



Office of Inspector General  
U.S. General Services Administration

# Semiannual Report to the Congress

April 1, 2004 - September 30, 2004

# GSA’s SIGNIFICANT MANAGEMENT CHALLENGES

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

CHALLENGES	BRIEF DESCRIPTION OF CHALLENGE	PAGE
<b>PROCUREMENT ACTIVITIES</b>	Simplified processes have reduced order and delivery time, yet competitive principles are not always followed and opportunities may be missed for less costly services and products.	2 – 5, 18 – 25
<b>CONTRACT MANAGEMENT</b>	GSA’s multibillion dollar acquisition programs have expanded rapidly in terms of sales, variety, and complexity of the procurements performed. A growing list of warning signs throughout the acquisition process suggests that the technical and management skills needed by the procurement workforce to operate in this more sophisticated arena are not keeping pace with these new demands.	5 – 8
<b>INFORMATION TECHNOLOGY</b>	Technology applications have increased exponentially as “E-Gov” is used to better manage operations and interface with the public, but complex integration and security issues exist.	8 – 12
<b>MANAGEMENT CONTROLS</b>	Management controls have been streamlined, resulting in fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed.	12 – 16
<b>PROTECTION OF FEDERAL FACILITIES AND PERSONNEL</b>	GSA is responsible for protecting the life and safety of employees and public visitors in Federal buildings. A broadly integrated security program is required.	17
<b>AGING FEDERAL BUILDINGS</b>	GSA is being challenged to provide quality space to Federal agencies using an aging, deteriorating inventory of buildings and facing critical budgetary limitations in its modernization program.	No Reports This Period
<b>HUMAN CAPITAL</b>	GSA’s corporate knowledge is eroding and efforts to obtain requisite skills for the future are impeded. Better recruitment and training programs are needed to develop the 21st century workforce.	No Reports This Period

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## Foreword

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*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 six-month reporting period that ended September 30, 2004.*

*During the past six months, we continued to work with GSA to identify business management and operational improvements in the Agency's programs and activities. We issued reports focusing on the major challenges facing the Agency, particularly in the areas of procurement, contract management, information technology, management controls, and the protection of Federal facilities and personnel. In our previous semiannual report, we highlighted our review of contracting practices at the Federal Technology Service's (FTS) Client Support Centers (CSC) in three GSA regions. Due to the improper contracting practices we identified in these regions, the Administrator and the FTS Commissioner requested that we expand our audit to cover CSC activities in the other eight GSA regions. In addition, the Senate Finance Committee and the Senate Armed Services Committee expressed interest in our expanded audit efforts. We have 11 CSC reviews currently underway examining 280 task orders for Fiscal Years (FY) 2003 and 2004 valued at over \$4 billion. We anticipate issuing our final reports during the first quarter of FY 2005.*

*During this period, we began work to increase contract preaward audit coverage of the procurement programs of FTS and the Federal Supply Service (FSS). There are currently in excess of 10,000 vendors doing over \$30 billion in new business with GSA. With support from the Office of Management and Budget, and in cooperation with FTS and FSS, we laid the groundwork for increasing the number of preaward and contractor performance reviews in these rapidly expanding procurement programs.*

*We identified over \$81 million in financial recommendations on how funds could be put to better use. We achieved over \$380 million in management decisions agreeing with audit recommendations, civil settlements, and direct recoveries. We made 338 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 20 successful prosecutions.*

*I want to express my appreciation to Congress, as well as to the senior management of the Agency, for their support over this past year to the mission of this Office. 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.*

*Daniel R. Levinson  
Inspector General  
October 29, 2004*



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



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## Summary of OIG Performance

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### ***OIG Accomplishments***

**April 1, 2004 – September 30, 2004**

Total financial recommendations \$119,265,244

These include:

- Recommendations that funds be put to better use \$81,678,428
- Questioned costs \$37,586,816

Audit reports issued 69

Referrals for criminal prosecution, civil litigation, and administrative action 338

### ***Results Attained***

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$380,892,606

Indictments and informations on criminal referrals 22

Cases accepted for criminal prosecution 37

Cases accepted for civil action 12

Successful criminal prosecutions 20

Civil settlements 7

Contractors/individuals debarred 23

Contractors/individuals suspended 48

Employee actions taken on administrative referrals involving GSA employees 13

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## *Fiscal Year 2004 Results*

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During Fiscal Year (FY) 2004, OIG activities resulted in:

- Over \$447 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.
- 160 audit reports that assisted management in making sound decisions regarding Agency operations.
- Over \$438 million in management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries.
- 231 new investigations opened and 190 cases closed.
- 68 case referrals (194 subjects) accepted for criminal prosecution and 20 case referrals (35 subjects) accepted for civil litigation.
- 121 criminal indictments/informations and 97 successful prosecutions on criminal matters referred.
- 11 civil settlements.
- 42 employee actions taken on administrative referrals involving GSA employees.
- 105 contractor/individual suspensions and 44 contractor/individual debarments.
- 291 legislative matters and 30 regulations and directives reviewed.
- 2,051 Hotline contacts received of which 248 warranted further GSA action.



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## Executive Summary

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During this period, the OIG continued to direct its audit, investigative, and evaluative resources to address what we believe to be the major management challenges facing the Agency. We provided a wide variety of services, including program evaluations; contract and financial auditing; management control reviews; and investigative coverage and litigation support in contract claims, civil fraud and enforcement actions, and criminal prosecutions. We also continued to provide professional assistance services and reviews of proposed legislation and regulations.

### **Management Challenges**

We have highlighted a number of reviews that address major management issues facing GSA. We continued our work in addressing these challenges, making recommendations, and working with management to improve Agency operations. During this period, our efforts included work focusing on procurement activities, contract management, information technology, management controls, and the protection of Federal facilities and personnel. While we did not issue any reports this period on the two other challenges—aging Federal buildings and human capital—we have reviews in process that will soon be complete, and we plan to start work on several other projects during FY 2005.

### **Procurement Activities**

In our previous semiannual report, we highlighted problems with contracting practices at the Federal Technology Service's (FTS) Client Support Centers (CSC) in three GSA regions. Our audit identified numerous improper task orders and contract awards. In making these awards, CSC officials breached government procurement laws and regulations and, on a number of occasions, processed procurement transactions for goods and services through the Information Technology Fund that were well outside the fund's legislatively authorized purposes. As a result of our work, the Administrator and the FTS Commissioner undertook several corrective actions including the GSA "Get It Right" program, launched in cooperation with the Department of Defense's Director of Defense Procurement and Acquisition Policy. This program was designed to ensure the proper use of contract vehicles and services and to ensure that clients and taxpayers receive the best value. The Administrator and the FTS Commissioner also requested that we expand our audit to cover the other eight GSA regions. In addition, the Senate Finance Committee and the Senate Armed Services Committee expressed interest in our expanded audit efforts. We have 11 CSC reviews currently underway looking at 280 task orders from FY 2003 and FY 2004 valued at over \$4 billion. We anticipate issuing our final reports during the first quarter of FY 2005. A separate review of GSA's "Get It Right" initiative implementation is also planned for FY 2005 (page 2).

Improper contracting  
practices

Special Order Program

The Special Order Program (SOP) is a division of the Federal Supply Service's (FSS) Office of Global Supply business line. The SOP seeks to obtain the best value for its customers by leveraging the government's

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## Executive Summary

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requirements in the acquisition process and using commercial sources for fulfilling customer orders. The program also offers customers administrative savings by centralizing the ordering, invoicing, and payment process through FSS' integrated systems. We found that some Multiple Award Schedule (MAS) contracts have National Stock Numbers (NSNs) assigned directly to the MAS contracts. When using these contracts, agencies are able to cite an NSN when placing a schedule order. We believe these practices provide an unfair advantage to some companies and allow for the possible non-compliance with procurement regulations. We also concluded from our review that FSS can streamline order processing procedures to increase efficiency and decrease costs (page 4).

### Contract Management

In our previous semiannual report, we reviewed GSA's projection of costs and savings used to justify the decision to relocate and modernize the Western Distribution Center. FSS had estimated the total cost for the relocation and modernization at \$22.7 million based on a feasibility study. We believe the new distribution system should improve productivity and provide valuable data collection and online analysis capabilities. However, the \$39 million final cost far exceeded FSS' anticipated cost, coming in at 72 percent over estimate. We concluded that FSS used insufficient and inaccurate information for the project's plan and design phases, and it did not analyze the feasibility study and technical proposal to ensure that cost estimates were accurate and the technical systems would be compatible. FSS needs to prevent these problems on future projects (page 5).

We performed a review of GSA's Federal Wireless Telecommunications Services Contract to evaluate GSA's management of the efficiency and costs of wireless telecommunication services. Under the Federal Wireless Contract, GSA's overall cost equates to \$.60 per minute of usage. We found that GSA can reduce and better manage its wireless costs through billing analysis. One private research group estimates that organizations can save 7 to 12 percent of their annual wireless costs by correcting billing errors. Based on GSA's current expenditure of \$4 million annually on wireless phone bills under its Federal Wireless Telecommunications Service agreement, GSA could save between \$280,000 and \$480,000 annually by examining billings for errors. We recommended that the Chief Information Officer (CIO) embrace the concept of total cost of ownership where an organization constantly audits billings and usage to reduce cost per minute to the lowest possible level (page 6).

At the request of the previous Regional Administrator for the Northeast and Caribbean Region, we analyzed the problems experienced in the construction of the new Brooklyn Courthouse. Our report concluded that the convergence of restrictive funding, an extremely active construction market, scope reductions resulting from overly optimistic estimates, manpower shortages, and the prime contractor's slow spiral toward bankruptcy

Relocation and  
modernization study

Federal Wireless Contract

Courthouse construction  
project

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## Executive Summary

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contributed to this “perfect storm” of construction projects that forced the delay in constructing the new courthouse (page 7).

### Information Technology

#### IT Security Program

The Federal Information Security Management Act (FISMA) requires Federal agencies to develop, document, and implement an agency-wide information security program to secure Federal information systems. We found that GSA’s Information Technology Security Program, managed by the CIO, has improved over the past year, but challenges remain. We recommended that the CIO take action to: ensure that all systems across GSA are included in GSA’s Information Technology Security Program inventory; reduce risks from granting contractors access to GSA systems and data prior to the completion of required background checks; incorporate controls to ensure operations of contractors supporting systems and data are adequately monitored; consistently implement the system Certification and Accreditation process; and effectively use risk mitigation to track and resolve security weaknesses (page 9).

#### FedBizOpps

FedBizOpps is a GSA-managed system that replaced Commerce Business Daily and its Internet portal, CBDNet, as the designated single point-of-entry for government contract opportunities over \$25,000. To gather information on user satisfaction and to assess the effectiveness of FedBizOpps, we conducted the first online survey open to the system’s 388,000 users. The vendors surveyed commented that improvements are needed in search capabilities and graphical user interface. Increased vendor involvement is also needed in the decision-making process regarding functionality and enhancements in order to expand the number of vendors offering products and services. In addition, we identified security risks to the systems in that background security checks have not been completed for contractors having access to the system and data (page 10).

#### E-Authentication

In August 2001, the Office of Management and Budget (OMB) launched an E-Government (E-Gov) task force to evaluate ideas for electronically improving government operations and eliminating redundant systems. E-Authentication, one of the E-Gov initiatives, is intended to help minimize duplicative and costly authentication solutions for electronic transactions across government and provide increased security, privacy management, and standards-based interoperability. Our September 30, 2004, report identified areas where improvements are needed with the initiative and recommended that FTS, the designated process owner of E-Authentication, take specific actions to ensure success with this important undertaking (page 11).

#### Federal Asset Sales

OMB assigned the development of Federal Asset Sales (FAS), another E-Gov initiative, to GSA in October 2001. The task force envisioned FAS being developed in 12 to 18 months at a cost of \$5 million. GSA’s mission was to develop a secure, effective, and efficient one-stop online environment

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## Executive Summary

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across Federal agencies that would provide clear information and a marketplace for excess Federal real and personal property and financial assets. However, after nearly 2½ years and over \$7 million spent, many development steps and challenges still remain (page 12).

