular MACs when procuring information technology services because these contracting vehicles allow the Federal agencies greater flexibility and speed in getting what they need. Questions remain, however, about whether these benefits come at the expense of competition and good pricing.

In an effort to promote the concepts of fair opportunity and best value, the Office of Management and Budget (OMB) in 1997 advocated the use of performance-based contracting. As a result of the cost reductions and increased customer satisfaction demonstrated by a pilot project completed in 1998 by OMB, the Federal Acquisition Regulation (FAR) was changed to require that performance-based work statements be used to the maximum extent practicable for service-type contracts. GSA's Office of Acquisition Policy also acknowledged the need to incorporate performance in an order's statement of work, including price incentives, to encourage innovation and cost savings in the procurement. Our audit sample indicated that less than 15 percent of FTS orders were performance-based and that the orders lacked pricing incentives.

While FTS's delivery/task order award process provides each contractor with an opportunity to bid, there are factors that can inhibit or even bias the process. As a result, not all MAC contractors have the same opportunity to be successfully considered for an order. For example, contracting officers exercise broad discretion in determining the procedures to follow when awarding work, including development of contractor selection criteria. Selection criteria can incorporate factors such as past performance, quality of deliverables, price, and cost, all of which are often heavily influenced by the client's expectations.

FTS makes an effort to collect data on contractor performance for each of its task orders; nevertheless, current performance is not used as a factor for awarding work. Making current contract performance ratings visible to clients and competing MAC contractors could help them become a more integral part of the competitive process, and contractors would be motivated to improve their performance ratings.

Revenue is generated in FTS from contract access fees collected from payments to MAC contractors to cover Solution Development Center costs, and service fees charged to clients to cover Customer Support Center costs. These fees vary widely among GSA's regional offices,

***Less than  
15 percent of FTS  
orders were  
performance-  
based and the  
orders lacked  
pricing incentives.***

---

## *Procurement and Related Activities*

---

which is inconsistent with FTS's stated business goal of setting a uniform price for the same level of service, regardless of geographic location.

Our September 19, 2000 report recommended that the Commissioner, Federal Technology Service:

- Enhance FTS procurement practices to better suit client needs and save the Federal taxpayer even more.
- Remove inhibitors to fair opportunity and promote meaningful competition.
- Strengthen management controls for MAC task/delivery order award and administrative processes.
- Develop a transition plan that provides for uninterrupted service to clients at the end of the current MACs.

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

### **Public Buildings Service (PBS)**

PBS is responsible for providing customer agencies with fully serviced space in Federally owned and leased buildings. The PBS organizational structure varies by region, but MACs are available for use by Property Management Centers (PMCs), their organizational equivalents, or their subordinate Field Offices. A PMC may cover a large geographic area, such as a State or Region, whereas a Field Office is responsible for a building or group of buildings in a city or other limited area.

In 1996, as part of its "Can't Beat GSA Space Alterations" initiative, PBS adopted the use of MACs to play a key role in the improved delivery of space alterations. PBS has a total of 312 multiple award contracts. At the time of our review, 2,052 delivery orders, valued at over \$176 million, had been placed against those contracts. In order for competition to occur for construction work, the ordering agency must have drawings and/or written specifications that can be provided to each contractor from whom a bid is requested. Government estimates are required when the order is expected to be \$100,000 or more.

We found that the use of MACs for construction work was inconsistent and opportunities to provide less costly and higher quality services were not being maximized. PMCs have embraced MACs, and for the most part are using them appropriately by seeking and obtaining competition for the task orders they award. This results in the cost-effective delivery of quality services. On the other hand, Field Offices showed a preference

***Opportunities for less costly and higher quality services are not maximized.***

---

## *Procurement and Related Activities*

---

for using single award contracts, which denies contractors a fair opportunity to compete for construction projects. Field Office personnel apparently believed that a single award contract is quicker and easier to use than a MAC, especially if the ordering official lacks technical expertise to develop a scope of work or drawings. When a single award contract is used, and drawings and/or specifications are not provided, control and responsibility for completing the work in the most efficient and economical way possible is relinquished to the contractor.

Our September 27, 2000 report recommended that the Commissioner, Public Buildings Service:

- Issue instructions to all regional activities to phase out the use of single-award indefinite delivery indefinite quantity (IDIQ) construction contracts, whose scope of work, terms and conditions are redundant to existing and concurrent multiple award construction contracts.
- Establish a system of internal controls that requires regional management to regularly assess the adherence of ordering officials to laws and regulations governing the use of multiple award IDIQ construction contracts.

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

### **Federal Supply Service (FSS)**

Our review focused on the MAC orders placed with the Vehicle Acquisition and Leasing Services business line, under FSS's Multi-Vendor Program. This program allows customer agencies seeking to acquire vehicles (from compact cars to large military vehicles) to choose among several contractors through large, competitive contracts that offer low prices. In FY 1999, GSA, through its Multi-Vendor Program, bought 30,873 vehicles worth \$496.3 million.

Over 65 percent of the delivery orders sampled were not supported by documentation reflecting that vendors were provided a fair opportunity to compete for these orders. One contractor received all 230 orders for heavy and medium trucks, valued at \$12.7 million, although there are four contractors selling this type of vehicle. Without documentation to support the contractor selection, there is an appearance of a lack of competition.

The acquisitions were not being reported to the Federal Procurement Data System (FPDS), which was developed by OMB to establish a system for collecting, developing, and disseminating procurement data. If the procurement data is inaccurate, the information provided by the Federal Procurement Data Center is not a useful tool for measuring and assessing the impact of Federal procurements on the nation's economy,

***Over 65 percent of the delivery orders sampled did not document that vendors were provided a fair opportunity to compete.***

---

## *Procurement and Related Activities*

---

nor the extent to which small and small disadvantaged business firms are sharing in Federal procurements.

Most of the MACs reviewed did not include procedures for issuing delivery orders nor the selection criteria that a contracting officer should use when choosing a contractor. These procedures are outlined in the FAR and should have been made a part of the contracts.

Our July 26, 2000 report recommended that the Commissioner, Federal Supply Service:

- Establish new ordering procedures that will require customer agencies to review the GSA price lists to compare prices and products for each MAC contractor under the respective vehicle program that can meet the minimum requirements of the order.
- Revise the Motor Vehicle Requisition Form, and the form for electronic orders, to require the ordering agency to confirm that it has followed the ordering procedures specified in the contract and the FAR prior to making the selection decision.
- Post the ordering procedures in the MACs and price lists, on the FSS web site, and in the “Federal Vehicle Standards.”
- Document the justification for contractor selections that GSA makes for customer agencies.
- Develop a system to report delivery orders into FPDS.
- Include in all Multi-Vendor Program contracts the FAR procedures for issuing delivery orders and the selection criteria that a contracting officer should use when choosing a contractor.

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

### ***National Real Estate Services Contracts***

In 1995, GSA determined that potential savings could be realized by contracting out some lease administration services. However, it was not until July 1997, after Congress requested the Agency to explore commercial sources for real estate services, that GSA awarded national real estate services contracts in four geographic zones. The contracts were to help leverage GSA’s declining personnel resources by purchasing, through commercial real estate service firms, a wide variety of services, from administrative lease functions to the full acquisition of space.

---

## *Procurement and Related Activities*

---

***GSA needs to implement a cost accounting system to help determine the economic advantage of leasing services in-house versus purchasing leasing services through commercial real estate firms.***

Our review showed that the broker service contracts are meeting Agency and customer requirements and providing GSA with an alternative to offset its decreasing personnel resources. While the quality of the results and timeliness of project completion were sufficient, we could not determine the cost-effectiveness of the leasing alternative because there is no mechanism in place to measure the internal cost of operations. We believe that GSA needs to implement a cost accounting system to help determine the economic advantage of leasing services in-house versus purchasing leasing services through commercial real estate firms. In addition, to detect waste and inefficiency, measures should be developed to determine the cost of internal operations.

We also found that GSA intends to collect rebates of commissions paid by landlords to the real estate firms. In private sector lease transactions, it is common business practice for real estate firms to be paid a commission for their services by property owners or landlords, regardless of whether they represent the interests of the landlords or the tenants. The Agency anticipates duplicating this practice and believes that real estate firms will not increase the rental rate to Federal customer agencies to compensate for the rebate payments. We believe, however, that the landlords may pass this cost on to the tenants in the form of higher rent rates, causing customer agencies' space costs to rise, thereby increasing their budgets and need for larger appropriations. GSA needs to evaluate the effect of rebates on customers. It also needs to thoroughly assess how these revenues will be accounted for.

Finally, we noted that realty specialists interpret the regional contracts differently regarding the amount and type of work to be handled by the contractors. In some regions, real estate firms supplement GSA staff by performing only those transactions that the Agency cannot handle, other regions give out routine responsibilities and keep everything else in-house, and others perform oversight and allow real estate firms to handle major projects. Each region should share its ideas, experiences, and lessons learned, thereby developing best practices within GSA.

Whether GSA is recognized as the Government's leading provider of quality leasing services to Federal agencies will be determined by how well the Agency prepares its leasing personnel to meet this new way of doing business and prepares the brokers for dealing with Government regulations.

Our September 28, 2000 report to the Commissioner, Public Buildings Service, recommended that the Public Buildings Service:

- Develop a cost accounting system and controls that will enhance the management decision-making process over the contract leasing activity.

---

## *Procurement and Related Activities*

---

- Estimate the revenues to be generated by broker rebates and determine how the rebates will ultimately affect lease rates for customer agencies.
- Develop performance measures to compare leasing activity costs to outputs.
- Provide training to Agency realty specialists on administering contractor work, and provide training to contractors to familiarize them with Government operations and expectations.