### Management Controls

#### Awards program

This period, we completed a follow-up review to determine how management controls have improved over GSA's Awards Program since our August 5, 2002, report. Although GSA management has taken many actions to improve the program, we found that several of the previously reported problems still exist. We found that some managers had in effect delegated their award authority to non-supervisory administrative staff by sharing their FedDesk user name and password. In addition, we found that once an authorized approving official (or someone with their login data) gains access to the Awards Program, the system only requires input of a Social Security number, but no additional password. This control breakdown could result in transactions that cannot be traced to the actual person who entered them. We encountered difficulty in obtaining award justification documentation for a significant part of our sample because the FedDesk system only allowed access to awards entered in the prior 12-month period (page 13).

#### Accident Management Center

GSA Fleet established the Accident Management Center (AMC) in 2001 to ensure greater consistency in processing accident cases, provide better service to its customers, and more effectively control accident related costs. Our review of the AMC operations disclosed that it was, for the most part, achieving its objectives, and that customer agencies were pleased with its services. We were, however, concerned with the procedures the AMC followed for collecting accident damage claims from the private sector, referred to as third party claims. We found that AMC's accident damage collection process sometimes resulted in the pursuit of unsupported claims, which could adversely affect third party individuals' credit histories. We concluded that pressure to quickly close files in some cases led to incorrect conclusions based on minimal evidence. GSA has agreed with our recommendations to improve these procedures (page 14).

#### GSA Fleet

Each year, GSA Fleet (Fleet) purchases approximately 40,000 vehicles and sells 35,000. The vehicles that Fleet sells are made available for the public to purchase at Fleet auctions, which are held at locations nationwide throughout most of the year. The objective of our audit was to determine whether management controls over proceeds derived from vehicle sales, which can exceed \$200 million annually, are received, deposited, and accounted for in a timely manner. We found that GSA has effectively utilized auction house contracts to improve the vehicle disposal process and current controls are sufficient to ensure accurate accounting for these sales. However, Fleet does not always enforce the contract provision requiring prompt transfer of sale proceeds from the auction house to GSA. Consequently, auction houses have submitted late payments, and Fleet has foregone interest on payments (page 15).

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## Executive Summary

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### Agency Liaison Division

The Agency Liaison Division (ALD) is one of three organizations within GSA that provides external services to small agencies, boards and Presidential and congressional commissions on a reimbursable basis. In FY 2003, ALD provided a variety of administrative and management support services, primarily human resource, budget, and coordination activities to 29 clients. Although ALD is supposed to fully recover its costs, we found that ALD's customer pricing methodology did not always reflect actual cost data, was inconsistent in its allocation methods, and oftentimes was adjusted to accommodate a client's inability to pay for services. In addition, ALD lacks formal performance measures necessary to evaluate the effectiveness of the program in meeting its mission, objectives, and fiscal responsibility, and to adjust to a changing environment (page 16).

### Protection of Federal Facilities and Personnel

In recent semiannual reports, we have highlighted our concerns that significant numbers of GSA contractor employees did not have proper security clearances. In our review of GSA's Information Technology Security Program, we found that there is a significant backlog of several hundred background checks in process across the Agency. In another review, we noted that background checks had not been completed for FedBizOpps contractors. Giving contractors access to GSA systems without completing these investigations increases the possibility of vulnerabilities and security risks for the Agency's systems (page 17).

### Promoting and Protecting Integrity

In our ongoing efforts to promote and protect the integrity of GSA's programs and operations, we aggressively conduct investigations and pursue the prosecution of individuals and companies committing criminal and civil fraud and other offenses that impact GSA programs. A number of these investigations have led to enforcement actions during this semiannual period, including:

- The government settled a civil fraud case with MCI/WorldCom Corporation for \$27.6 million based on its overcharging the government on the FTS 2001 contract (page 18).
- Snap-on Industrial agreed to pay the government \$10 million for violating the terms of the price reduction clause and billings provisions under both its current MAS contract and predecessor contract for tools (page 18).
- The government settled a civil fraud case with Storage Engine and its former president for \$225,000 based on fraudulently overcharging the government in a kickback scheme (page 19).
- Ashland Chemical Company d/b/a Drew Industrial agreed to pay the government \$350,000 to resolve a False Claims Act case for selling unauthorized products to the government at inflated prices (page 19).

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## Executive Summary

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- Dawson Building Contractors, Inc. agreed to pay \$300,000 to resolve its potential False Claims Act liability in connection with its work on renovations to the U.S. Courthouse in Des Moines, Iowa (page 20).
- As part of an ongoing probe into corruption involving the GSA Public Buildings Service, three Federal employees were found guilty of illegally awarding contracts for various building services and supplies involving a Federal courthouse in Chicago in exchange for kickbacks and bribes (page 20).
- A former Oklahoma school district superintendent pled guilty to theft of government property after fraudulently acquiring four mobile homes, valued at \$42,924, under GSA's surplus property program (page 20).
- An individual was sentenced to six months home detention, five years probation, 250 hours community service, and ordered to pay \$15,233 in restitution for fraudulently obtaining Federal surplus property for his personal use, through which he financially profited (page 21).
- An investigation revealed that a former project manager of a subcontractor inflated bids for work on the Brooklyn Federal Courthouse. It was found that the manager accepted cash payoffs from a second-tier subcontractor on various Federal, as well as, commercial and city jobs; he pled guilty to mail fraud (page 21).
- The OIG's Office of Investigations is a principal member of a task force to investigate telecommunications fraud primarily involving Federal facilities within the New York metropolitan area. During this reporting period, an individual was sentenced to 46 months incarceration, three years supervisory release, and ordered to pay restitution in the amount of \$608,159 for engaging in calling card fraud by "shoulder surfing" (page 21).
- The government settled a dispute regarding disposition of proceeds and entitlement to costs arising out of an improper settlement of a civil False Claims Act suit, brought by a whistleblower as a *qui tam* action (page 22).
- An individual was sentenced to 16 months imprisonment for theft of a government vehicle, 12 months imprisonment for impersonating a government official (both of which are to be served concurrently), three years supervised release, and ordered to pay a fine (page 22).
- An ongoing proactive investigation of the misuse of GSA-issued fleet charge cards resulted in the sentencing of three individuals during this reporting period with restitution totaling over \$11,000 (page 22).



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## *Executive Summary*

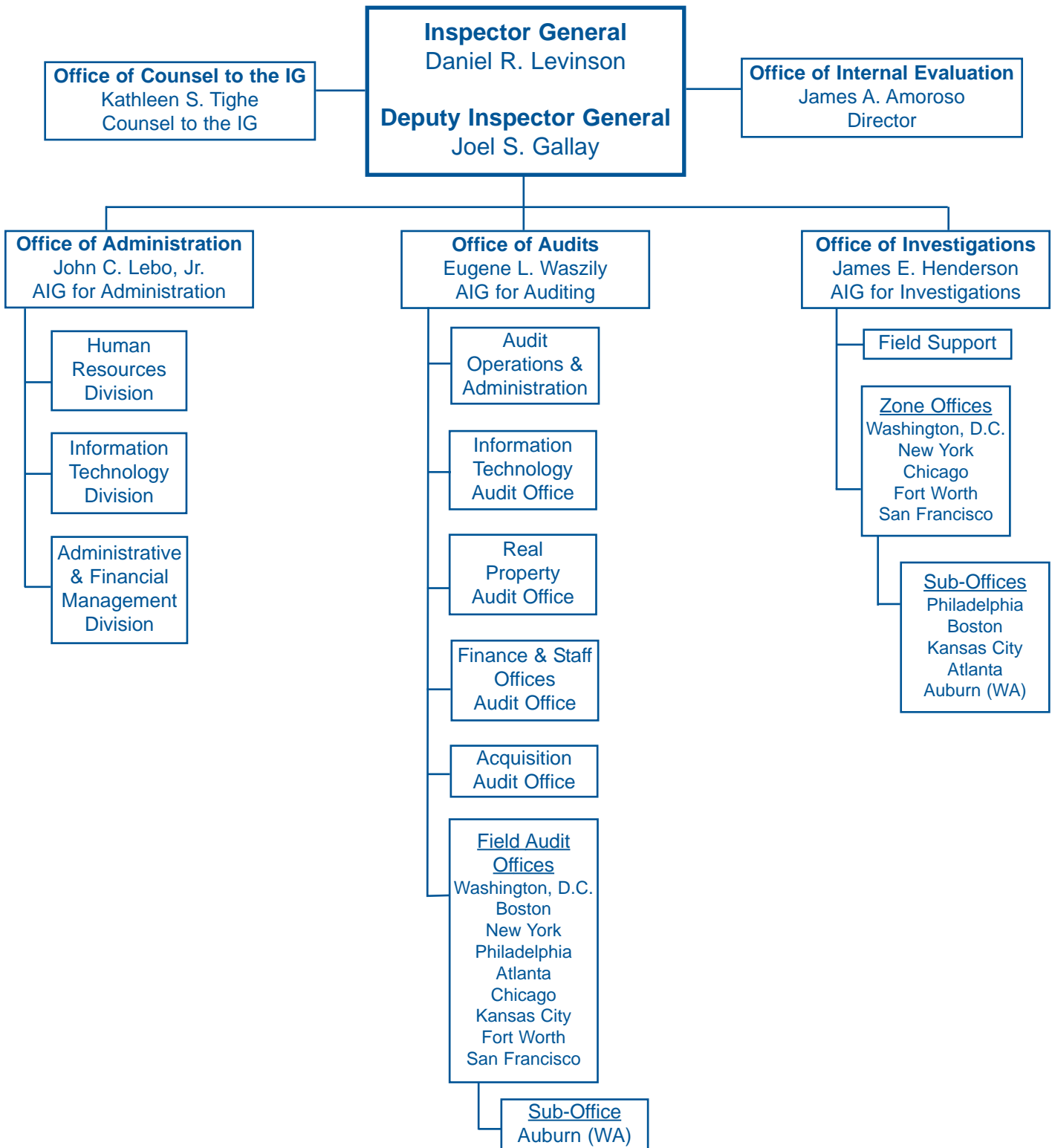
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- An ongoing investigation of fleet cards by a Federal and state task force had previously discovered that ten men were using federally issued fuel charge cards to fraudulently purchase large amounts of fuel in South Florida. Two of the ten men were sentenced during this reporting period. One individual was sentenced to serve five months in prison, five months home confinement, three years probation, and ordered to pay \$2,419 in restitution. The other individual was sentenced to one year probation and ordered to pay restitution (page 23).
- A former GSA employee is scheduled to be sentenced for using her government purchase card to make personal purchases totaling in excess of \$34,000 (page 23).
- An investigation confirmed that an individual was driving his personal vehicle with a stolen U.S. Government license plate. Upon arrest, he presented a forged New York State National Guard identification card. The individual pled guilty to forgery and was sentenced to one year probation and ordered to perform community service (page 24).

### *Summary of Results*

The OIG made over \$81 million in financial recommendations to better use government funds; made 338 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 174 legislative and regulatory actions; and received 1,169 Hotline contacts. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$380 million. (See page v for a summary of this period's performance.)

# OIG Organization Chart





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## OIG Profile

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*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, assessment of management controls, 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 research, benchmarking, and other 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 and Congressional liaison functions.
- **The Office of Internal Evaluation**, a quality control staff that provides coverage of OIG operations primarily through management assessments and conducts internal investigations and reviews at the direction of the Inspector General.
- **The Office of Administration**, a professional staff which provides information technology, budgetary, administrative, personnel, and communications support and services to all OIG offices.

### 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, Auburn, and Washington, D.C. (A contact list of OIG offices and key officials is provided in Appendix VI.)

### Staffing and Budget

As of September 30, 2004, our on-board strength was 281 employees. The OIG's Fiscal Year (FY) 2004 budget was \$38.9 million.

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## Management Challenges

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

### **Procurement Activities**

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

#### **FTS Contracting Practices and Agency Improvement Actions**

In our previous semiannual report, we highlighted problems with contracting practices at the Federal Technology Service's (FTS) Client Support Centers (CSC) in three GSA regions. Client Support Centers help customer agencies define their information technology (IT) requirements, identify sources of products or services, prepare contract task orders, and assist in managing projects, depending upon the level of support needed by the customer. Our audit identified numerous improper task orders and contract awards. In making these awards, CSC officials breached government procurement laws and regulations and, on a number of occasions, used the IT Fund to process procurement transactions for goods and services such as floating marine barriers, construction of classrooms and office buildings, and pathogen detection devices and services—items that were well outside the fund's legislatively authorized purposes. Inappropriate contracting practices included: improper sole source awards, misuse of small business contracts, allowing work outside the contract scope, improper order modifications, frequent inappropriate use of time and materials task orders, and not enforcing contract provisions.

The FTS Commissioner concurred with our report recommendations and stated that FTS had begun to implement a series of actions and initiatives to improve acquisition quality and integrity across the organization. She also stated that GSA and FTS management were working together to review the CSC operations, adjust goals, and take strong actions to remedy problems. In a series of policy letters, memoranda, and guidance issued over the course of the past ten months, the Commissioner directed the CSCs to follow a number of improvement actions in response to our audit findings. These actions included ensuring that for orders exceeding \$100,000, the contracting officer receives at least three bids; requiring regional legal counsel review of all task orders exceeding \$5 million; use of acquisition checklists to ensure all appropriate steps in the procurement process are completed; developing a management plan for each CSC that provides for performing self-assessments of CSC operations and task orders to ensure controls are in place; and performing triannual FTS headquarters procurement management reviews of each CSC. In addition, FTS has

**Audit finds widespread improper contracting in FTS Client Support Centers. Agency initiates corrective action.**

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## Management Challenges

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### ***Procurement Activities (continued)***

contracted for independent assessments of the organizational management and control practices of the CSCs, and the adequacy of existing performance measures, in response to our prior audit recommendations.

Because of the significance of the audit findings, GSA's Administrator and the FTS Commissioner requested that we audit CSC activities in the other eight regions throughout the nation. To provide feedback on the improvement actions FTS had underway, the Commissioner asked us to include in these reviews tests of more recent task orders awarded in the second quarter of FY 2004 in order to evaluate the implementation status of enhanced management controls.

Our CSC audit also drew the attention of Congress. The Chairman of the Senate Finance Committee asked that we expand our review of CSC operations and that we provide continuing oversight to ensure that deficiencies identified are addressed appropriately. He also requested reports on the progress made, including specifics of the actual, tangible accomplishments.

In the spring of 2004, the Senate Armed Services Committee expressed its concerns regarding procurement shortcomings by proposing language in the FY 2005 Defense Authorization Bill severely restricting the Department of Defense's (DoD) use of FTS CSC procurement services unless the DoD Inspector General, in consultation with the GSA Inspector General, could provide assurance to the Secretary of Defense and the GSA Administrator that adequate internal controls have been established within the CSC program and are working. The bill is awaiting the President's signature. We are working with the DoD OIG and FTS officials to plan an audit of CSC internal controls.

In July 2004, the Administrator, in cooperation with DoD's Director of Defense Procurement and Acquisition Policy, launched the "Get it Right" initiative to ensure the proper use of contract vehicles and services and to ensure that clients and taxpayers receive the best value. This initiative includes educating and training acquisition employees, aligning performance measures, publishing new contracting regulations and procedures, and validating the proper use of GSA contract vehicles and services.

We have 11 CSC reviews currently underway, and have reviewed nearly 200 task orders from FY 2003 valued at over \$3 billion, plus over 80 task order awards or major modifications, valued at over \$1.2 billion, that were completed during the three-month period from March through May 2004. The task orders under review are a risk-based judgmental sample of orders exceeding \$100,000, and do not represent a statistical sample. We anticipate issuing our final reports during the first quarter of FY 2005.

***GSA Administrator and congressional committees request expanded audits on improper contracting practices.***

***GSA launches "Get it Right" initiative.***

***Contracting practices at all 11 Client Support Centers nationwide, including \$4.2 billion in task orders, under review.***

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## Management Challenges

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### ***Procurement Activities (continued)***

We have begun planning our next series of reviews that will assess the implementation status of the FTS and “Get It Right” initiatives as well as address other congressional concerns. We will be working closely with the DoD Office of Inspector General to ensure coordinated, full-scope testing of the controls and transactions selected for review.

### **Review of the Special Order Program**

The Special Order Program (SOP) is a division of the Federal Supply Service’s (FSS) Office of Global Supply business line. The SOP seeks to obtain the best value for its customers by leveraging the government’s requirements in the acquisition process and using commercial sources for fulfilling customer orders. The program also offers customers administrative savings by centralizing the ordering, invoicing, and payment process through FSS’ integrated systems. SOP sales nationwide were \$1.9 billion in FY 2004.

We concluded from our review of the SOP in the Heartland Region that FSS can streamline some order processing procedures to increase efficiency and decrease costs.

FSS provides an automated order processing system for customer agencies to use, but order rejections can be caused by FSS system restrictions or by simple errors in an order, such as incorrect quantity or a typographical mistake. Corrections to rejected orders are then handwritten by FSS employees and sent to a contractor for reentry into the system. We believe that the processing of reentry orders could be improved by allowing FSS employees to make corrections online. The reentry order contract for FY 2003 was priced at \$229,500.

We found that some Multiple Award Schedule (MAS) contracts awarded by the Heartland Region’s Center for Facilities Maintenance and Hardware have National Stock Numbers (NSNs) assigned directly to the MAS contracts, and agencies are able to cite an NSN when placing a schedule order.

Historically, government agencies (primarily DoD) have used NSNs for the purchase of items from government stock or the SOP. The customer agency was not required to perform any procurement-related tasks because GSA performed these tasks in accordance with laws and regulations prior to putting an item into stock. During the 1990s, in response to product quality issues, FSS expanded its tool program to include high-quality items. In this process, FSS assigned thousands of new NSNs to specific vendor items. These items were procured under special MAS contracts where GSA was the only authorized user. Soon after implementation of these new programs, FSS decided to convert the new programs from stock to MAS and in this

***National Stock Numbers linked to MAS contracts give unfair competitive edge to some vendors.***

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## Management Challenges

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### **Procurement Activities (continued)**

conversion, the NSNs that had previously been assigned to these vendors were attached to the new MAS contracts. These MAS contracts are open to all government agencies and allow an ordering agency to place an MAS order using an NSN. However, by using the NSN to order, customer agencies may believe they do not need to make a determination of best value compared with similar products from other vendors, even though MAS procurements generally require this determination.

Thus, these vendors enjoy an unfair advantage over competitors and DoD customer agencies prefer using the NSNs to place orders. However, based on our review, we believe that these practices provide an unfair advantage to some companies and allow for the possible noncompliance with procurement regulations. As a result, we believe that the Heartland Region FSS should take action to remove all NSNs from MAS contracts.

The Deputy Regional Administrator concurred with our findings and recommendations.

### **Contract Management**

*GSA increasingly accomplishes its mission by using contractors to provide client services and products. Its multibillion dollar acquisition programs have expanded rapidly in terms of size, variety, and complexity of the procurements performed. While many GSA contracts are well crafted and properly administered, we are finding an increasing number of weaknesses. Our audit work in recent years has revealed a growing list of warning signs throughout the acquisition process that suggests the technical and management skills needed by the procurement workforce to operate in this more sophisticated arena are not keeping pace with these new demands.*

### **Western Distribution Center Relocation Project**

In our previous semiannual report, we highlighted our review of GSA's projection of costs and savings used to justify the decision to relocate and modernize the Western Distribution Center. As part of its global supply program, FSS operates two distribution centers—the Eastern Distribution Center (EDC) in New Jersey and the Western Distribution Center (WDC) in California. Because FSS intends to modernize the Eastern Distribution Center using the same approach as used in California, we performed this review to assess whether the project was accomplished within anticipated costs.

FSS relocated most of the WDC operations from Rough & Ready Island in Stockton, CA to a newer, more technologically advanced facility located at the nearby Sharpe Depot in French Camp, CA. FSS had estimated the total cost for the relocation and modernization at \$22.7 million, based on a March 2002 feasibility study it had commissioned. In July 2002, FSS awarded the

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## Management Challenges

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### **Contract Management (continued)**

contract to relocate the operations and upgrade the distribution system to the same firm that performed the feasibility study. At that time, FSS planned to open the new facility by March 31, 2003.

According to FSS officials, the then military buildup for the Iraq conflict was a factor in their mid-March 2003 decision to delay the start of operations at the new facility in order to ensure continuity of services for supplies to the military. The start of operations was further delayed when, due to the various types of technologies (i.e., laser, digital, and radio frequency) employed at the new facility, significant interface complications between the software and material handling equipment were encountered. Nearly 14 months later, system testing was finally completed on May 28, 2004.

**Depot modernization delayed, and costs are much higher than expected.**

While we believe the new distribution system should not only improve productivity but also provide valuable data collection and online analysis capabilities, the final \$39 million cost far exceeded FSS' anticipated cost, coming in at over 72 percent above estimate. The contractor's costs were \$7 million higher than what was estimated in the original feasibility study. In addition, there were significant cost elements not considered in the original estimate including overtime and contract labor (\$4.9 million), unanticipated rent expense at the Stockton facility during the transition period (\$1.8 million), and additional material handling equipment rental and other miscellaneous costs (\$0.5 million).

We attributed the increase to two factors. First, FSS used insufficient and inaccurate information for the project's plan and design phases. Second, FSS did not analyze the feasibility study and technical proposal to ensure that cost estimates were accurate and the technical systems would be compatible.

Since FSS is considering a similar modernization at the EDC, our September 2004 report to the Commissioner recommended that FSS:

- Ensure more accurate and complete FSS data necessary for design or proposals on future projects is available.
- Analyze and validate any proposals or designs for future capital projects before making any commitments.

The Commissioner concurred with our recommendations.

### **Wireless Telecommunications Services**

Under the Federal Wireless Telecommunications Services Contract, GSA spends \$4 million annually for approximately 4,000 wireless devices for employees. Another 2,600 are provided under other various contractual



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## Management Challenges

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### **Contract Management (continued)**

agreements. Under the Federal Wireless Contract, GSA's overall cost equates to \$.60 per minute of usage. We performed this review to evaluate GSA's management of the efficiency and costs of wireless telecommunication services.

**GSA can save up to 12 percent on wireless communication costs through improved analysis of billings.**

Our review found that GSA can reduce and better manage its wireless costs through billing analysis. One private research group estimates that organizations can save 7 to 12 percent of their annual wireless costs by correcting billing errors. Carrier billings, service abuses, and inaccurate subscriber billings are all ways in which critical dollars can slip through the cracks. The Chief Information Officer (CIO) has already identified a one-time savings of almost \$85,000 principally in obtaining adjustments for being erroneously billed for 153 wireless phones belonging to other agencies. Based on GSA's current expenditure of \$4 million annually on wireless phone bills under its Federal Wireless Telecommunications Service agreement, GSA could save between \$280,000 and \$480,000 annually by examining billings for errors.

More and more private companies are focusing on driving down the total cost of ownership (TCO) of wireless communications. Under this concept, an organization constantly audits billings and usage to reduce cost per minute to the lowest possible level.

In our September 30, 2004 report, we recommended that the CIO embrace the concept of TCO and develop plans aimed at reducing wireless phones' cost per minute. The CIO stated that his office plans to take steps necessary to better manage cell phone costs in GSA.

### **The New Brooklyn Courthouse**

In recent semiannual reports, we have reported on time delays and cost overruns in PBS construction projects. At the request of the previous Regional Administrator for the Northeast and Caribbean Region, we analyzed the problems experienced in the construction of the new Brooklyn Courthouse.