The Commissioner's response did not specifically address the initial recommendation; rather it stated that lack of staff, not cost, was the dominant factor in the decision to contract for broker services. We reiterated our concern for the need to identify internal costs so that GSA will be more efficient and remain competitive. The Commissioner agreed in theory with the remaining recommendations. The report is still in the resolution process.

### *Financial and Consulting Services*

Based on an inquiry from the Department of the Treasury's (Treasury) Office of Inspector General, we reviewed GSA's actions related to the award of several contracts used to provide financial and consulting services to the Community Development Financial Institution Fund of Treasury and the Housing Revitalization and Support Office of the Department of Defense (DoD). From 1996 through 1999, orders placed under these contract vehicles amounted to about \$17 million.

GSA used three different methods to obtain these services for the customer agencies: placing open orders, ordering from existing Multiple Award Schedule (MAS) contracts, and issuing separate multiple award contracts. However, in doing so, GSA did not fulfill the Competition in Contracting Act requirement to use competitive procedures in all procurements for goods and services unless otherwise expressly authorized by statute.

We found that at the behest of the customer agencies, GSA placed multiple open orders totaling over \$1.8 million without a contract for services. There was no evidence that these services were competed. The Agency also issued purchase orders against existing MAS contracts. However, the projects, worth \$5.9 million, were outside the scope of these contracts and should have been open to competition. Finally, the Agency issued six separate multiple award contracts for services, but did not provide each vendor with a fair opportunity to compete for task orders. Over \$7 million of work was directed to one vendor without competition.

***GSA did not fulfill the Competition in Contracting Act requirement to use competitive procedures in non-exempt procurements.***

---

## *Procurement and Related Activities*

---

We also noted that the Agency provided services, such as evaluations of financial systems and documentation of internal controls, that did not involve real property management or other related activities and were outside the authorized purposes of the Federal Buildings Fund.

We concluded that the two projects for which GSA provided services to Treasury and DoD are no longer active and there was no lasting impact on the Federal Buildings Fund, since the agencies reimbursed the Fund for the services provided.

Our July 5, 2000 report to the Regional Administrator recommended regional management should ensure that:

- Contracting officials promote and provide for competition required by the FAR and contract clauses.
- Services provided through MAS contracts fall within the scope of the contracts.
- Services provided to customer agencies are within the scope of the Agency's authority and fulfill the mission of the Federal Buildings Fund.

A responsive management action plan was provided for implementing the report recommendations.

### *Telecommunications Fraud*

The OIG is a principal participant in the New York Electronic Crimes Task Force (NYECTF). NYECTF members include the Secret Service, Department of Defense, Department of Justice, New York City Police, and telecommunications industry representatives. The purpose of the task force is to investigate telecommunications fraud, primarily involving Federal facilities within the New York metropolitan area. GSA is the principal provider of telecommunications services for these facilities. The OIG is a permanent member of the NYECTF and frequently is the lead agency in the investigations.

The task force investigates several types of telecommunications fraud including cloned cellular telephones, stolen calling card numbers, and intrusions of Private Branch Exchange (PBX) telephone switches. Cellular telephones are cloned through the use of electronic devices that capture the electronic signatures of the telephones. These signatures are programmed into other cellular telephones, which are then used to illegally make unauthorized telephone calls. Calling card numbers are stolen either through the use of electronic devices, which intercept the caller's use of the number, or by "shoulder surfing" which is the simple act

***Federal  
telecommunications  
fraud investigations  
yield results:***

- ***arrests***
- ***indictments***
- ***financial restitutions***
- ***jail time***

---

## *Procurement and Related Activities*

---

of watching someone dial in the card numbers. PBXs, or telephone switches, are usually breached through their voice mail systems. Individuals may use their computers to locate and break into mailboxes that can be used to make outgoing telephone calls. In all of these scenarios, access is often sold to other individuals who make telephone calls around the world until the misuse is detected.

During the month of August, two individuals plead guilty to charges related to fraudulent access of the White House Communications Agency (WHCA) telephone system. One individual, a U.S. Army Sergeant assigned to the WHCA plead guilty pursuant to a plea agreement in the U.S. District Court.

The investigation disclosed that several individuals had used their telephone lines to illegally access the PBX of the WHCA. The investigation identified the Sergeant as having supplied at least one individual with access numbers to the WHCA PBX. These numbers allowed that individual to access and make telephone calls from the WHCA system.

The OIG's goal is to prevent such crimes by vigorously prosecuting offenders. Additionally, we are working with GSA management and its employees in efforts to prevent these crimes. In this reporting period, the OIG has made two arrests, indicted two individuals, and obtained five convictions related to our telecommunications fraud investigations. In one case, an individual was ordered to pay over \$657,000 in restitution and sentenced to 24 months incarceration.

### ***Airport Manager Found Guilty of Fraud***

On May 31, 2000, the manager of a local airport was found guilty of the fraudulent acquisition and disposal of Federal surplus property. Sentencing is scheduled for November.

This investigation was initiated when it was alleged that the manager fraudulently applied for eligibility, through the state agency in Illinois, to participate in the Federal Surplus Property Program as a public airport. This program is designed to give state agencies access to surplus Federal property. The investigation disclosed that the manager owned and operated a private airport that was not affiliated with any public entity. The investigation showed that the manager fraudulently used the mail, interstate carriers, and facsimiles to transmit documents relating to the acquisition and disposal of Federal surplus property.

Specifically, it was revealed that the manager obtained a Convair C131F military surplus aircraft through the Federal Surplus Property Program in



---

## *Procurement and Related Activities*

---

January 1996. The plane was sold by the subject in November 1997 to an air freight company for \$75,000 plus costs for storage and repairs, which made the aircraft's sale value about \$85,000. The Government listed the fair market value of the aircraft as \$1,000,000. The manager submitted a false sale document, containing a forged signature of a GSA regional official, to the air freight company to transfer title on the aircraft. In addition, he illegally received other property, including military vehicles and military helicopters, having an estimated fair market value totaling \$200,000.

---

## *Partnering with GSA Management*

---

### ***Value-Added Assistance Services***

The OIG participates, on an ongoing basis, in a number of Agency task forces, committees, and working groups. This value-added professional assistance is provided to GSA management in the form of proactive advice and counsel while monitoring ongoing Agency initiatives. OIG representatives are available to advise management at the earliest possible opportunity of potential problems, help ensure that appropriate management controls are provided when reinventing Agency systems, and offer possible solutions when addressing complex financial issues. The demand for this partnership effort continues to be significant. Some of the areas in which the OIG has been involved this period include:

- **Commercial Acquisition Performance Measures Team** – The OIG is participating in this team at the request of the Federal Supply Service (FSS). The team is being facilitated by a consulting firm and has been tasked with establishing a set of performance measures for commercial acquisition that support both the business line and corporate goals of FSS. While the task was substantially completed in FY 2000, performance goals should be revisited on a regular basis, so it is likely that the OIG will continue its involvement in this process.
- **GSA/DoD Billings/Payments Solution Team** – GSA's Office of Finance in one region requested our participation in a solution team comprised of representatives from the Department of Defense (DoD) and GSA. The team was initially formed to address the cash shortage in the Information Technology Fund, which is one of GSA's three major funds. While previous meetings of team members focused on the Information Technology Fund, future meetings will address the Federal Buildings Fund and General Supply Fund. Team members have identified numerous action items that need to be resolved to expedite DoD payments to GSA. OIG involvement in team activities is expected to continue throughout FY 2001.
- **Construction of St. Louis Courthouse** – In January 1997, after the prime contractor was terminated, the OIG joined in the Agency's task force established to facilitate completion of construction of the Thomas Eagleton Courthouse in St. Louis, Missouri. Although the building was declared substantially complete in May 2000, the task force continued to meet weekly through June 2000 to discuss project issues and funding. The task force currently meets on an as-needed basis, but team members interact several times each week, requesting OIG input and assistance on audit matters and unresolved legal cases associated with the project. We anticipate that the task force will remain intact through January 2001, when the building is expected to approach full occupancy.

---

## *Partnering with GSA Management*

---

- Formation of the Office of Enterprise Development – Our office meets with GSA management officials on a regular basis to provide advice and counsel regarding the formation of this Office within FSS. Specific input by the OIG has been requested regarding management controls and performance measures.

The OIG participates in a number of committees and working groups that directly affect our ability to better add value to the Agency. For example:

- The Information Technology (IT) Council comprised of the Chief Information Officers of the various GSA Services and Staff Offices.
- GSA's Data Warehousing Pilot working group helps chart the direction for data warehousing in the Agency.
- The President's Council on Integrity and Efficiency (PCIE) IT Roundtable discusses various IT audit activities throughout the Inspector General community.
- The Procurement Executives Council is an interagency council consisting of Executive Branch procurement executives. The Inspector General is the PCIE representative to the Council.
- The PCIE IT Security and Audit Workforce working groups help to determine what types of security audits the OIGs should perform and what types of actions can be taken to recruit and retain IT-qualified staff.
- The PCIE Government Performance and Results Act working group discusses what the OIGs are doing and should be doing to most effectively assist their respective agencies in the implementation of the Act.
- Our Assistant Inspector General for Auditing represents all civilian Government agencies on the Cost Accounting Standards Board, which promulgates, amends, and revises Cost Accounting Standards designed to achieve uniformity and consistency in cost accounting practices by individual Government contractors.

Our direct participation with the Agency on task forces, committees, and working groups allows us to contribute our expertise and advice, while improving our own familiarity with the Agency's rapidly changing systems. We also benefit by expanding our knowledge of new initiatives within the Federal community. We nevertheless maintain our ability to

---

## *Partnering with GSA Management*

---

independently audit and review programs. Our participation in the task forces is typically as a non-voting advisory member. We maintain a strict policy of excluding staff members who have served on developmental task forces from subsequent audits of the same subject areas.

---

## 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 and Other Audits**

The OIG's preaward audit program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward audits distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the Government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 48 contracts with an estimated value of nearly \$712 million. The audit reports contained over \$326 million in financial recommendations.

Four of the more significant Multiple Award Schedule contracts we audited had projected Governmentwide sales totaling \$577 million. The audit findings recommended that \$265 million in funds be put to better use. The audits disclosed that these vendors offered prices to GSA that were not as favorable as the prices other customers received from these vendors.

We also audited several significant claims for increased costs that contained proposed amounts totaling \$58.1 million. We recommended adjustments of \$51.2 million. In an audit of a prime contractor and several of its subcontractors, we advised the contracting officer that the claims should be adjusted to eliminate unallowable and unsupported material, labor, and indirect costs. In an audit of a claim for alleged extra work and delays caused by the Government, we advised the contracting officer that the contractor's claim should be adjusted to eliminate duplicate labor and overhead amounts and unsupported material 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 18 briefings attended by 256 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. The briefings have in fact led to OIG investigations based on reports by GSA employees of suspected wrongdoing.

---

## ***Prevention Activities***

---

### ***Employee Misconduct***

#### ***Former GSA Employee Sentenced for Accepting a Bribe***

An investigation by the OIG resulted in the conviction of a former GSA employee for accepting a bribe while working as a contracting officer's assistant. Based on information received by the OIG Hotline concerning alleged contract discrepancies, investigators ultimately found that the former employee had accepted a bribe from a Government contractor for \$17,000 worth of renovations to her personal residence. In return, the employee directed contract work to a specific company.

The former employee was charged with accepting a bribe. She pled guilty in U.S. District Court to a one count information and was sentenced, on September 8, 2000, to 2 years supervised probation, 30 days imprisonment, and 60 days home detention with electronic monitoring. Also, she was ordered to pay \$17,000 in restitution. The employee retired from GSA while under investigation.

The OIG continues to work with GSA management in an effort to stop illegal and unethical behavior.

#### ***Former GSA Employee Sentenced for Misuse of VISA IMPAC Credit Card***

An OIG investigation resulted in the conviction of a GSA contracting officer for converting public funds to her personal use. The investigation was initiated when GSA management informed the OIG that questionable charges had been made to an International Merchant Purchase Authorization Card (IMPAC) assigned to one of its employees. The investigators found that approximately 100 charges totaling nearly \$40,000 were made on the VISA IMPAC charge card at clothing, shoe, and jewelry stores.

As a result of the investigation, the contracting officer was indicted on charges of converting public funds. She subsequently pled guilty in U.S. District Court to the charges and was sentenced in June 2000 to 5 years probation, 6 months in a halfway house with electronic monitoring, ordered to pay \$39,980 in restitution, and ordered to disclose her felon status to current and future employers. She resigned from her position at GSA while under investigation.

This investigation illustrates the importance of cooperation between GSA employees and the OIG. An alert GSA manager triggered the investigation. As a result of this case, vulnerabilities were identified by the OIG and brought to the attention of program managers. Consequently, controls were established that should help prevent a recurrence of this problem.

---

## *Prevention Activities*

---

### *GSA Employee Pleads Guilty to Felony Fraud*

On August 10, 2000, a GSA procurement technician pled guilty in U.S. District Court to felony fraud and related activity in connection with the misuse of a Government credit card. The technician's employment with GSA was terminated. She is currently awaiting sentencing.

The investigation was initiated when fleet management reported to the OIG that the Government was continuing to receive credit card bills on the account of a Government vehicle sold at public auction. The investigation found the employee had stolen 100 credit cards and had used four cards to purchase approximately \$18,000 worth of gasoline.

### *President's Council on Integrity and Efficiency Award*

In the semiannual report for April 1, 1999 - September 30, 1999, we reported the details of a 2-year investigation by the OIG involving bribery and kickback schemes in connection with GSA maintenance and construction projects at various Federal buildings and offices. The investigation disclosed that six GSA employees had accepted bribes from ten private contractors. The arrests of these employees and contractors constituted one of the largest corruption prosecutions in GSA's recent history.

On September 29, 2000, the special agent in charge of this investigation was presented with the President's Council on Integrity and Efficiency Investigative Excellence Award.

### *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. We also launched our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 1,124 Hotline reports. Of these, 102 complaints warranted further GSA action, 20 warranted other Agency action, and 1,002 did not warrant action.

### *Implementation Reviews*

Responsibility for implementing appropriate corrective action as the result of audit report recommendations rests with Agency management. The OIG performs, on a selective basis, independent reviews of the implementation actions to ensure that management is carrying out this responsibility according to established milestones. This period, the OIG performed two implementation reviews. In both of these reviews, we found all of the recommendations had been implemented.

### *Financial Statements Audit*

The annual audit of the GSA consolidated financial statements was performed by an independent public accounting (IPA) firm, with oversight and guidance from the OIG, as required by the Chief Financial Officers Act of 1990. Unqualified opinions on the Agency's financial statements

---

## *Prevention Activities*

---

and on its system of internal accounting controls were issued in our October 1, 1999 - March 31, 2000 report.

This period, the IPA issued its FY 1999 Management Letter Report, in which it identified three reportable conditions. Improvements are needed in:

- GSA entity-wide system security management and oversight;
- the development, implementation, and change controls over GSA's system environment; and
- controls over the integrity of rent and leasing data.

None of these conditions are considered to be material weaknesses.



---

## 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 309 legislative matters and 22 proposed regulations and directives. The OIG addressed the following legislative items:

- *Testimony on H.R. 809, the Federal Protective Service Reform Act of 2000.* On September 28, 2000, the Deputy Inspector General (IG) testified before the Senate Committee on the Environment and Public Works, Subcommittee on Transportation and Infrastructure, on H.R. 809, the Federal Protective Service (FPS) Reform Bill. The bill, among other things, would reorganize FPS as a separate service within GSA, impose certain minimum law enforcement experience requirements on the positions of FPS head and FPS regional directors, require that FPS issue minimum suitability criteria for contract guards, and clarify police powers of Federal Protective Officers as well as FPS criminal investigators. In his testimony, the Deputy IG noted that improvements were needed to FPS's structure to achieve a direct chain of command and line of authority between the FPS headquarters in Washington, D.C. and FPS field personnel in order to ensure more effective oversight of the use of law enforcement authorities, better development and implementation of training, and consistent application of policies and procedures within FPS. He also expressed the view, though, that a direct chain of command could be achieved without removing FPS from the Public Buildings Service.

The Deputy IG further testified in support of the bill's requirements for the FPS head and regional directors to have certain minimum law enforcement experience and noted the OIG's support for clarifying the police powers for FPS special police and criminal investigators. Finally, the Deputy IG noted that, with respect to contract guards, OIG work had indicated that inconsistent implementation of suitability criteria and training requirements, as well as inadequate resources for proper contract oversight, were the causes of problems in the program.

- *Statutory Law Enforcement Authority for OIGs.* Our Assistant Inspector General for Investigations, as part of a group representing the IG community, participated in dozens of Congressional briefings relating to an initiative to develop and enact statutory law enforcement authority for OIG special agents. Specifically, the group (on behalf of the IG community) discussed a draft measure, supported by the Department of Justice (DoJ) and OMB, and recently introduced as S. 3144 by Senator Thompson, to give 23 larger OIGs statutory law enforcement

---

## Review of Legislation and Regulations

---

authority. These same OIGs currently all operate under an annual Memoranda of Understanding (MOU) with the DoJ which entitle qualified and trained special agents to be deputized by the United States Marshals Service. The proposal would make law enforcement authority for these OIGs more certain and permanent and would alleviate the somewhat burdensome annual renewal process for the current MOUs. Further, the proposal would retain DoJ oversight mechanisms required under the current MOUs, while adding periodic peer reviews of OIGs' exercise of these authorities. The briefings included, among other things, information and statistics on OIG investigations and activities that support the need for statutory law enforcement authority.

- *S. 3030, Fraud Recovery Audit Act.* We provided comments to GSA and OMB on S. 3030, the proposed Fraud Recovery Audit Act, the Senate counterpart to H.R. 1827, upon which this Office had already provided input to both OMB and the House Committee on Government Reform. Like the House bill, the Senate bill would mandate that agency heads institute annual recovery audits of payment activities of their agencies if those activities exceed \$500 million. We strongly endorsed the bill's intent, which is to require agencies to more aggressively identify and collect overpayments, and to address internal systemic problems leading to such overpayments. The principal concern we raised was with the Senate bill's deletion of three important provisions in the House version which would have required that the recovery audit contractor report to the IG of that agency, in addition to the agency head, on fraud or other criminal activity discovered in the course of a recovery audit and also report on significant payment errors and certain conditions giving rise to payment errors. We pointed out that the fraud reporting requirement was necessary because the IGs are statutorily responsible for investigating and reporting to the DoJ on suspected violations of criminal law related to agency programs. We also noted that deleting the other reporting requirements would hamper the ability of the IGs to provide effective oversight of systemic weaknesses.
- *Draft Reports Consolidation Act of 2000.* Our Office provided comments to GSA and OMB on the draft bill "Reports Consolidation Act of 2000" which would allow agency heads, with OMB concurrence, to combine certain statutorily-mandated financial or performance management reports into a consolidated report to be submitted by March 1 of each year. The bill would also require OIGs to summarize their agencies' most serious management and performance challenges, and to provide a brief assessment of the agency's efforts and progress in addressing those challenges as part of this same report. We noted our support for the bill and our belief that combining

---

## Review of Legislation and Regulations

---

the various reports would result in more useful and effective reporting. We also specifically supported the requirement for an IG assessment as part of the report, although we noted that timing problems could arise with the preparation of the report. We suggested that consideration be given to changing the report's due date to a date later in the year.