Prompted by a "judicial space emergency" in the eastern district of New York declared by the Judicial Conference of the United States in 1989, GSA initiated the Brooklyn Courthouse project. Over the next several years, GSA performed various design and pre-construction activities and in 1996, submitted a prospectus requesting \$187 million for the construction, management, and inspection of the new courthouse. However, due to a 10 percent rescission against all court construction projects in FY 1997, Congress only appropriated \$169 million for Brooklyn. Initial bids for the project in February 1998 came in well above the available funds. With each attempt to lower the cost of the project through soft scope cost reductions

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## Management Challenges

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### **Contract Management (continued)**

such as reduced liquidated damages, less restrictive subcontractor qualifications, and elimination of a 45-day suspension of work clause, the low bid got higher. Due to the rampant construction demand in New York City, there was a critical shortage of laborers, including electricians, carpenters, and masons. As a result, contractors were including premiums in their bids.

Lacking sufficient funds to make the contract award, GSA allowed the bids to expire. The contract was eventually awarded in September 1999 after the project was redesigned with significant scope reductions including the elimination of four floors. The targeted completion date was revised to July 2002. GSA had to request congressional approval for additional funding because the new base bid was \$3 million higher than the initial low bid as costs were escalating at about \$500,000 a month.

From very early on in the project, the contractor experienced schedule problems and did not have adequate manpower to get the project back on track despite constant urging by GSA to increase the manpower to acceptable productive levels. The contractor ultimately declared bankruptcy in September 2003, with about 77 percent of the project complete. Project officials now hope that the surety's takeover contractor will complete the project to allow occupancy by late 2005.

In our June 7, 2004 report, we concluded that the convergence of restrictive funding, an extremely active construction market, scope reductions based on overly optimistic estimates, manpower shortages, and the prime contractor's slow spiral toward bankruptcy contributed to this "perfect storm" of construction projects. The delayed completion of the courthouse has forced judges to share courtrooms and resulted in increased leasing costs to house displaced court-related functions. When the project is finally completed, the customer agency will occupy a building constructed with several fewer floors and fewer features than originally envisioned, and costing more than \$270 million.

### **Information Technology**

*GSA is in the process of replacing a number of its old information systems to improve performance and take advantage of technological advances. Since GSA has had difficulty sharing usable data between systems, many of the new information technology (IT) projects are intended to go beyond automating current business functions and to create real change in the way that GSA does business. However, GSA systems, development projects have typically experienced significant schedule delays and cost overruns, the need for frequent redesign, and a prolonged period of time in development.*

**Funding shortfalls and late contract award led to years of delays and design scope reductions in Brooklyn Courthouse construction.**



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## Management Challenges

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### *Information Technology (continued)*

#### **GSA's Information Technology Security Program**

The Federal Information Security Management Act (FISMA) requires Federal agencies to develop, document, and implement an agency-wide information security program to secure Federal information systems. The Act also requires each Office of Inspector General to perform annual reviews of their respective agency's information security program and select system controls.

In this year's review, we found that GSA's IT Security Program, managed by the GSA Chief Information Officer (CIO), has improved over the past year, but challenges remain, and there is a need to establish agency-wide policies and procedures as an integral part of security practices for all Agency systems. The CIO has designated a Senior Agency Information Security Officer with responsibilities for overall IT security and for ensuring that IT security requirements are implemented agency-wide. Since last year, new measures to better secure GSA systems have been introduced, including the publication of a variety of procedural and technical guides and the development of new, role-based IT security training.

Our review of security controls established with GSA's IT Security Program identified key areas where additional improvements are needed to ensure success with the program. First, GSA's IT Security Program inventory of major applications and general support systems did not include all Agency systems as required. Further, GSA's agency-wide IT security policy needs to be strengthened to identify compensating controls for mitigating risks related to contractors supporting GSA systems who have not yet received required background checks, due to a backlog in the process. Also, for the nine GSA systems we reviewed this year, the CIO's system Certification and Accreditation process was not being consistently implemented, and risk mitigation plans were not always effectively used to track and resolve security weaknesses. GSA's IT Security Program must better ensure that contractor provided systems meet security requirements established under FISMA. Overall, there is a need for improved oversight and monitoring across the Agency of the implementation of IT security policy and procedures established with GSA's IT Security Program.

In our September 27, 2004 report, we recommended that the CIO take action to:

- Ensure that all systems across GSA are included in the inventory maintained by the Office of Senior Agency Information Security Officer.
- Develop and implement compensating controls to reduce risks from granting contractors access to GSA systems and data prior to the completion of required background checks.

**Key IT security tasks required by FISMA remain to be completed.**

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## Management Challenges

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### *Information Technology (continued)*

- Incorporate controls to ensure operations of contractors supporting GSA systems and data are adequately monitored and that certification and accreditation documentation are current and complete.

The CIO concurred with our recommendations.

### **Review of FedBizOpps**

FedBizOpps is a GSA-managed system that replaced Commerce Business Daily and its Internet portal, CBDNet, as the designated single point-of-entry for government contract opportunities over \$25,000. Through FedBizOpps.gov, commercial vendors seeking Federal markets for their products and services can be notified of business opportunities posted to the system by government buyers across the entire Federal contracting community.

To gather information on user satisfaction and to assess the effectiveness of FedBizOpps, we conducted the first online survey of more than 388,000 FedBizOpps system users. Almost 16,000 of the 20,000 respondents classified themselves as vendors. We found that while GSA regularly obtains input from government FedBizOpps users as to how the system is functioning and how it can be improved, similar input is not requested from the vendors. The vendors surveyed commented that improvements are needed in FedBizOpps' search capabilities and the graphical user interface, and an electronic bid function should be developed. Increased vendor involvement in the decision-making process regarding functionality and enhancements to FedBizOpps is needed to expand the number of vendors offering products and services and ensure continued success with this important system.

We also identified security risks to the system in that background security checks have not been completed for contractors having access to this critical system and the data. The potential introduction of malicious code or modification of data or lines of code could compromise the auditability, recoverability, or integrity of the data or application. In addition, memoranda of agreement are not in place with all Federal users of FedBizOpps to help maintain security and define the controls, roles, and responsibilities of each user.

Our August 2004 report recommended that GSA's Office of Governmentwide Policy regularly solicit the vendor community for ideas to more effectively link government buyers with the vendors who can most effectively and economically meet the government's needs. We also recommended that security controls should be enhanced to better manage risks with day-to-day operations of the system, including taking action to ensure that security background checks are completed on contractor personnel supporting the system and that memoranda of agreement are completed to guide departments and agencies on their responsibilities when using the system.

***First online survey open to nearly 400,000 users identifies improvements needed to expand FedBizOpps usage.***

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## Management Challenges

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### *Information Technology (continued)*

#### **E-Gov Initiatives**

In August 2001, the Office of Management and Budget (OMB) launched an E-Government (E-gov) task force (Quicksilver) to evaluate ideas for electronically improving government operations and eliminating redundant systems. The President's Management Council adopted 23 electronic government initiatives and assigned development of five of these to GSA.

***E-Authentication risk analysis and business model need to be reevaluated, and project life-cycle guidance and pilot test results incorporated, to ensure essential security for E-Gov initiatives.***

**Review of E-Authentication.** E-Authentication is one of GSA's E-Gov projects, and its success is critical to the provision of several electronic capabilities across government. One of E-Authentication's primary goals is identity verification when conducting electronic transactions with the Federal Government; the goal is to use existing identity credentials to ensure that individuals are who they claim to be. Credential service providers, such as banks, provide these readily available credentials. The E-Authentication initiative is intended to help minimize duplicative and costly authentication solutions for electronic transactions across government. In addition, authorization of specific access rights for Federal systems will be greatly enhanced with E-Authentication services, since a more rigorous process for authentication will take place before system access rights are authorized. E-Authentication is also intended to provide increased security, privacy management, and standards-based interoperability.

Our September 30, 2004 report identified areas where improvements are needed with the initiative and recommended that FTS, the designated process owner of E-Authentication, takes specific actions to ensure success with this important undertaking. First, the E-Authentication Risk and Requirements Analysis completed by the E-Gov initiatives prior to May 2004 should be reevaluated against the revised OMB guidance on assurance levels to determine if current levels are still valid. Second, a business model that includes a funding model and business strategy for FY 2006 and beyond for customer use of the service, and the provision of credentials by credential service providers is needed to ensure long-term success. Third, consolidated E-Authentication life cycle guidance is needed to assist E-Gov initiatives in fully implementing E-Authentication into their project life cycles. Finally, important results from a planned pilot of E-Authentication, to include lessons learned on privacy protection, should be incorporated into the E-Authentication Full Operational Capability report that was released in June 2004.

GSA management concurred with our findings and recommendations and is taking prompt actions to address these issues. Through a continued focus on mitigating the risk areas we have identified, GSA will better ensure the successful implementation of E-Authentication services and realization of expected benefits for all E-Gov initiatives.

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## Management Challenges

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***Developing this E-Gov initiative has taken longer and costs more than envisioned; many development steps and challenges remain.***

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

**Federal Asset Sales.** OMB assigned the development of another E-Gov initiative, Federal Asset Sales (FAS), to GSA in October 2001. It envisioned FAS to be developed in 12 to 18 months at a cost of \$5 million. GSA's mission was to develop a secure, effective, and efficient one-stop online environment across Federal agencies that would provide clear information and a marketplace for excess Federal real and personal property and financial assets. The intent was to improve the way excess Federal assets are reutilized by Federal and non-Federal agencies and non-profit organizations, or sold on the Internet.

We found that the task force's initial analysis of FAS was performed under short timeframes and relied heavily on numerous assumptions, estimates, and incomplete information. GSA then developed a more detailed business case, but it suffered from many of the same shortcomings—a lack of complete and accurate data regarding the characteristics and volume of assets to be sold, the value of the assets, the level of use by Federal agencies, and the amount of quantifiable savings.

We concluded that although the FAS team has made substantial effort to plan and develop FAS, after nearly 2½ years and over \$7 million spent, many development steps remain. In addition, substantial barriers may reduce the benefits and cost-effectiveness of FAS, and the FAS Program Management Office has had difficulty obtaining customer commitment to use FAS.

We recommended that GSA's CIO direct the E-Gov Program Management Office to analyze what changes are needed to ensure that FAS achieves the maximum benefit for the minimum cost, and that portions of the initiative that do not appear to be cost-effective are not pursued further.

The CIO stated that his office has narrowed the project scope to focus on core GSA business mission. A substantially revised business case for the FAS initiative was submitted to, and subsequently approved by, OMB in 2004.

### ***Management Controls***

*Multiple management controls and extensive supervisory reviews have been replaced, through streamlining efforts, by fewer and broader controls, making it essential that the remaining control processes be emphasized and consistently followed. Streamlined processes have helped GSA achieve its goal of serving customers more quickly and efficiently; however, the Agency is exposed to the risk of mismanagement and abuse if program officials do not ensure the faithful application of existing safeguards.*

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## Management Challenges

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### *Management Controls (continued)*

#### *Employee Awards Program*

GSA's Office of the Chief People Officer administers an online employee awards system to help recognize special achievements at the time of their occurrence rather than the former practice of tying rewards to the annual rating process. Under the GSA Awards Program, cash awards are processed through FedDesk, an automated platform through which designated officials electronically approve awards using password-protected authorization procedures. In a 2002 review, we reported significant problems with management controls over GSA's Awards Program.

***Circumvention of controls leaves award system vulnerable.***

This period, we completed a follow-up review to determine how management controls have improved. We noted some improvements since our last review; however, we found that several of the previously reported problems still exist.

We found that in several locations, managers had in effect delegated their award authority to nonsupervisory administrative staff by sharing their FedDesk user name and password with the administrative staff who then processed the awards for the managers. By doing so, managers improperly gave nonsupervisory staff opportunities to approve and process awards.

We determined that once an authorized approving official (or someone with their login data) gains access to FedDesk and the Awards Program, the system only requires entry of a Social Security number but no additional password. Thus, once access is gained, anyone knowing an approving official's Social Security number could then process transactions as that other official. This control breakdown could result in transactions that cannot be traced to the actual person who entered them.

We also found that in one region, officials approved awards to employees they did not supervise without first seeking concurrence of the employees' managers as required by GSA policy.

In addition, we encountered difficulty in obtaining award justification documentation for a significant part of our sample because the FedDesk system only allowed access to awards entered in the prior 12-month period. Although we were told the information was put in the system, it was no longer accessible for verification or review. This problem has been alleviated since approving officials are now required to enter justifications online, and the system access has been corrected so the data is accessible for a two-year period.

As part of management's corrective actions in response to our prior audit, the Director, Office of Human Resources issued a memorandum on November 22, 2002 that stated:



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## Management Challenges

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

It is the responsibility of all managers to ensure the integrity of the incentive awards program. You should periodically review awards given in your organization to identify any areas of potential abuse and take action to resolve such abuse if it exists.

The fact that approving officials know management reviews their actions and provides feedback to appropriate officials, as necessary, is an important management control. In our follow-up review, we queried approving officials to determine if they were aware of any oversight from their managers. Of the 104 approving officials we contacted, 34 were unaware of any management oversight. Only 16 of those who said that they had some level of oversight could produce written evidence of that oversight.

Our September 21, 2004 report noted that GSA management has taken many actions, including the recertification of all approving officials by the Heads of Service and Staff Offices and Regional Administrators. The report also recommended that the Chief People Officer develop a tool for management officials to perform periodic review of the justification and nature of awards, issue guidance on the use of administrative staff to perform data entry tasks for awards, develop changes to the system to require maintenance of justifications, and require a password in addition to Social Security numbers for access.

### **GSA Fleet's Accident Management Center Operations**

GSA Fleet established the Accident Management Center (AMC) in 2001 to ensure greater consistency in processing accident cases, provide better service to its customers, and more effectively control accident-related costs. In FY 2003, the AMC closed over 23,000 cases that totaled more than \$38 million in damages. Our review of the AMC operations disclosed that it was, for the most part, achieving its objectives, and that customer agencies were pleased with its services. We were, however, concerned with the procedures the AMC followed for collecting accident damage claims from the private sector, referred to as third party claims.

We found that AMC's accident damage collection process sometimes resulted in the pursuit of unsupported claims, which could adversely affect third party individuals' credit histories. AMC personnel process third party claims when they conclude from documentation provided by customer agency drivers that the third parties were responsible for damages to GSA's vehicles. After determining the cost of the damages, the AMC issues a demand letter to the third party and forwards the claim to GSA's Office of Finance (Finance). Unless payment is received within 60 days, Finance refers the debt to the U.S. Department of Treasury (Treasury) for collection where it is subject to reporting to credit bureaus, offset from any funds payable to the third party, and referral to debt collection agencies. When

***Pressure to quickly close files led to incorrect conclusions that third parties were responsible for accidents.***

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## Management Challenges

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

documentation such as police reports or accounts provided by witnesses surfaced and showed its conclusions were incorrect, AMC then dropped the claims, but in some cases the debt had already been referred to Treasury and credit bureaus notified of delinquent debts to the government. The third parties then had difficulty getting their credit ratings cleared. We learned that some third parties had difficulty disputing or discussing their debt because it was transferred between multiple offices.

We concluded that pressure to quickly close files in some cases led to incorrect conclusions, based on minimal evidence, that third parties were responsible for accidents. GSA's use of its authority to expedite collections must be exercised judiciously and only after the AMC has validated the debt and made reasonable efforts to collect from insurance companies.

GSA agreed with our recommendations to institute procedures to ensure third parties will have one point of contact for discussing or disputing claims, and to ensure that debt is not referred to Treasury until the AMC has clearly determined that third parties are responsible for the damages.

The audit also disclosed that proper procurement procedures were not always followed and documented, and that the goal of meeting the performance measure of closing accident files within 30 days sometimes conflicted with providing good customer service. GSA is taking steps to correct these weaknesses.

### **GSA Fleet Vehicle Disposals**

GSA provides vehicles and fleet management services to Federal customer agencies and manages a worldwide fleet of over 185,000 vehicles. Each year, GSA Fleet (Fleet) purchases approximately 40,000 vehicles and sells 35,000. The vehicles that Fleet sells are made available for the public to purchase at Fleet auctions, which are held at locations nationwide throughout most of the year. Annual proceeds from these auctions can exceed \$200 million.

The objective of our audit was to determine whether management controls over proceeds derived from vehicle sales are effective in ensuring that proceeds are received, deposited, and accounted for in a timely manner. We found that GSA has effectively utilized auction house contracts to improve the vehicle disposal process, shifting primary responsibility for handling sale proceeds to the auction houses. Further, current controls are sufficient to ensure accurate accounting for these sales. However, while these contracts have improved the disposal process and mitigated a great deal of GSA's risk, Fleet does not always enforce the contract provision requiring prompt transfer of sale proceeds from the auction house to GSA. Consequently, auction houses have submitted late payments, and Fleet has foregone interest on these late payments although the amounts are not material.

***Fleet sales process improved; controls operating effectively.***

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## **Management Challenges**

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

We recommended that Fleet enforce the timeliness of the electronic fund transfer contract provision to prevent the problem from becoming significant. Further, Fleet should consider fund transfer timeliness as a source selection criterion for future auction house contracts.

The Federal Supply Service Commissioner agreed with the finding and recommendation in our report.

### **Agency Liaison Division**

The Agency Liaison Division (ALD), located in the National Capital Region, is one of three organizations within GSA that provides external services to small agencies, boards, and Presidential and congressional commissions on a reimbursable basis. (The Office of Finance and the National Payroll Center, both located in Kansas City, provide accounting and payroll services respectively.) In FY 2003, ALD provided a variety of administrative and management support services, primarily human resource, budget, and coordination activities to 29 clients. Competition is growing in the external services market, and, for ALD, recovering costs is becoming an increasingly challenging task from year to year, leaving little time to implement new strategies and initiatives.

Although ALD is supposed to fully recover its costs, we found in our review that ALD's customer pricing methodology did not always reflect actual cost data, was inconsistent in its allocation of costs, and oftentimes was adjusted to accommodate a client's inability to pay for services. In addition, ALD lacks formal performance measures necessary to evaluate the effectiveness of the program in meeting its mission, objectives, and fiscal responsibility, and to adjust to a changing environment.

In our April 5, 2004 report, we recommended that the Agency Liaison Division:

- Establish a consistent and clear pricing methodology.
- Develop a formal business strategy with qualitative and quantitative performance measures aligned with its mission, goals, and program processes.
- Track and analyze time and cost data.
- Explore alternative means of additional funding.

The Regional Administrator fully concurred with our findings and stated that the region is taking the necessary action to resolve the issues.



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## Management Challenges

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

*Providing a safe, healthful, and secure environment for over 1 million workers and the visitors to over 8,300 owned and leased Federal facilities nationwide is a major multifaceted responsibility of GSA. The increased risks from terrorism have greatly expanded the range of vulnerabilities traditionally faced by building operations personnel. In March 2003, the Federal Protective Service (FPS) was transferred from GSA to the Department of Homeland Security (DHS). While FPS is no longer part of GSA, the Agency has a continual need to closely interact with security personnel due to GSA's mission of housing Federal agencies. GSA and FPS/DHS operate under a Memorandum of Agreement for obtaining services such as basic security for buildings, contract guards, law enforcement, background suitability determinations for contractors (including child care center personnel), pre-lease security checks, occupant emergency plan support, and continuity of operations support. Ensuring that Federal employees have a secure work environment and that building assets are adequately safeguarded must remain a primary concern of GSA.*

### **Security Clearance Process for Contractor Personnel**

In recent semiannual reports, we have highlighted our concerns that significant numbers of GSA contractor employees did not have proper security clearances. GSA policy requires that all contractor employees are required to pass a background suitability check in order to work in GSA-controlled buildings. GSA also requires contractors accessing computer systems containing sensitive information undergo background screenings prior to gaining access to Agency systems. All contractor employees who design, operate, test, maintain, and/or monitor GSA systems are required to have at least a background investigation consisting of a National Agency Check and Inquiries Credit review. Although this period we did not issue any reports on issues regarding contractors accessing buildings, we did identify instances of non-cleared individuals having access to GSA information systems.

**Contractor personnel without completed security clearances are operating GSA systems.**

In our review of GSA's Information Technology Security Program discussed on page 9, we found that there is a significant backlog of several hundred background checks in process across the Agency. While system owners are requesting the required checks, the process is typically taking more than one year. We also noted that background checks had not been completed for FedBizOpps contractors (page 10). Not conducting these investigations may have increased the possibility of vulnerabilities and security risks for the systems.

We recommended that management ensure that background checks are completed on contractor personnel supporting the systems, and that compensating controls be developed and implemented to reduce risks to systems and data when reviews are delayed.

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## Promoting and Protecting Integrity

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GSA is responsible for providing working space for almost one million Federal employees. The Agency 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 to ensure the integrity of the Agency's financial statements, programs, and operations and that the taxpayer's interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions.

### **Significant Criminal and Civil Actions**

#### **MCI/WorldCom Corporation Settles False Claims Act Suit for \$27.6 Million**

On May 4, 2004, the Department of Justice publicly announced a previously reached settlement with MCI/WorldCom (MCI) Corporation for \$27.6 million that resolved allegations that the company had fraudulently overcharged the government. The allegations arose out of a suit filed by a whistleblower under the *qui tam* provisions of the False Claims Act. The whistleblower had alleged that the company defrauded the government on its GSA telecommunications contract. An audit and investigation confirmed that MCI overcharged the government on the FTS 2001 contract for the fees it was required to pay to local telephone companies to help them recover the costs of providing outside telephone wires, underground conduits, telephone poles, and other facilities that link each telephone customer to the telephone network. The GSA contract allowed the company to "pass through" to the government all charges that it actually paid to local telephone companies. MCI, however, billed the government for millions of dollars more than they had paid to the local telephone companies. The bankruptcy status of the company restricted the amount of the recovery by the government. The terms of the settlement provided that MCI pay \$27 million in cash, plus over \$600,000 in credits on the contract. MCI voluntarily agreed to eliminate all future "pass through" charges so as to ensure that no additional overcharges to the government occur. The *qui tam* whistleblower received a portion of the settlement.

**MCI pays \$27.6 million to resolve government allegations of fraudulent overcharges.**

#### **Snap-on Industrial Pays \$10 Million to Resolve Price Reduction and Billings Allegations under Its GSA MAS Contract for Tools**

On July 23, 2004, the government negotiated a \$10 million settlement with Snap-on Industrial (Snap-on), a division of IDSC Holdings LLC, of its civil False Claims Act liability. Snap-on holds a GSA Multiple Award Schedule (MAS) contract for the sale of tools to Federal agencies. The government had alleged that Snap-on had, under both its current MAS contract and a

**Snap-on pays \$10 million to settle price reduction claim.**

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## Promoting and Protecting Integrity

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predecessor contract, violated the terms of the price reduction clause and billings provisions. Specifically, the government alleged that Snap-on had extended better pricing during the contracts' term to certain designated commercial customers contrary to the price reduction clause's mandate. In addition, the government alleged that significant overbillings had occurred under both contracts, in part because of Snap-on's failure to extend Federal agencies the GSA negotiated price.

### **Storage Engine and Former President Pay Over \$400,000 to Settle Fraudulent Overcharges Based on Kickbacks**

On September 27, 2004, the government negotiated a settlement for \$225,000 with Storage Engine (formerly ECCS) and its former president for violations of the civil False Claims Act. The settlement resolved allegations that Storage Engine engaged in a scheme to defraud the United States by paying kickbacks to two Dynamics Research Corporation (DRC) officials in connection with a task order DRC was performing under a GSA MAS contract. The cost of these kickbacks was passed along to the government as overcharges. The DRC task order was issued for the development of a defense-related information technology system at Hanscom Air Force Base. ECCS, Incorporated (the name of Storage Engine prior to its bankruptcy reorganization), had previously paid \$182,500 to the government in connection with this matter. As previously reported, the two DRC officials had already pled guilty to criminal charges and paid the government restitution. The government is continuing to pursue DRC for civil fraud in connection with this conduct under a pending civil False Claims Act and Anti-Kickback Act lawsuit that was filed in the District of Massachusetts in October 2003.