- *S. 870, the Inspector General Act Amendments of 1999.* We provided comments to GSA and OMB on S. 870, the Inspector General Act Amendments of 1999. We generally supported the bill, which makes a number of management-related changes to OIGs. We did note, however, our concern with one aspect of the proposed external review requirement. Although we support external reviews of OIGs as a general matter, we noted that the bill, as written, only allows for the General Accounting Office (GAO) or "an appropriate private entity" to conduct such reviews. Generally, we suggested that it would also be appropriate to have peer OIGs perform these reviews, and that the bill should be modified accordingly.

We also suggested additional OIG-related initiatives that could be incorporated into the bill, including statutory law enforcement authority for OIG special agents who currently operate under a MOU with the DoJ, and granting OIGs access to DoJ's Office of Legal Counsel in cases where agency General Counsels and OIGs disagree on legal questions which may significantly impact an agency's programs or operations.

- *H.R. 220, Freedom and Privacy Restoration Act of 1999.* We provided our comments on H.R. 220, a bill that would restrict Federal agencies' use of social security numbers for other than tax or narrow social security-related benefits purposes and restrict the use of other identifiers or identification standards by Federal agencies in certain other contexts. We commented that the bill would have far-reaching effects on Government agencies that use identifiers to administer programs. We also noted our specific concerns with the bill's impact on our Office's operations, especially certain law enforcement tools, such as criminal records indices, that utilize social security numbers or other identifiers. We suggested that strict enforcement of existing privacy statutes might more narrowly address any problems regarding misuse of personal information.

In addition, the OIG provided comments on the following proposed regulations:

- *Department of Justice Guidance on Electronic Processes.* This Office provided comments to the DoJ on its draft guidance on "Legal

---

## Review of Legislation and Regulations

---

Considerations in Designing and Implementing Electronic Processes.” We expressed our view that, overall, the guidance presented a thoughtful, comprehensive listing of legal issues that might arise when Federal agencies convert paper-based processes to electronic ones. We suggested inclusion of two additional topics in the guidance, including a discussion on the need for periodic testing of electronically stored data for indicia of data corruption, and a discussion of the Federal Rules of Evidence as they relate to the use of electronic records in court.

- *GSA Order on Internal Personal Property Control.* We reviewed an internal GSA directive that proposed to make certain changes to the way GSA controls and accounts for internal personal property. Overall, we had no objection to the changes, although we noted that an inconsistency existed within the order relating to the planned elimination of a dollar threshold for designating accountable items. Such items would no longer automatically be subject to extra controls solely because of their dollar value. We suggested that other sections of the order be revised to consistently reflect this modified definition.
- *OMB and CFO Council 2000 Federal Financial Management Report.* We provided comments to GSA and OMB on the 2000 Federal Financial Management Report, which was drafted by OMB and the CFO Council in response to certain statutory reporting requirements. We generally commended the report’s efforts to focus attention on improving financial management in the Federal Government. However, we noted our concerns with a proposal, in an attached list of CFO-suggested proposals to alter CFO authorities, to establish audit committees to direct the preparation of agencies’ annual financial statement audits. We noted our belief that establishing such committees and requiring a direct CFO presence could only diminish the independence of the audit process by providing the CFO, the entity with responsibility for the agency’s financial statement, with a voice in choosing the auditor and overseeing the audit of the statement. We further noted that our Office currently works in a collaborative fashion with the GSA CFO’s Office as a matter of practice, and that establishment of a formal committee mechanism is unnecessary to providing timely, high-quality financial statement audits.
- *OMB Draft Memorandum on Inter-Agency Sharing of Personal Data.* We provided comments to OMB on its Draft Memorandum on Inter-Agency Sharing of Personal Data. We noted our general agreement that data sharing between agencies can be a critical tool for improving the efficiency of Government programs. We also raised concerns, though, that there were inconsistencies between the Draft Memorandum and the provisions of the Privacy Act of 1974 and the

---

## *Review of Legislation and Regulations*

---

Computer Matching and Privacy Protection Act of 1988, particularly in regards to the treatment of routine uses which now allow for disclosure of privacy information to other Federal agencies and the provision for a cost-benefit assessment which is not now found in the Privacy Act.

- *GSA Draft Instructional Letter – Second Party Access to Electronic Mail Files.* We raised a number of concerns about a proposed GSA Instructional Letter expanding on the Agency's e-mail policy. In particular, we noted that the draft Instructional Letter did not make it clear that there is no expectation of privacy in any activity on Government computers. We also pointed out that, contrary to what the Letter proposed, GSA policy permits systems administrators to monitor e-mail usage, and that the Electronic Communications Privacy Act allows for access to e-mail under limited circumstances.

## Statistical Summary of OIG Accomplishments

### **Audit Reports Issued**

The OIG issued 100 audit reports during this reporting period. The 100 reports contained financial recommendations totaling \$338,966,257, including \$326,964,130 in recommendations that funds be put to better use and \$12,002,127 in questioned costs. Due to GSA's mission of negotiating contracts for Governmentwide supplies and services, most of the savings from recommendations 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, 2000. Two reports more than 6 months old were awaiting management decisions as of September 30, 2000; both of them were preaward audits, issued before February 10, 1996, which are not subject to the 6-month management decision requirement. Table 1 does not include 2 reports issued to another agency this period. Table 1 also does not include 5 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 4/1/00			
Less than six months old	43	30	\$ 20,725,017
Six or more months old	19	13	11,123,724
Reports issued this period	98	60	338,966,257
<b>TOTAL</b>	<b>160</b>	<b>103</b>	<b>\$370,814,998</b>
For which a management decision was made during the reporting period			
Issued prior periods	60	42	\$ 31,645,398
Issued current period	56	31	59,085,256
<b>TOTAL</b>	<b>116</b>	<b>73</b>	<b>\$ 90,730,654</b>
For which no management decision had been made as of 9/30/00			
Less than six months old	42	29	\$279,881,001
Six or more months old	2	1	203,343
<b>TOTAL</b>	<b>44</b>	<b>30</b>	<b>\$280,084,344</b>

## Statistical Summary of OIG Accomplishments

### **Management Decisions on Audit Reports with Financial Recommendations**

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

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

	<u>No. of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 4/1/00		
Less than six months old	24	\$ 19,384,347
Six or more months old	13	11,123,724
Reports issued this period	<u>43</u>	<u>326,964,130</u>
<b>TOTAL</b>	<b>80</b>	<b>\$357,472,201</b>
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
•management action	—	\$ 75,573,620
•legislative action	—	—
Recommendations not agreed to by management	—	4,617,212
<b>TOTAL</b>	<b>53</b>	<b>\$ 80,190,832</b>
For which no management decision had been made as of 9/30/00		
Less than six months old	26	\$ 277,078,026
Six or more months old	1	203,343
<b>TOTAL</b>	<b>27</b>	<b>\$ 277,281,369</b>

## Statistical Summary of OIG Accomplishments

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

	<u>No. of Reports</u>	<u>Questioned Costs</u>
For which no management decision had been made as of 4/1/00		
Less than six months old	6	\$ 1,340,670
Six or more months old	0	0
Reports issued this period	<u>18</u>	<u>12,002,127</u>
<b>TOTAL</b>	<b>24</b>	<b>\$13,342,797</b>
For which a management decision was made during the reporting period		
Disallowed costs	—	\$ 6,945,716
Costs not disallowed	—	<u>3,594,106</u>
<b>TOTAL</b>	<b>21</b>	<b>\$10,539,822</b>
For which no management decision had been made as of 9/30/00		
Less than six months old	3	\$ 2,802,975
Six or more months old	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>3</b>	<b>\$ 2,802,975</b>



---

## Statistical Summary of OIG Accomplishments

---

### **Investigative Workload**

The OIG opened 139 investigative cases and closed 104 cases during this period. In addition, the OIG received and evaluated 62 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**

<b>Type of Referral</b>	<b>Cases</b>	<b>Subjects</b>
Criminal	45	78
Civil	14	16
Administrative	109	161
<b>TOTAL</b>	<b>168</b>	<b>255</b>

In addition, the OIG made 6 referrals to other Federal activities for further investigation or other action and 47 referrals to GSA officials for information purposes only.

### **Actions on OIG Referrals**

Based on these and prior referrals, 25 cases (36 subjects) were accepted for criminal prosecution and 13 cases (15 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 25 indictments/informations and 23 successful prosecutions. OIG civil referrals resulted in 13 cases being accepted for civil action and 6 case settlements. Based on OIG administrative referrals, management debarred 32 contractors, suspended 25 contractors, and took 20 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 had administrative recoveries of \$1,848,825 during the course of its investigations.

**Table 5. Criminal and Civil Recoveries**

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$ 93,375	\$ —
Settlements and Judgments	—	35,388,100
Restitutions	996,503	—
<b>TOTAL</b>	<b>\$1,089,878</b>	<b>\$35,388,100</b>

# ***APPENDICES***



---

## Appendix I—Significant Audits from Prior Reports

---

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

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

### **Environmental Management System**

*Period First Reported: October 1, 1999 to March 31, 2000*

The review focused on the management of the environmental program to address conditions in GSA-controlled space. The report contained three recommendations; none has been implemented.

The recommendations include establishing a framework to evaluate and coordinate regional activities, expanding the focus of the program, and prioritizing projects on a nationwide basis. They are scheduled for completion between November 15, 2000 and March 15, 2001.

### **Contract Security Guard Program**

*Period First Reported: October 1, 1999 to March 31, 2000*

The review assessed the Contract Security Guard Program. The report contained eight recommendations; six have been implemented.

The recommendations include developing a national training program, witnessing firearm qualification sessions, and tracking qualification status of contract guards. They are scheduled for completion by October 15, 2000.