***Storage Engine and its former president pay \$400,000 to settle False Claims Act action for overcharges in kickback scheme.***

### **Ashland Chemical Company Pays \$350,000 to Resolve Government's False Claims Act Allegations**

On August 31, 2004, the government negotiated a settlement with Ashland Chemical Company d/b/a Drew Industrial, a former GSA vendor that previously provided chemical products to GSA through an MAS contract that was terminated in December 1997. The settlement resolved allegations that, between early 1998 and October of 2000, Drew continued to sell its products to GSA through its distributor, C&E Services, Inc., which, while holding its own GSA MAS contract, was not authorized by GSA to sell the Drew products in question. The earlier Ashland GSA contract was terminated by Ashland after the vendor paid approximately \$1.8 million to resolve civil False Claims Act allegations of defective pricing relating to the products it was selling to government purchasers under its GSA contract. The government alleged that, as a result of the continuing sales through C&E Services, Ashland knowingly sold unauthorized products to government purchasers at inflated prices that were paid by the government.

***Ashland Chemical Company pays \$350,000 to settle False Claims Act action.***

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## *Promoting and Protecting Integrity*

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### **Dawson Building Contractors Settles Potential False Claims Act Liability Relating to Its Work on the U.S. Courthouse in Des Moines, Iowa**

In an agreement signed on September 24, 2004, Dawson Building Contractors, Inc. (Dawson) of Rainbow City, Alabama agreed to forfeit its \$1.2 million claim in the Court of Federal Claims, and pay \$300,000 to resolve its potential False Claims Act liability in connection with its work on renovations to the U.S. Courthouse in Des Moines, Iowa. After Dawson was awarded the contract on November 3, 1997, the government alleged that the company fell far behind schedule and, after several written warnings, GSA terminated Dawson for default on July 31, 1998. On August 10, 1998, Dawson filed a \$1.2 million claim in the Court of Federal Claims. In the course of its work supporting GSA's defense against that claim, OIG auditors found, among other things, that Dawson had failed to pay its subcontractors. Based on this evidence the Department of Justice, Civil Division, filed a fraud counterclaim. The settlement resolves both the original claim and the counterclaim.

### **Three Contractors Plead Guilty in Corruption Probe**

An ongoing criminal investigation involving the Public Buildings Service was conducted jointly with the Federal Bureau of Investigation based on information that GSA employees were illegally awarding contracts for various building services and supplies involving a Federal courthouse in Chicago in exchange for bribes and kickbacks.

The investigation uncovered a corrupt environment involving the payment of gifts, money, and illegal drugs in return for the award of GSA contracts. In addition, the investigation revealed that some GSA employees, working in concert with certain vendors, were receiving plumbing supplies and other goods and equipment for their personal use, the cost of which was billed to GSA.

During this reporting period, three GSA contractors pled guilty to charges of bribery stemming from this investigation. One of the contractors was sentenced to three years probation, and was ordered to pay \$80,000 in restitution. Another contractor was sentenced to four months incarceration, 250 hours community service, and one year probation, and ordered to pay \$68,000 in restitution and a \$4,000 fine. The third contractor was sentenced to ten months incarceration and two years probation. Sentencing of the five other individuals involved is pending.

### **Abuse of Surplus Property Program**

During this reporting period, two individuals fraudulently obtained Federal surplus property through GSA's surplus property program. On September 9, 2004, a former Oklahoma school district superintendent pled guilty to theft of government property. The investigation revealed that the individual

***GSA contractors  
sentenced for  
bribery.***

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## Promoting and Protecting Integrity

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fraudulently acquired four mobile homes, valued at \$42,924, under GSA's surplus property program. The individual sold three of the mobile homes and currently resides in the fourth. He also acquired miscellaneous items such as chairs, washers, dryers, and cabinets valued at \$2,698. A sentencing date has not been scheduled.

In the second instance, an investigation found that a fire chief of a volunteer fire department in Belton, Texas fraudulently obtained a semitrailer valued at \$2,450 for the fire department and diverted the property for his personal use, through which he financially profited. He was sentenced in U.S. District Court to six months home detention, five years probation, 250 hours community service, and ordered to pay \$15,233 in restitution to recover unlawful profits.

### **Subcontractor Pleads Guilty to Fraud**

A joint investigation by the OIG and the Federal Bureau of Investigation revealed that a former project manager of a subcontractor inflated bids for work on the Brooklyn Federal Courthouse, in exchange for a cash payoff of \$5,000.

**Former project manager pleads guilty to fraud.**

The investigation exposed the manager's scheme to defraud the government by accepting payoffs from a second-tier subcontractor who worked on the Courthouse. The investigation found that the manager accepted cash payoffs from the subcontractor on various Federal, as well as commercial and city jobs. On May 7, 2004, he pled guilty in U.S. District Court to a one-count information of mail fraud.

### **Telecommunications Fraud**

The OIG continues to be a principal participant in the New York Electronic Crimes Task Force (NYECTF), which has been investigating telecommunications fraud primarily involving Federal facilities within the New York metropolitan area. GSA is the principal provider of telecommunications services for these facilities. NYECTF members include the Secret Service, Department of Defense, Department of Justice, New York City Police, and telecommunications industry representatives.

A fraud investigation completed during this reporting period was initiated when an AT&T Network Security Specialist disclosed to members of the NYECTF that an individual was engaged in calling card fraud by "shoulder surfing." The investigation found that the individual watched customers dial their calling card numbers, recorded the number, and then sold the calling card numbers to individuals who used them to make unauthorized telephone calls. The individual pled guilty to charge card fraud and was sentenced to 46 months incarceration, three years supervisory release, and ordered to pay restitution in the amount of \$608,159.



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## Promoting and Protecting Integrity

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### **GSA and DOJ Receive Reimbursement of Investigative Costs in Connection with Secret Settlement under a *Qui Tam* Action**

On July 26, 2004, the government settled a dispute regarding disposition of proceeds and entitlement to costs arising out of an improper settlement of a civil False Claims Act suit, brought as a *qui tam* action, in the Middle District of Florida. The whistleblower who filed the *qui tam* action, his law firm, and Intelligent Decisions (the defendant), a GSA MAS vendor of IT products, had entered into a confidential settlement agreement that provided for Intelligent Decisions to pay the whistleblower and his law firm \$500,000. Contrary to legal requirements, the parties did not notify the government, the real-party-in interest in such lawsuits, nor did they seek its consent to the settlement. The government investigated the terms of the confidential settlement, and successfully sought the Federal district court's assistance in invalidating it. Ultimately, the court found the confidential settlement to be improper and ordered the moneys to be paid back to the defendant, Intelligent Decisions. Significantly, the court also ordered the government to be reimbursed \$25,000 for its investigative costs in uncovering the improper settlement and having it invalidated.

### **Theft of Government Vehicle**

An investigation reported that an individual stole a government vehicle from a Federal office building garage. The investigation disclosed that the individual had fraudulently obtained a GSA identification card and used it to obtain the vehicle. On May 18, 2004, the individual appeared in U.S. District Court and pled guilty to theft of a government vehicle and impersonating a government official. He was sentenced on July 27, 2004 to 16 months imprisonment for theft of a government vehicle, 12 months imprisonment for impersonating a government official (both of which are to be served concurrently), three years supervised release, and ordered to pay a fine.

### **Fleet Charge Card Abuse**

The GSA OIG has an ongoing proactive investigative project to identify and investigate fraud associated with the misuse of GSA-issued fleet charge cards. During this period, cases developed resulted in the sentencing of three individuals.

In the first instance, a joint investigation by the OIG and the Smithsonian Institution (Smithsonian) OIG determined that a Smithsonian employee was using a fleet card, that had been assigned to a vehicle leased to the Smithsonian, to purchase gas for his friends in exchange for cash. The employee pled guilty to theft charges and was sentenced to 36 months probation, ordered to pay restitution in the amount of \$4,407, fined, and terminated as an employee.

In the second instance, an investigation revealed that an individual was using a stolen fleet card, that had been assigned to a vehicle leased to St. Elizabeth's Hospital, to purchase gas for his personal vehicle as well as several friends' vehicles. He pled guilty to theft of government property and

**Convictions for  
abuse of GSA  
charge cards.**

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## ***Promoting and Protecting Integrity***

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was sentenced to ten months in prison and one year supervised release, ordered to pay \$4,323 in restitution, and fined. This individual also pled guilty to possession of illegal drugs and was sentenced to 12 months in prison and 18 months probation relating to that charge.

In the third instance, a joint investigation by the GSA OIG, Department of Veterans Affairs (VA) OIG, and the Chicago Police Department determined that an individual was using a stolen fleet card assigned to the VA to purchase gas for his friends in exchange for cash. The individual pled guilty to theft charges and was ordered to pay restitution in the amount of \$2,621.

### **Two South Florida Men Sentenced for Fuel Thefts Using Forged Fleet Cards**

An ongoing investigation by a Federal and state task force of fraudulent use of fleet cards had previously discovered that ten men were using federally issued fuel charge cards to fraudulently purchase large amounts of fuel in South Florida. The investigation found that the men used stolen charge card numbers to illegally obtain fuel from gas stations. Once the men were arrested, searches were conducted at several sites leading to the seizure of thousands of gallons of stolen fuel, vehicles, stolen charge cards that were used to purchase the fuel, equipment used to manufacture fraudulent charge cards, and pumping devices used to store and transport fuel.

Two of the ten men were sentenced during this reporting period. One individual was sentenced to serve five months in prison, five months home confinement, three years probation, and ordered to pay \$2,419 in restitution. The other individual was sentenced to one year probation and ordered to pay restitution. Four individuals were sentenced in a prior reporting period, and sentencing is pending for the remaining individuals involved.

### **GSA Purchase Card Fraud**

An investigation of questionable purchases disclosed that a GSA employee used her assigned GSA purchase card to buy for her own use, computer equipment and software, computer games, compact disc music and movies, food, clothing, sporting goods, housewares, and gifts totaling in excess of \$34,000. The employee resigned and on April 28, 2004, pled guilty to unlawful use of a purchase card. Sentencing is scheduled for November 17, 2004. Administrative actions were taken against the GSA managers who approved the purchase card bills.

This investigation illustrates the importance of cooperation between GSA employees and the OIG. 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.

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## *Promoting and Protecting Integrity*

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### **Individual Pleads Guilty to Forgery**

A joint investigation by the OIG and the New York City Department of Investigation OIG revealed that an individual was driving his personal vehicle with a stolen U.S. Government license plate issued by GSA. The investigation determined that the plate was reported stolen in October 2001 from a government vehicle assigned to the Department of Army, New York State Armory.

Upon this individual's arrest, he presented a forged New York State National Guard identification card. The individual pled guilty to forgery and was sentenced to one year probation and ordered to perform community service.

### **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 14 briefings attended by 306 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, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

### **Hotline**

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. We also developed and use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 1,169 Hotline contacts. Of these contacts, 199 Hotline cases were initiated. In 99 of these cases, referrals were made to GSA program officials for review and action as appropriate, 38 cases were referred to other Federal agencies for follow up, 29 were referred for OIG criminal/civil investigations or audits, and 33 did not warrant further review.

### **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

**Preaward audits of  
39 contracts  
identify \$81 million  
in cost avoidances.**



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## *Promoting and Protecting Integrity*

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performed preaward audits of 39 contracts with an estimated value of \$3.7 billion. The audit reports contained \$81 million in financial recommendations.

Three of the more significant Multiple Award Schedule (MAS) contracts we audited had projected governmentwide sales totaling \$1.4 billion. The audit findings recommended that \$64 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 receive from these vendors.

In one case, GSA awarded a \$642 million, five-year MAS contract extension to a reseller of IT equipment, software, and services. The preaward audit found that the vendor's affiliate, a company that sold the same items the vendor was offering GSA, sold products offered under the GSA contract for significantly less to commercial end-user customers. Specifically, the audit found that the affiliate sold the top-selling printer under the GSA MAS contract to a number of commercial end-users at prices significantly less than those at which it sold the same printer to GSA. We have encountered other instances where MAS vendors who sell only to Federal Government (and possibly to state and local or educational customers) have closely-affiliated companies that sell strictly identical products to commercial customers at overall better prices.

We also audited various claims for increased costs. Two of the more significant projects audited contained proposed amounts totaling \$13.5 million, and our audits of the claims recommended adjustments of over \$5.2 million. Our audits of three subcontractors on one construction project found that the claimed amounts were either overstated or not supported by the companies' records. Another contractor submitted a claim for termination costs because: (1) GSA failed to notify them in a timely manner that the contract was terminated for convenience, and (2) GSA breached the contract by not allowing the contractor to continue providing janitorial services. The contractor's claim was without merit because the building where the janitorial services were to be performed was the U.S. Customs House located at Six World Trade Center, which was destroyed on September 11, 2001.

The Office of Management and Budget (OMB) has long recognized the increasing dollar value of GSA's contract activities and our limited resources in providing commensurate audit coverage. Through FSS and FTS contract program revenues, OMB officials have provided us additional financial support to increase our work in this area.

### ***Financial Statement Internal Control Reviews***

The annual audit of the GSA consolidated financial statement is currently being performed by an independent public accounting (IPA) firm, with oversight and guidance from the OIG, as required by the Chief Financial

***OMB offers support for expanded preaward audit coverage of FSS and FTS contracts.***

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## *Promoting and Protecting Integrity*

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Officers Act of 1990. In support of this effort, the OIG performed assessments of the internal controls over the Federal Systems Integration and Management Center (FEDSIM) and GSA's payroll function.

FEDSIM is one of three national Client Support Centers that help customer agencies acquire and use information systems and technology. The program focuses on large-scale acquisition management and support, large-scale systems integration projects, office systems support, software management, and data center management. With the exception of one isolated occurrence, our review of the revenue and disbursement cycles found that internal controls are in place to effectively and efficiently meet the desired control objectives. Steps have been taken to correct the one error.

The OIG reviewed GSA's internal controls over the payroll function, which is performed at the National Payroll Center (NPC) located in the Heartland Finance Center. The NPC uses the automated Payroll Accounting and Reporting System to process payroll for approximately 25,000 employees at GSA and a number of independent agencies and Presidential commissions. With the exception of two isolated occurrences, our review found that the internal controls over the payroll function appeared to be operating effectively and efficiently to meet control objectives. GSA officials corrected the errors and stated that they have recently established a procedure to perform a quality control review each pay period on a sample of personnel actions to ensure accuracy.

These results were also communicated to the Office of Personnel Management (OPM) in an agreed-upon procedures report, performed to assist OPM in assessing the reasonableness of retirement, health, and life insurance withholdings and contributions, and employees headcount data that GSA's National Payroll Center submitted to OPM during FY 2004.

### ***Alert Report on the Audit of Pegasys Account Balance and Transaction Analysis: Construction in Progress***

During an ongoing review of the controls over the financial reporting for the Construction in Progress account balance, we discovered a material classification error in GSA's FY 2003 audited financial statements. The error resulted from an instance in which one project was incorrectly included in the reclassification rate used by PBS to project the amount of substantially complete projects that should have been reclassified from Construction in Progress to Property and Equipment. The project was included by PBS as substantially complete; however, our review found that the project was in fact still in progress. Based on our finding, we recalculated the adjusting journal entry generated by this statistical sample and found that the total classification error was over \$921 million. We concluded that this error represented a material amount in relation to the financial statements reported as of September 30, 2003, and issued an Alert Report notifying the

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## *Promoting and Protecting Integrity*

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Office of the Chief Financial Officer (CFO) and PBS officials of the problem. The CFO and PBS officials have agreed to take corrective action in order to address the error. The implications and treatment of the classification error are being evaluated by management and the IPA firm for reporting in the FY 2003 and FY 2004 financial statements.

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## Governmentwide Policy Activities

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

### **Interagency Committees and Working Groups**

This period, we provided advice and assistance to the Office of Management and Budget (OMB) on various procurement policy issues, particularly in the area of time-and-materials or labor-hours contracts.

In addition, we participated on a number of interagency committees and working groups that deal with cross-cutting and governmentwide issues:

- The Assistant Inspector General (AIG) for Auditing represents all civilian government agencies on the Cost Accounting Standards Board, an independent board within OMB's Office of Federal Procurement Policy, which promulgates, amends, and revises Cost Accounting Standards designed to achieve uniformity and consistency in cost accounting practices by individual government contractors.
- The AIG for Investigations serves as the Chair of the Assistant Inspectors General for Investigations Subcommittee. This subcommittee reports to the President's Council on Integrity and Efficiency (PCIE) Investigative Committee. The subcommittee deals with investigative issues that affect all OIG Offices of Investigations, such as statutory law enforcement, peer review, and coordinated assistance to the Department of Justice.
- OIG audit representatives participate in the PCIE IT Roundtable to address specialized security training and overall IT security issues based on IT information security audits.
- Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the PricewaterhouseCoopers TeamMate Users Group to discuss concerns and new challenges facing TeamMate users. TeamMate is an automated audit workpaper management system designed to make the audit process more efficient.
- The Special Assistant to the AIG for Auditing represents GSA on the White House Commission on the National Moment of Remembrance. The Commission was established to enhance the legacy of Memorial Day as a day to honor those who have sacrificed their lives for the principles of freedom and liberty. Major initiatives included listing Commission

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## Governmentwide Policy Activities

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activities on Federal, state, and local government Web sites; and seeking the participation of Federal employees, retirees, and benefit recipients.

- The Inspector General (IG) serves on the Human Resources and Legislation Committees of the PCIE. The Human Resources Committee fosters educational opportunities for members of the IG community and assists in ensuring the professional development of OIG personnel. The Legislation Committee develops, coordinates, and represents to Congress official PCIE positions on particular legislative issues.
- An OIG audit representative chairs the Evaluation Guidance Subcommittee under the Information Technology Security Committee established by the Federal Audit Executive Council. The subcommittee is tasked with drafting interagency guidance to be used for conducting independent evaluations of Federal agency information security programs in accordance with the Federal Information Security Management Act (FISMA) of 2004. The subcommittee is coordinating its efforts with OMB and the Government Accountability Office, and draft guidance will be reviewed and approved by the PCIE Audit Committee.
- The IG serves as Editor-in-Chief of *The Journal of Public Inquiry*, a semiannual publication of the Federal IG community. The OIG provides production and editorial support for this publication. The Spring/Summer 2004 edition spotlighted the role of the Inspections and Evaluations discipline within the IG community. It also addressed initiatives in promoting excellence in leadership and managerial skills.

### Legislation and Regulations

During this reporting period, the OIG reviewed 160 legislative matters and 14 proposed regulations and directives. The OIG specifically commented on the following legislative and other items:

- *Guidance to GSA Contracting Officers on MAS Negotiations.* We provided input to Federal Supply Service (FSS) in its continuing efforts to issue guidance to FSS contracting officers (COs) on negotiating MAS pricing and other terms and conditions. Specifically, we provided comments on two guidance documents dealing with MAS negotiations. As to the first document, we suggested language to make clear that COs can quantify the value of installation and maintenance terms by obtaining cost information from vendors seeking to sell to the government. The second document dealt with valuing differing terms and conditions when negotiating government pricing. We suggested that the document would be improved overall if it included concrete examples of quantifying different value-added functions, and if the tone were strengthened to more strongly reflect the government's goal of obtaining best price, other terms and conditions being equal. We also suggested clarifications and revisions in the areas of quantifying selling expenses, and accounting for bid and proposal costs.

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## Governmentwide Policy Activities

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- *Guidance on Treatment of Other Direct Costs (ODCs) in MAS Services Procurements.* We provided input to FSS in issuing additional guidance to contracting officers regarding ODCs on MAS services contracts. One of our more significant concerns had to do with duplication of such costs in both the loaded MAS labor rate and as add-on costs in particular task orders. We suggested that COs be required, at the time of negotiations, to obtain from vendors a description of the costs that they typically charge directly on a commercial basis. In our view, this would aid in eliminating duplicative costs on government orders. We also expressed a number of other concerns, including regarding coverage which appeared to endorse awarding contracts to offerors who have no commercial or government sales, and regarding coverage which allowed mark ups on travel costs. Finally, we noted that better guidance on the distinction between ODCs and incidental items is needed in order to prevent significant unrelated items from being improperly included on MAS task orders.
- *GSA Procedures on Vital Records.* We provided GSA our comments on draft changes to the section of the GSA Records Handbook relating to vital records. We suggested that the procedures be reorganized to more clearly delineate that other types of records, such as emergency operating records, and legal and financial records, really are subsets of the overall category of vital records. We also recommended that the procedures provide specific examples of emergency operating plans. Further, we noted that GSA might want to consider combining and redefining some of the records officer positions, as there appeared to be overlap among the various listed positions.
- *Draft GSA Order on Enterprise Architecture.* We provided the Chief Information Officer (CIO) our comments on the draft Order embodying the “One GSA” Enterprise Architecture Policy. The purpose of the Order was to prescribe policy for all GSA services, staff offices, and regions regarding Enterprise Architecture (EA). We first suggested that the Order more clearly define the relationships between the Business Systems Council, Information Technology Council, and Interoperability Control Board. It was not clear how their responsibilities and those of the Services and Staff Offices related to each other. We also noted that it was not clear from the Order how EA compliance decisions will be made as EA compliance was mentioned as a responsibility for the Chief Technology Officer, the Enterprise Chief Architect, and the Technical Review Boards. We also wondered whether each service, staff office, and region would participate in the development of EA performance measures.
- *Draft GSA Associate Development and Training Policy.* We provided comments to the GSA Human Resources Office regarding its proposed GSA training policy. We first suggested that the listing of uses for individual development plans, as set forth in the first chapter of the policy, should be expanded to allow plans to be used for an employee who is not



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## Governmentwide Policy Activities

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performing at the full performance level of a position. We also commented on certain aspects of the chapter relating to payment for professional certifications. This chapter represented GSA's implementation of statutory changes of several years ago that would allow the government to pay for professional certifications. Specifically, we asked for clarification of whether the policy would allow for payment for a preparatory class for an exam that would lead to a certification, and whether the policy would allow for payment of membership dues in an organization if the membership is necessary to retain a certification or professional credential.

- *Updating of GSA's Awards Handbook.* We provided comments to GSA about the draft update to its "Performance, Special Act and Honor Awards" handbook. We commended GSA for working to bring its Awards program up to date and better aligning it with the new performance management system. We also made several suggestions to improve the handbook. In particular, we recommended that it be changed to move away from mandating the percentage of awards that have to be awarded to teams and, instead, permit managers increased flexibility to make awards to teams and/or individuals, as they see fit. We also suggested eliminating the prohibition against giving members of the Senior Executive Service (SES) "time off" awards. We noted that there is no statutory or regulatory reason to preclude this type of award, and it is in the interest of increasing managerial flexibility to allow "time off" as an option for awards to members of the SES.

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## Professional Assistance Services

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*The Government Accountability Office recently issued a revision to the independence standard contained in the Government Auditing Standards. This amendment prohibits Federal audit organizations from performing certain types of management consulting projects because they may impair the independence of the auditors when performing subsequent audit work in the same area. Although we have always maintained our independence when working closely with GSA management, we are no longer performing consulting assignments, and we carefully assess our services to ensure compliance with the new standard. As allowed under the new standard, we are continuing our participation on Agency improvement task forces, committees, and working groups in an observer or advisory capacity.*

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

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

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

- **Single Audit Act Activities.** The Single Audit Act established uniform audit requirements for state and local governments receiving Federal awards. The non-Federal entities that receive Federal awards under more than one Federal program are required to undergo a single audit to prevent duplicate audits and inefficiencies. Each Federal agency monitors the non-Federal entity's use of awards provided by the Agency, and assesses the quality of the audits conducted relative to its program. The OIG monitors these activities as they relate to the personal property disposal program.
- **The Information Technology (IT) Council.** The Council monitors policies and programs to ensure IT consistency throughout the Agency. It is comprised of the Chief Information Officers of the various GSA Services and Staff Offices. Representatives of our office participate in meetings at the request of the Agency on such matters as systems controls, architecture, security, or new legislative requirements.