### **Energy Conservation**

*Period First Reported: October 1, 1999 to March 31, 2000*

The review assessed one region's efforts to conserve energy. The report contained four recommendations; two have been implemented.

The recommendations include enhancing the current energy plan, and recognizing energy efficiency and

conservation accomplishments in position descriptions and performance evaluations of employees. They are scheduled for completion by November 15, 2000.

### **Real Property Management Information System**

*Period First Reported: October 1, 1999 to March 31, 2000*

The review evaluated the System for Tracking and Administering Real Property (STAR). The report contained four recommendations; none has been implemented.

The recommendations include identifying a total set of capabilities needed in STAR, developing a STAR project plan, establishing a project management team, and working to complete STAR. They are scheduled for completion between March 15 and May 15, 2001.

### **Finance Center Payments**

*Period First Reported: October 1, 1999 to March 31, 2000*

The review focused on management controls for payments for purchase cards and fleet card transactions. The report contained eight recommendations; four have been implemented.

The recommendations involve requiring refresher training, using Pegasys for card transactions approval and reconciliation, increasing use of point of sale controls, and ensuring personnel follow-up on improper fleet card transactions. They are scheduled for completion between October 15 and December 15, 2000.

### **Assessing Acquisition System Implementation**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review evaluated a commercially available electronic acquisition system intended to improve the acquisition process. The report contained five recommendations; four have been implemented.

The remaining recommendation involves developing performance measures for the acquisition system. It is scheduled for completion by October 15, 2000.

---

## Appendix I—Significant Audits from Prior Reports

---

### **Performance-Based Buildings Services Contracts**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review evaluated the nationwide program for mechanical services. The report contained six recommendations; five have been implemented.

The remaining recommendation involves establishing a national quality assurance program. It is scheduled for completion by January 15, 2001.

### **Controls over RWA Expenditures**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review assessed the controls over GSA's Reimbursable Work Authorization process. The report contained two recommendations; neither has been implemented.

The recommendations involve reviewing financial data; and adjusting controls, updating policies, and providing training. They are scheduled for completion by January 15, 2002.

### **Evaluating the Industrial Funding Fee**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review assessed the progress GSA was making to set and collect its industrial funding fee. The report contained five recommendations; two have been closed and two have been implemented.

The remaining recommendation involves improving oversight of the process by developing reports to improve collection efforts, prioritize work, and assess costs for administration. It is scheduled for completion by March 15, 2001.

### **Local Area Network Security Risks**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review focused on the local area network (LAN) security. The report contained four recommendations; none has been implemented.

The recommendations include developing LAN security plans, establishing processes for managing accounts and contingency planning, identifying

controls for remote access to LANs, and providing security awareness training. They are scheduled for completion between October 15, 2000 and January 15, 2001.

### **Access to Building Design Plans**

*Period First Reported: October 1, 1998 to March 31, 1999*

The review focused on the accessibility to the general public of building plans. The report contained two recommendations; one has been implemented.

The remaining recommendation involves sharing the results of the review with appropriate Agency officials. It is scheduled for completion by October 15, 2000.

### **Security Standards for New Buildings**

*Period First Reported: October 1, 1998 to March 31, 1999*

The review evaluated security standards for new and renovated Federal buildings. The report contained two recommendations; neither has been implemented.

The recommendations include developing a policy that defines roles and responsibilities of individuals involved in building standards, and creating security standards for newly acquired leased space. They are scheduled for completion between January 15 and August 15, 2001.

### **Security Enhancements in Federal Buildings**

*Period First Reported: April 1, 1998 to September 30, 1998*

The review evaluated GSA's program for upgrading security in Federal buildings. The report contained six recommendations; five have been implemented.

The remaining recommendation involves reporting cost data for future countermeasures. It is scheduled for completion by March 15, 2001.

### **Travel Management Program Funding Fee**

*Period First Reported: April 1, 1998 to September 30, 1998*

The review assessed GSA's Travel Management Program funding fee. The report contained seven recommendations; six have been implemented.

---

## **Appendix I—Significant Audits from Prior Reports**

---

The remaining recommendation involves establishing one industrial funding fee for all customers. It is scheduled for completion by October 15, 2000.

### **Information Systems Security**

*Period First Reported: April 1, 1998 to September 30, 1998*

The review assessed the security measures of six major Internet and Intranet GSA applications. The report contained four recommendations; two have been implemented.

The remaining recommendations include specifying roles and responsibilities to ensure security and basing IT security decisions on risk assessments. They are scheduled for completion between November 15 and December 15, 2000.

### **Megacenter Dispatch Services**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review focused on GSA's plans to consolidate security control centers into four megacenters. The report contained four recommendations; none has been implemented.

The recommendations include developing alternate access procedures, developing contingency plans to continue the dispatch function during natural disasters, upgrading alarm systems, and implementing a preventive alarm maintenance program. They are scheduled for completion by June 15, 2001.

### **Contract Workload Management**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review identified opportunities for improving workload management. The report contained one recommendation; it has not yet been implemented.

The recommendation involves the need to automate key activities of the contracting process. It is scheduled for completion by December 15, 2000.

### **Federal Protective Service Investigation Office**

*Period First Reported: April 1, 1997 to September 30, 1997*

The evaluation focused on a review of the Federal Protective Service's criminal investigation activities. The report contained five recommendations; four have been implemented.

The remaining recommendation involves establishing measurable criminal investigations program performance standards. It is scheduled for completion by January 15, 2001.

### **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; one has been implemented.

The remaining recommendation involves modifying the new contractor information system. It is scheduled for completion by May 15, 2001.

## 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>				
<b>PBS Management Consulting Reviews</b>				
05/25/00	A000964	Management Consulting Review: Howard University Contract Deliverables, Contract Number GS-02P-93-CUC-0071		
<b>PBS Internal Audits</b>				
05/16/00	A000984	Review of FPS Efforts to Resolve Contract Guard Service Deficiencies in New Jersey		
07/05/00	A995317	Audit of Consulting Services Provided by PBS Through Reimbursable Work Authorizations		
08/18/00	A001004	Review of Procurements Made by the Utah Public Buildings Service Field Office		
08/21/00	A000913	Management Control Review: Public Buildings Service, Office of Property Disposal, Controls Over the Proceeds from Sale of Surplus Real Property		
09/15/00	A000902	Audit of PBS's Management of Building Account Activities		
09/18/00	A000861	Advisory Review of PBS Construction Contract Clauses		
09/19/00	A000970	Review of GSA's Building Access Controls at the Bannister Road Complex in Kansas City, Missouri		
09/27/00	A995309	Audit of Orders Placed by the Public Buildings Service Against Multiple Award Construction Contracts		
09/28/00	A000810	Audit of the Public Buildings Service's National Real Estate Services Contracts		



## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
<b><i>PBS Contract Audits</i></b>				
04/04/00	A000943	Preaward Audit of a Claim for Increased Costs: Cali-U.S.A. Acoustics, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Contract Number GS-09P-95-KTC-0012		
04/06/00	A000952	Postaward Audit of Cost or Pricing Data: CMR Construction, Inc., Contract Number GS06P99GZC0303		\$437,181
04/07/00	A000962	Postaward Audit of Sole Source Contract: Program and Construction Management Group, Contract Number GS11P99ZCC0114	\$380,458	
04/17/00	A000889	Preaward Audit of a Claim for Increased Costs: Italian Marble and Tile Company, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		
05/01/00	A000987	Preaward Audit of Architect and Engineering Services Contract: Teng & Associates, Inc., Contract Number GS05P00GAD0191		
05/02/00	A000918	Preaward Audit of a Claim for Increased Costs: Morrow-Meadows Corporation, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		
05/08/00	A000944	Preaward Audit of a Claim for Increased Costs: Columbia Fabricating Company, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
05/11/00	A000950	Preaward Audit of a Claim for Increased Costs: Moon and Crockett Plumbing Corporation, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		
05/11/00	A000993	Preaward Audit of a Claim: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033		
05/12/00	A000956	Preaward Audit of Architect and Engineering Services Contract: G.H. Forbes Associates Architects, P.C., Contract No. GS-05P-99GAD-0118		
05/17/00	A001005	Preaward Audit of Supplemental Architect and Engineering Services Contract: HLM Design USA, Inc., Solicitation Number GS-05P-99-GAD-0191		
05/18/00	A000961	Preaward Audit of a Claim for Increased Costs: Washington Iron Works, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		
05/26/00	A000853	Preaward Audit of a Claim for Increased Costs: Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		
05/31/00	A000990	Interim Postaward Audit of Cost or Pricing Data: Venetian Terrazzo Co., Inc. & The Missouri Terrazzo Co., Inc., Joint Venture, Contract Number GS06P99GZC0310	\$368,481	\$126,563
06/01/00	A000971	Audit of Claims for Increased Costs: Midwest Curtainwalls, Inc., The Federal Triangle Project		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
06/08/00	A000996	Audit of Cafeteria Food Services Contract: Pier 5 Services d/b/a Sebastian's Catering, Contract Number GS01P97BWC0058		
06/09/00	A000953	Preaward Audit of Architect and Engineering Services Contract: SHG, Incorporated, Contract No. GS-05P-99GAD0118		
06/27/00	A001008	Limited Scope Preaward Audit of Cost or Pricing Data: Armada/Hoffler Development Company, Lease Number GS-11B-80510		
07/10/00	A000886	Preaward Audit of a Claim: Reliable Contracting, Inc., Contract Number GS-02P-91-CUC-0045		
07/13/00	A000945	Postaward Audit of Contract Closeout: Allstate Security & Investigative Services, Inc., Contract Number GS05P97GCD0001		
07/13/00	A000966	Audit of Small Business Subcontracting Plan: Coken Company, Inc., Contract Number GS-02P-95-DTC-0014(N)		
07/19/00	A000940	Preaward Audit of a Claim: Coken Company Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014		
07/27/00	A001028	Limited Review of Contract Extension Claim: International Services, Inc., Contract Number GS-02P-94-CTD-0141		
07/28/00	A000916	Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		
07/28/00	A001065	Preaward Audit of Architect-Engineering Services Term Contract: Robert M. Stafford, Inc., Solicitation Number GS-04P-99-EWD-0138		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
07/28/00	A001017	Preaward Audit of Cost or Pricing Data: Columbia Curb & Gutter Co., Solicitation Number GS06P00GYC0012(N)		
08/01/00	A001001	Preaward Audit of a Claim for Increased Costs: Aztec Fire Protection, Inc., Sub-contractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		
08/02/00	A001049	Postaward Audit of Architect and Engineering Services Contract: URS Greiner Woodward Clyde, Contract Number GS05P99GBC0033		
08/03/00	A001057	Preaward Audit of Architect-Engineer Design Services Contract: Bargmann Hendrie + Archetype, Inc., Solicitation Number GS-01P-99-BZC-0020		
08/17/00	A001073	Preaward Audit of Architect and Engineering Services Contract: Oudens + Knoop Architects, PC, Contract Number GS11P00MQD0011		
08/17/00	A001068	Preaward Audit of Architect and Engineering Services Contract: MTF Architecture, Inc., Solicitation Number GS-11P00MQD0011		
08/22/00	A001042	Audit of Billings under Contract Number GS06P99GZC0305: Corrigan Company Mechanical Contractors		\$109,450
08/22/00	A001074	Preaward Audit of Engineering Services Contract: Shooshanian Engineering, Inc., Solicitation Number GS-01P-99-BZC-0020		
08/23/00	A001018	Preaward Audit of a Claim for Increased Costs: Borbon, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		

## Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
08/24/00	A000941	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014		
08/25/00	A001069	Preaward Audit of Architect-Engineering Services Term Contract: A/R/C Associates, Inc., Solicitation Number GS-04P-99-EWD-0138		
08/28/00	A001023	Preaward Audit of a Claim for Increased Costs: Cali-U.S.A. Acoustics, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012		
08/28/00	A001076	Preaward Audit of Architect-Engineering Services Term Contract: Price Consulting, Inc., Solicitation Number GS-04P-99-EWD-0138		
08/31/00	A001044	Audit of Billings under Contract Number GS06P99GZC0304: Fire Assurance, Inc.		\$137,287
08/31/00	A001077	Preaward Audit of Architect-Engineering Services Term Contract: Conley Design Group, Inc., Solicitation Number GS-04P-99-EWD-0138		
09/08/00	A001095	Preaward Audit of Architect and Engineering Services Contract: The Architects Group, Inc., Solicitation Number GS-04P-00-CXD-0030		
09/20/00	A001093	Preaward Audit of Architect and Engineering Services Contract: Seay, Seay & Litchfield, Solicitation Number GS-04P-00-CXD-0031		
09/26/00	A001079	Preaward Audit of Architect and Engineering Services Contract: Lerch, Bates and Associates, Incorporated, Contract No. GS-07P-00-HHD-0044		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
09/27/00	A001106	Preaward Audit of Architect-Engineering Services Term Contract: Tomasino and Associates, Inc., Solicitation Number GS-04P-99-EWD-0138		
09/27/00	A001107	Preaward Audit of Architect and Engineering Services Contract: Prad Group, Inc., Solicitation Number GS-04P-00-CXD-0032		
09/29/00	A001109	Review of Proposed Labor and Overhead Rate Increases: DLR Group, Contract Number GS06P93GYC0050		

### *FSS Internal Audits*

06/05/00	A000891	Advisory Review of Visa Charge Card Contractor's Difficulty Reconciling Charges with Fleet Authorizations		
07/26/00	A000880	Audit of Federal Supply Service's Use of Multiple Award Indefinite Delivery Indefinite Quantity Contracts		
09/20/00	A000851	Advisory Review on Industry Best Practices for Acquisition Performance Measures		
09/27/00	A001048	Advisory Review of Resolution Procedures for VISA Charges		
09/29/00	A000976	Review of the Phoenix Fleet Management Center, Federal Supply Service, Pacific Rim Region		

### *FSS Contract Audits*

04/05/00	A995244	Interim Postaward Audit of Multiple Award Schedule Contract: Corporate Systems Centre of Torrance, Contract Number GS-35F-4188D		
04/13/00	A000972	Preaward Audit of Multiple Award Schedule Contract: Medical Plastics Laboratory, Inc., Contract Number GS-02F-9315C		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
04/18/00	A995254	Postaward Audit of Multiple Award Schedule Contract: LabrepcO, Inc., Contract Number GS-25F-5056C for the Period April 1, 1995 Through March 31, 1999		\$20,876
04/25/00	A000975	Preaward Audit of Multiple Award Schedule Contract: Day Runner, Incorporated, Contract Number GS-14F-0193D		
05/16/00	A000998	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Dionex Corporation, Contract Number GS-24F-2042D		
05/16/00	A001007	Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: Franklin Covey, Contract Number GS-14F-9729C		
05/16/00	A000982	Preaward Audit of Multiple Award Schedule Contract: C & E Services, Inc., Solicitation Number 7FXG-W7-99-6813-B		
05/18/00	A001009	Limited Postaward Audit of Multiple Award Schedule Contract: Day Runner, Incorporated, Contract Number GS-14F-0193D		\$7,392
05/18/00	A42123	Postaward Audit of Multiple Award Schedule Contract: Coulter Source, Inc., Contract Number GS-00F-2383A		\$1,167,028
05/25/00	A000955	Limited Scope Postaward Audit: Voyager Fleet Systems, Inc., Contract Number GS-23F-98006		\$687,644
06/15/00	A995259	Postaward Audit of Multiple Award Schedule Contract: ASAP Software Express, Inc., Contract Number GS-35F-4027D for the Period April 1, 1996 Through August 31, 1999		\$1,628,555

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
06/27/00	A000860	Interim Postaward Audit: Voyager Fleet Systems, Inc.'s Compliance with Fuel Tax Requirements under Contract Number GS-23F-98006		\$2,200,000
06/30/00	A000873	Review of Reported Contract Sales: Kimball Lodging Group, Contract Number GS-00F-0062F		
06/30/00	A001000	Limited Scope Postaward Audit: AOC Solutions, Inc., Contract Number GS-23F-98006		\$293,508
07/06/00	A001033	Preaward Audit of Multiple Award Schedule Contract: Teach.com, Contract Number GS-02F-9305C		
07/11/00	A000999	Interim Postaward Audit of Multiple Award Schedule Contract: Access Distributors, Incorporated, Contract Number GS-21F-0001H		\$21,058
07/12/00	A001029	Limited Postaward Audit of Multiple Award Schedule Contract: Engineered Data Products, Inc., Contract Number GS-29F-0104G		
08/25/00	A001096	Limited Scope Postaward Audit of Multiple Award Schedule Contract: 3K Office Furniture Distribution GmbH, Contract Numbers GS-28F-0039J, -0038J and -0040J		
09/08/00	A21267	Postaward Audit of Multiple Award Schedule Contract: Lanier Worldwide, Incorporated, Contract Number GS-00K-92-AGS-0454		\$711,199
09/08/00	A41229	Postaward Audit of Multiple Award Schedule Contract: Lanier Worldwide, Incorporated, Contract Number GS-00F-91556		\$1,153,965



## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
09/08/00	A41228	Postaward Audit of Multiple Award Schedule Contract: Lanier Worldwide, Incorporated, Contract Number GS-00F-10424		\$564,055
09/08/00	A41208	Postaward Audit of Multiple Award Schedule Contract: Lanier Worldwide, Incorporated, Contract Number GS-00F-85661		\$1,233,977
09/08/00	A31242	Postaward Audit of Multiple Award Schedule Contract: Lanier Worldwide, Incorporated, Contract Number GS-00K-89-AGS-5506		\$709,765
09/08/00	A31231	Postaward Audit of Multiple Award Schedule Contract: Lanier Worldwide, Incorporated, Contract Number GS-00F-4433A		\$792,624
09/14/00	A001052	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Lyme Computer Systems, Contract Number GS-35F-4754G		
09/26/00	A001080	Preaward Audit of Multiple Award Schedule Contract: West Group, Contract Number GS-02F-0405D		
09/28/00	A001051	Preaward Audit of Multiple Award Schedule Contract: Motorola, Inc., Solicitation Number FCIS-JB-980001B-03-23-98		

### ***FTS Internal Audits***

07/19/00	A000879	Audit of FTS Wireless Telecommunications Services Program		
08/29/00	A001060	Review of Procurement Processes in the Heartland Region's FAST Program		
09/11/00	A000874	Review of Smart Card Initiatives		
09/18/00	A000815	Systems Audit of Integrated Task Order Management System, Federal Technology Service		
09/19/00	A995288	Audit of Federal Technology Service's Use of Multiple Award, Indefinite Delivery Indefinite Quantity Contracts		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
<b><i>FTS Contract Audits</i></b>				
05/23/00	A001002	Preaward Audit of Cost or Pricing Data: Global Solutions Network, Inc., Contract Number GS00T99ALD0202		
07/27/00	A001043	Preaward Audit of Cost or Pricing Data: Bentley, Adams, Hargett, Riley and Co., Inc., Contract Number GS00T99ALD0202		
<b><i>Other Internal Audits</i></b>				
08/02/00	A995201	PricewaterhouseCoopers LLP Management Letter Fiscal Year 1999 Financial Statement Audit		
09/29/00	A000995	Alert Report on GSA's Implementation of the New Pegasys Financial Management System		
09/29/00	A000915	Review of GSA's Critical Infrastructure Protection Plan		
<b><i>Non-GSA Contract Audits</i></b>				
06/27/00	A001016	Preaward Audit of a Claim: Master Security, Inc., Contract Number GS-03P-95-DWC-0035		
07/13/00	A001020	Preaward Audit of Cost or Pricing Data: Shell Oil Company		

---

## 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), 5 U.S.C. App. 3, § 5 note, this appendix identifies those audit reports where final actions remain open 12 months after the report issuance date. The GSA Office of the Chief Financial Officer, Office of the Controller, furnished the following information.

*Audits with Management Decisions Made after February 10, 1996 for Which No Final Action Has Been Completed*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
<b>Contract Audits</b>		
09/20/96	A61534	Preaward Audit of a Claim: Marino Construction Company, Contract Number GS05P90GBC0101
11/01/96	A21882	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-07065 for the Period November 14, 1988 Through September 30, 1991
11/01/96	A31851	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02598 for the Period August 26, 1988 Through March 31, 1991
11/01/96	A31865	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02046 for the Period December 4, 1987 Through September 30, 1990
12/17/96	A70606	Postaward Audit of Travel Costs: Centel Federal Systems Corporation, Contract Number GS-00K-89AHD0007
01/10/97	A52159	Postaward Audit of Multiple Award Schedule Contract: Austin Computer Systems, Inc., Contract Number GS-00K-91-AGS-5201
02/06/97	A70622	Preaward Audit of Change Order Proposal: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)
03/24/97	A72434	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-88163, Calendar Years 1990 Through 1996
04/24/97	A71212	Preaward Audit of Cost and Pricing Proposal: The Logistics Company, Inc., Task Order Request GSC-TFGE-97-2002
06/06/97	A73619	Preaward Audit of Cost or Pricing Data: Symbiont, Inc., RFP Number GSC-TFGD-97-1010

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

Date of Report	Audit Number	Title
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
06/16/97	A70927	Preaward Audit of Cost or Pricing Data: JIL Information Systems, Inc., Proposal No. GSC-TFGD-97-1012
06/24/97	A70928	Preaward Audit of Cost or Pricing Data: Criticom, Inc., Solicitation No. GSC-FGD-97-1014
06/27/97	A71811	Audit of Claim for Increased Costs, Miscellaneous Subcontractors to: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/11/97	A71803	Audit of Claim for Increased Costs: Nicholson Construction Company, Contract Number GS06P94GYC0037
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
07/31/97	A71820	Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
08/05/97	A73617	Refund From The Committee For Purchase From People Who Are Blind Or Severely Disabled, Agreement Number GS-02F-61511
08/22/97	A70646	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
09/22/97	A70649	Preaward Audit of a Delay Claim: Consolidated Electric, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
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
10/02/97	A72478	Audit of Claim for Increased Costs: Gonzales Construction Company, Inc., Contract Number GS-08P-95-JAC-0001
10/23/97	A70655	Preaward Audit of a Delay Claim: Denron Plumbing and HVAC, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
10/23/97	A72486	Audit of Claim for Increased Costs: Mountain Gravel & Construction Co., Subcontractor to Gonzales Construction Company, Inc., Contract Number GS-8P-95-JAC-0001
10/24/97	A70660	Preaward Audit of a Change Order Proposal: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

Date of Report	Audit Number	Title
11/12/97	A70656	Preaward Audit of a Delay Claim: J.C. Higgins Corp., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
11/26/97	A22536	Postaward Audit of Multiple Award Schedule Contract: Ingres Corporation, Contract Number GS00K89AGS5589
11/26/97	A32476	Limited Audit of Government Billings: Ingres Corporation, Contract Number GS00K89AGS5589
12/10/97	A81512	Preaward Audit of a Claim for Increased Costs: Don-Lee, Inc., Subcontractor to D.L. Woods Construction Inc., Contract Number GS05P91GBC0057
12/24/97	A80602	Preaward Audit of a Delay Claim: Dan Lepore and Sons, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
01/12/98	A80604	Preaward Audit of a Delay Claim: Able Finishing, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
01/12/98	A80608	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
02/05/98	A80609	Preaward Audit of a Delay Claim: The Woodworks Architectural Millwork, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
02/11/98	A80607	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
03/19/98	A81515	Audit of Claim for Increased Costs: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-0017
04/13/98	A80621	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
04/20/98	A81528	Audit of Real Estate Tax Adjustments: American National Bank, Trustee, Lease Number GS-05B-15448, Calendar Years 1994 Through 1996
05/27/98	A42146	Postaward Audit of Multiple Award Schedule Contract: Haworth, Incorporated, Contract Number GS-00F-07010
06/08/98	A80618	Postaward Audit of Recoverable Costs: Six World Trade Center, New York, NY, Lease Number GS-02B-15370
06/17/98	A82441	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

Date of Report	Audit Number	Title
07/17/98	A60934	Postaward Audit of Multiple Award Schedule Contract: Interface Flooring Systems, Inc., Contract Number GS-00F-0002A for the Interim Period October 8, 1992 Through February 28, 1997
08/07/98	A21578	Postaward Audit of Multiple Award Schedule Contract: Shaw-Walker Company, Contract Number GS-00F-94175
08/07/98	A10830	Postaward Audit of Multiple Award Schedule Contract: Shaw-Walker Company, Contract Number GS-00F-76677
08/12/98	A82451	Preaward Audit of a Claim for Increased Costs: Thermal Management, Inc., Contract Number GS05P95GBC0004
08/12/98	A82452	Audit of Termination Settlement Proposal: Thermal Management, Inc., Contract Number GS05P95GBC0004
09/04/98	A90302	Postaward Audit of Multiple Award Schedule Contract: Westinghouse Furniture Systems, Contract Number GS-00F-76574
09/22/98	A80931	Preaward Review of Multiple Award Schedule Contract For The Extension Period April 1, 1999 Through March 31, 2004: Computer Associates International, Inc., Contract Number GS-35F-5169H
09/24/98	A80934	Preaward Audit of Multiple Award Schedule Contract: Simple Green, a Division of Sunshine Makers, Inc., Solicitation Number TFTP-97-SC-7906B
09/24/98	A82456	Audit of Termination Settlement Proposal: Witherington Construction Corporation, Contract Number GS-07P-95-HUC-0068
10/13/98	A80636	Preaward Audit of a Claim: Structural Preservation Systems, Inc., Contract Number GS-02P-96-DTC-0033
10/20/98	A80639	Postaward Audit of Multiple Award Schedule Contract: Photon Technology International, Inc., Contract Number GS-24F-1140B
10/20/98	A80649	Preaward Audit of Architect and Engineering Services Contract: Gwathmey Siegel & Assoc. Architects, LLC, Solicitation Number GS-02P-98-DTC-0059(N)
10/22/98	A80935	Preaward Audit of Architect and Engineering Services Contract: Ove Arup & Partners, Contract Number GS-02P-98-DTC-0059(N)
10/27/98	A51568	Postaward Audit of Multiple Award Schedule Contract: Liebert Corporation, Contract Number GS-07F-3779A
10/27/98	A51542	Postaward Audit of Multiple Award Schedule Contract: Liebert Corporation, Contract Number GS00F06964

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

Date of Report	Audit Number	Title
11/13/98	A82471	Preaward Audit of a Claim for Increased Costs: Hensel Phelps Construction Company, Contract Number GS-08P-96-JFC-0006
11/16/98	A80646	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
12/15/98	A82472	Preaward Audit of a Claim for Increased Costs: Trautman & Shreve, Inc., Subcontractor to Hensel Phelps Construction Company, Contract Number GS-08P-96-JFC-0006
01/05/99	A95101	Preaward Audit of Claim for Increased Costs: Program and Construction Management Group, Contract Number GS-11P-94MKC-0019
01/21/99	A95123	Limited Review of Claimed Incurred Costs: Linpro New York Realty, Inc., 290 Broadway Retail Space
01/29/99	A95106	Postaward Audit of Overhead Rate: Turner Construction Company, Contract Number GS-05P-94GBC-0051
02/05/99	A95113	Preaward Audit of Supplemental Architect and Engineering Services Contract: Van Deusen & Associates, Solicitation Number GS-02P-98-PLD-0029(N)
02/10/99	A95158	Preaward Audit of Architect and Engineering Services Contract: H + G Architects, Solicitation Number GS-02P-98-PLD-0015
02/17/99	A95100	Preaward Audit of a Claim: Chereco Co., Inc., Subcontractor to TGMI/Contractors Inc., Contract Number GS-03P-96-DXC-0021
03/02/99	A95139	Preaward Audit of a Claim: Stromberg Metal Works, Inc., Subcontractor to W.M. Schlosser Company, Inc., Contract Number GS-03P-92-DXC-0021
03/11/99	A95133	Preaward Audit of Multiple Award Schedule Contract for the Extension Period April 1, 1999 Through September 30, 2002: IBM Corporation, Contract Number GS-35F-4984H
03/19/99	A95124	Audit of Claim for Increased Costs: Dawson Building Contractors, Inc., Contract Number GS-04P-95-EXC-0046
03/30/99	A95150	Preaward Audit of Supplemental Architect and Engineering Services Contract: Ammann & Whitney Consulting Engineers, P.C., Solicitation Number GS-02P-98-PLD-0015(N)
03/31/99	A95120	Preaward Audit of Multiple Award Schedule Contract for the Extension Period April 1, 1999 Through March 31, 2002: Government Technology Services, Inc., Contract Number GS-35F-4120D

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

Date of Report	Audit Number	Title
04/02/99	A95182	Preaward Audit of Architect and Engineering Services Contract: Staunton Chow Engineers, P.C., Solicitation Number GS-02P-98-PLD-0015(N)
04/30/99	A95176	Preaward Audit of a Claim: Honeywell, Inc., Subcontractor to Reliable Contracting, Inc., Contract Number GS-02P-91-CUC-0045(N)
05/05/99	A95151	Preaward Audit of Supplemental Architect and Engineering Services Contract: Wank Adams Slavin Associates, Solicitation Number GS-02P-98-PLD-0015(N)
05/10/99	A95207	Audit of Recoverable Costs - FY 1997: Six World Trade Center, New York, N.Y., Lease Number GS-02B-15370
05/20/99	A95187	Preaward Audit of Sole Source Contract: Permanent Solution Industries, Inc., Solicitation Number GS-11P99ZGC0041
06/08/99	A95192	Limited Postaward Audit of Multiple Award Schedule Contract for the Period April 1, 1997 Through February 28, 1999: Danka Office Imaging Company, Contract Number GS-26F-1018B
06/15/99	A42113	Postaward Audit of Multiple Award Schedule Contract: Herman Miller, Inc., Contract Number GS-00F-07000
06/15/99	A95171	Audit of Incurred Costs: Niagara Mohawk Power Corporation, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
06/15/99	A95206	Audit of Recoverable Costs - FY 1995: Six World Trade Center, New York, N.Y., Lease Number GS-02B-15370
06/18/99	A95220	Audit of Claim for Increased Costs: PM Realty Group, Ltd., Contract Number GS05P96GAC0187
06/22/99	A95164	Preaward Audit of Multiple Award Schedule Contract: Compaq Computer Corporation, Extension to Contract Number GS-35F-4544G
06/23/99	A95222	Preaward Audit of Cost or Pricing Data: Meyer, Scherer & Rockcastle, Ltd., Solicitation Number GS06P98GZC0514
06/24/99	A95231	Audit of Small Business Subcontracting Plan: Rael Automatic Sprinkler Company, Contract Number GS-02P-95-DTC-0041(N)
06/25/99	A95250	Preaward Audit of Architect and Engineering Services Contract: Witsell, Evans & Rasco, P.A., Solicitation Number GS-07P-99-UTC-0002
07/07/99	A95249	Audit of Small Business Subcontracting Plan: L. Martone and Sons, Inc., Contract Number GS-02P-95-DTC-0041(N)



## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

Date of Report	Audit Number	Title
07/07/99	A95209	Audit of Claim for Increased Costs: The Spector Group, Contract Number GS-02P-92CUC0029(N)
07/09/99	A95230	Preaward Audit of Claim for Increased Costs: Howard Needles Tammen & Bergendoff, Contract Number GS-11P90EGC0142
07/12/99	A95247	Preaward Audit of Architect and Engineering Services Contract: RTKL Associates, Inc., Solicitation Number GS-07P-99-UTC-0002
07/30/99	A95149	Audit of Incurred Costs: Northeast Utilities Service Company, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
07/30/99	A95173	Audit of Incurred Costs: Duke Engineering & Services, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
08/12/99	A95215	Audit of Incurred Costs: KeySpan Energy, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
09/02/99	A95297	Preaward Audit of Cost or Pricing Data: Woodard Contract LLC, Subcontractor to Niehaus Construction, Inc./Interior Construction, Solicitation Number GS06P99GZC0302
09/09/99	A95283	Preaward Review of Multiple Award Schedule Contract: National Education Training Group, Inc., Contract Number GS-02B-22885
09/15/99	A52534	Postaward Audit of Multiple Award Schedule Contract: Intermec Corporation, Contract Number GS00K91AGS5288
09/15/99	A52565	Postaward Audit of Multiple Award Schedule Contract: Intermec Corporation, Contract Number GS00K91AGS5288 (PS01)
09/15/99	A52566	Postaward Audit of Multiple Award Schedule Contract: Intermec Corporation, Contract Number GS00K91AGS5288 (PS02)
09/21/99	A95316	Limited Scope Postaward Audit of Contract Billings: Stan Schwartz Associates, Inc. dba Skyline Mills, Contract Number GS-03F-6018D
09/23/99	A95296	Preaward Audit of Multiple Award Schedule Contract: TCT Technical Training, Inc., Contract Number GS-02F-9308C for the Period October 1, 1999 to September 30, 2004
09/30/99	A95285	Audit of Claim for Increased Costs: Marino Construction Company, Inc., Contract Number GS05P90GBC0213, Phase III

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

Date of Report	Audit Number	Title	Projected Final Action Date
<b><i>Internal Audits</i></b>			
03/29/96	A42720	Audit of Accounting and Billing Controls Over the Public Buildings Service, National Capital Region's Reimbursable Work Authorizations	11/15/01
12/02/96	A63019	Audit of the PAPCAP Price Adjustments	12/15/00
03/26/97	A61247	Review of the Public Buildings Service Debarment Program	05/15/01
07/11/97	A60645	Audit of the Federal Protective Service's Criminal Investigation Program	01/15/01
01/30/98	A72443	Audit of the Megacenter Program, Federal Protective Service, Public Buildings Service	11/15/00
03/30/98	A83007	Follow-up Review of the Contract Workload Management	11/15/00
06/23/98	A70924	Audit of Industrial Funding Fee, Federal Supply Service, Travel Management Center Program	10/15/00
09/14/98	A70642	Audit of the Federal Protective Service's Program for Upgrading Security at Federal Facilities	03/15/01
09/24/99	A83602	GSA's Information Systems Security Has Not Kept Pace With Increasing Internet and Intranet Risks	12/15/00
09/30/98	A72705	Arthur Andersen LLP, Fiscal Year 1997 Comments and Suggestions for Consideration (Management letter)	04/15/01
12/01/98	A80321	Audit of the Availability of Federal Building Design Plans	10/15/00
03/24/99	A995025	Audit of Security Measures for New and Renovated Federal Facilities	08/15/01
05/12/99	A83608	PBS is Faced with Critical Decisions in Assessing the Future of Its Electronic Acquisition System	10/15/00
05/28/99	A83309	Audit of the Federal Supply Service's Industrial Funding Fee for the Schedules Program	03/15/01
07/15/99	A82706	PricewaterhouseCoopers LLP Management Letter, Fiscal Year 1998 Financial Statement Audit	04/15/02
09/07/99	A995108	Management Control Review: Public Buildings Service, Property Management Operations and Maintenance Contracts	01/15/01

---

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

---

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Projected Final Action Date</b>
09/28/99	A995021	Audit of Management Controls for Non-Recurring Reimbursable Work Authorizations	01/15/01
09/30/99	A995016	Security Weaknesses Place GSA's Local Area Networks at Undue Risk	01/15/01

## 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, 2000 through September 30, 2000, 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:

- From April 1, 2000 through September 30, 2000, GSA Finance Centers referred over \$688,000 of delinquent non-Federal claims to the U.S. Department of the Treasury (Treasury) for cross-servicing collection activities. Treasury reimbursed GSA \$429,731 for collections during this period. FY 2000 collections on these claims exceed \$1.4 million. Administrative offsets have resulted in an additional collection of \$315,108. GSA also collects non-Federal claims using Pre-Authorized Debits (PADs). From April 1, 2000 to September 30, 2000, 13 PADs totaling \$5,100 were issued.
- GSA continues to improve its new Accounts Receivable Claims System (ARCS). The use of this system improves tracking, follow-up, referral, and reporting of claim functions. The new ARCS is completing enhancements: to handle claims related to the collection of past due industrial funding fees owed by contractors in GSA's Multiple Award Schedule Program, to provide access via a WEB enabled application accessible to designated GSA locations, to improve existing reports, and to develop new reports to track statistical information on claims.
- Persistent claims coordination efforts among regional contracting officers, Finance Center personnel, Treasury claims offset personnel, the Office of Inspector General in Kansas City, and others continues to strengthen our claims collection efforts. In addition to prior initiatives, GSA is preparing a statement of work to enter into recovery audit contracts to collect possible contract overpayments related to non-Federal customers.

### **Non-Federal Accounts Receivable**

	As of April 1, 2000	As of September 30, 2000	Difference
Total Amounts Due GSA	\$30,241,398	\$22,326,869	(\$7,914,529)
Amount Delinquent	\$17,465,639	\$13,504,312	(\$3,961,327)
Total Amount Written Off as Uncollectible Between 4/1/00 and 9/30/00	\$1,085,367		

## 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
<b>Inspector General Act</b>	
Section 4(a)(2) - Review of Legislation and Regulations .....	35
Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies. ....	2, 15, 17
Section 5(a)(2) - Recommendations with Respect to Significant Problems, Abuses, and Deficiencies .....	2, 15, 17
Section 5(a)(3) - Prior Recommendations Not Yet Implemented .....	47
Section 5(a)(4) - Matters Referred to Prosecutive Authorities. ....	43
Sections 5(a)(5) and 6(b)(2) - Summary of Instances Where Information Was Refused. ....	None
Section 5(a)(6) - List of Audit Reports. ....	50
Section 5(a)(7) - Summary of Each Particularly Significant Report. ....	2, 15, 17
Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs .....	42
Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use .....	41
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
<b>Senate Report No. 96-829</b>	
Resolution of Audits .....	40
Delinquent Debts .....	70
<b>National Defense Authorization Act, Public Law 104-106, 5 U.S.C. App. 3, § 5 note</b> .....	61

---

## *Notes*

---

**Make  
like  
it's  
your  
money!**

**It is.**

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

**Inspector General's Hotline**

Toll-free 1-800-424-5210

Washington, DC metropolitan area

(202) 501-1780

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

U.S. General Services Administration  
Office of Inspector General

Office Of Inspector General  
U.S. General Services Administration  
1800 F Street, NW  
Washington, DC 20405  
[www.gsa.gov/staff/ig/publications.html](http://www.gsa.gov/staff/ig/publications.html)