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## Professional Assistance Services

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- **Multiple Award Schedule Working Group.** The Multiple Award Schedule (MAS) Working Group was established as a result of a Special Report the OIG released in August 2001 relating to MAS contracting pricing practices—*MAS Pricing Practices: Is FSS Observing Regulatory Provisions Regarding Pricing?* (August 24, 2001). That report found that GSA was not consistently negotiating most-favored customer pricing, was extending contracts without adequate price analyses, and was not effectively using preaward audits to negotiate prices. The MAS Working Group is primarily comprised of members of the Federal Supply Service (FSS) and the OIG, with representation also from the Office of General Counsel and the Office of Acquisition Policy. The Working Group meets regularly and serves as a standing forum for discussion and resolution of issues or concerns having to do with MAS contracting. It has served as an effective institutionalized communications channel for both broad policy issues and discrete issues having to do with particular contracts or audits.

The Working Group has had several areas of focus, including preaward contract audits and MAS negotiations issues. The Working Group has developed guidance to MAS contracting officers (COs) regarding the performance and use of preaward MAS contract audits. Further, the Working Group has reinvigorated the process for FSS and the OIG collaboratively selecting and commencing preaward audits of vendors, and has built into this process specific mechanisms for COs to request audits of particular vendors. The Working Group has also focused on issuing guidance to COs regarding negotiations objectives and discrete negotiations issues for MAS contract awards. The issues addressed relate to instances or concerns reflected in the OIG Special Pricing Report, and include, for example, useful strategies to negotiate using the government's significant volume purchasing power. The Working Group also provided some input to FSS in its efforts to upgrade or enhance pricing performance measures on MAS contracts. In the future, the Working Group is considering systematically exploring other emerging MAS-related areas or concerns.

- **The Heartland Region Acquisition Guild and the Rocky Mountain Region Contract Review Group** meet periodically to evaluate acquisition changes to the Federal Acquisition Regulation (FAR), GSA Acquisition Manual, and directives and their associated impact on the regional contracting officials, and provide instruction/guidance to regional contracting personnel relative to the changes. OIG audit representation is provided on an advisory ad hoc basis.

## Statistical Summary of OIG Accomplishments

### **Audit Reports Issued**

The OIG issued 69 audit reports during this reporting period. The reports contained financial recommendations totaling \$119,265,244 including \$81,678,428 in recommendations that funds be put to better use and \$37,586,816 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, 2004. There were no reports more than six months old awaiting management decisions as of September 30, 2004. Table 1 does not include 2 reports issued to other agencies this period. Table 1 also does not include 6 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 4/1/04			
Less than six months old	49	30	\$302,986,266
Six or more months old	1	0	0
Reports issued this period	<u>67</u>	<u>37</u>	<u>119,209,421</u>
<b>TOTAL</b>	<b>117</b>	<b>67</b>	<b>\$422,195,687</b>
For which a management decision was made during the reporting period			
Issued prior periods	50	30	\$302,986,266
Issued current period	<u>28</u>	<u>10</u>	<u>37,987,189</u>
<b>TOTAL</b>	<b>78</b>	<b>40</b>	<b>\$340,973,455</b>
For which no management decision had been made as of 9/30/04			
Less than six months old	39	27	\$ 81,222,232
Six or more months old	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>39</b>	<b>27</b>	<b>\$ 81,222,232</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**

	No. of Reports	Financial Recommendations
For which no management decision had been made as of 4/1/04		
Less than six months old	25	\$302,618,069
Six or more months old	0	0
Reports issued this period	28	81,622,605
<b>TOTAL</b>	<b>53</b>	<b>\$384,240,674</b>
For which a management decision was made during the reporting period		
<b>TOTAL</b>	<b>28</b>	<b>*\$303,384,627</b>
For which no management decision had been made as of 9/30/04		
Less than six months old	25	\$ 80,856,047
Six or more months old	0	0
<b>TOTAL</b>	<b>25</b>	<b>\$ 80,856,047</b>

\*Management agreed with all except \$227,454.

## Statistical Summary of OIG Accomplishments

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

	No. of Reports	Questioned Costs
For which no management decision had been made as of 4/1/04		
Less than six months old	5	\$ 368,197
Six or more months old	0	0
Reports issued this period	9	37,586,816
<b>TOTAL</b>	<b>14</b>	<b>\$37,955,013</b>
For which a management decision was made during the reporting period		
<b>TOTAL</b>	<b>12</b>	<b>*\$39,563,909</b>
For which no management decision had been made as of 9/30/04		
Less than six months old	2	\$ 366,185
Six or more months old	0	0
<b>TOTAL</b>	<b>2</b>	<b>\$ 366,185</b>

\*Management did not agree with \$2,018,647 of questioned costs on four reports but did seek \$1,975,081 in excess of the recommended amount on one other report.



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## Statistical Summary of OIG Accomplishments

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### ***Investigative Workload***

The OIG opened 143 investigative cases and closed 108 cases during this period. In addition, the OIG received and evaluated 41 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	47	120
Civil	13	25
Administrative	67	193
<b>TOTAL</b>	<b>127</b>	<b>338</b>

In addition, the OIG made 29 referrals to GSA officials for information purposes only.

### ***Actions on OIG Referrals***

Based on these and prior referrals, 37 cases (76 subjects) were accepted for criminal prosecution and 12 cases (23 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 22 indictments/informations and 20 successful prosecutions. OIG civil referrals resulted in 7 case settlements. Based on OIG administrative referrals, management debarred 23 contractors/individuals, suspended 48 contractors/individuals, and took 13 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.

**Table 5. Criminal and Civil Recoveries**

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$ 131,285	\$ —
Settlements and Judgments	—	38,580,880
Restitutions	920,037	—
<b>TOTAL</b>	<b>\$1,051,322</b>	<b>\$38,580,880</b>

Table 6 presents the amount of administrative recoveries, recovered property, and savings as a result of investigative activities.

**Table 6. Other Monetary Results**

Administrative Recoveries	\$509,774
Recovered Property	48,195
Investigative Savings	22,563
<b>TOTAL</b>	<b>\$580,532</b>

# ***APPENDICES***



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## Appendix I—Significant Audits from Prior Reports

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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.

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

### **The Portfolio Restructuring Initiative**

*Period First Reported: October 1, 2003 to March 31, 2004*

The review evaluated PBS' portfolio restructuring initiative. The report contained three recommendations; one has been implemented.

The remaining recommendations involve maximizing revenue by pricing to reflect the underlying demand and considering suggestions for direction and refinement of the restructuring initiative. They are scheduled for completion on October 15, 2005.

### **Oversight of Leases**

*Period First Reported: October 1, 2003 to March 31, 2004*

The review examined PBS' management and administration of leases in several regions. The report contained three recommendations; they have not been implemented.

The recommendations involve proactively managing leases, reducing the risk of injury in PBS leased space, and strengthening the accuracy and sufficiency of lease information. They are scheduled for completion between November 15, 2004 and December 15, 2004.

### **Audit of PBS' New Construction Program**

*Period First Reported: October 1, 2003 to March 31, 2004*

The review assessed seven construction projects in various stages of completion. The report contained three recommendations; they have not been implemented.

The recommendations involve developing and issuing a project management handbook for construction;

adopting additional best practices, such as greater oversight of projects and using peer reviews; and emphasizing more diligent project administration. They are scheduled for completion on January 15, 2005.

### **FSS Acquisition Workforce Qualifications**

*Period First Reported: October 1, 2003 to March 31, 2004*

The review addressed whether FSS was ensuring that its acquisition personnel comply with the qualification standards established by the Office of Federal Procurement Policy (OFPP). The report contained four recommendations; three have been implemented.

The remaining recommendation involves creating and implementing quality control procedures for inputting and maintaining data within the system and establishing and ensuring that the system tracks all OFPP workforce qualifications. It is scheduled for completion on December 15, 2004.

### **Improper Contracting Practices**

*Period First Reported: October 1, 2003 to March 31, 2004*

The review focused on improper contracting practices at FTS Client Support Centers (CSC). The report contained three recommendations; one has been implemented.

The remaining recommendations involve performing a detailed analysis of the factors contributing to the problems and determining what changes are needed to align policies and procedures with laws, regulations, and GSA's values. They are scheduled for completion between November 15, 2004 and December 15, 2004.

### **System Review of the FTS' Third Generation System (3GS)**

*Period First Reported: October 1, 2003 to March 31, 2004*

The review examined FTS' new Third Generation System (3GS). The report contained four recommendations; three have been implemented.

The remaining recommendation involves developing measurable performance goals to monitor actual performance compared to expected results for 3GS. The recommendation is currently being suspended.

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## Appendix I—Significant Audits from Prior Reports

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### **Review of GSA's Process for Establishing Lodging Per Diems**

*Period First Reported: October 1, 2003 to March 31, 2004*

The review examined the process for establishing lodging per diem rates. The report contained two recommendations; one has been implemented.

The remaining recommendation involves documenting the reason for any modification or dismissal of any of the Advisory Board's recommendations. It is scheduled for completion on October 15, 2005.

### **GSA.gov**

*Period First Reported: October 1, 2003 to March 31, 2004*

The review evaluated the redesigned GSA.gov Web portal. The report contained two recommendations; one has been implemented.

The remaining recommendation involves developing and implementing direction and guidance for all GSA Offices consistent with best practices on their Web pages. It is scheduled for completion on December 15, 2004.

### **Control Reviews**

*Period First Reported: April 1, 2003 to September 30, 2003*

A series of three control reviews covered a secured item inventory, vehicle maintenance and repair costs, and construction project funding limitations. The reports contained eight recommendations; six have been implemented.

The remaining recommendations involve ensuring the judgment fund is not used to fund change orders and ensuring consistent FMS data entry procedures. They are scheduled for completion between November 15, 2004 and December 15, 2004.

### **FSS Automated Supply System (FSS-19) and Online System Capabilities**

*Period First Reported: April 1, 2003 to September 30, 2003*

The review evaluated the FSS automated supply system and online system capabilities. The report

contained six recommendations; three have been implemented.

The remaining recommendations involve ensuring that all identified weaknesses are included and tracked in the POA&M and prioritizing the development of key security documentation. They are scheduled for completion on November 15, 2004. The third recommendation, which involves developing ISAs, MOUs, and SIIPs for FSS-19 external connections, is currently being suspended. The Audit Followup and Evaluation Division is awaiting a response from FSS.

### **Qualification Standards for Acquisition Personnel**

*Period First Reported: April 1, 2003 to September 30, 2003*

The review assessed whether FTS' acquisition personnel were meeting qualification standards. The report contained three recommendations; two have been implemented.

The remaining recommendation involves discussing issues and addressing deviations from qualification standards and training requirements. It is currently being suspended.

### **Consolidation of Distribution Centers**

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

The review examined the operations of the FSS Stock Program. The report contained two recommendations; one has been implemented.

The remaining recommendation, which requires developing access to reliable data for all delivery methods, is scheduled for completion on June 15, 2005.

### **Billing and Payment Systems**

*Period First Reported: April 1, 2002 to September 30, 2002*

The review examined controls over reimbursable work authorizations (RWA) billings between GSA and other Federal agencies. The report contained two recommendations; one has been implemented.

The remaining recommendation involves incorporating estimated cost data for planning workflow before and



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

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during the RWA process. It is scheduled for completion on November 15, 2004.

### **Securing GSA's E-Mail System**

*Period First Reported: April 1, 2002 to September 30, 2002*

The review examined GSA's electronic mail system security. The report contained six recommendations; five have been implemented.

The remaining recommendation involves requiring password aging. It is scheduled for completion on November 15, 2004.

### **Use of the Occupancy Agreement**

*Period First Reported: October 1, 2001 to March 31, 2002*

The review examined rent billing records covered by Occupancy Agreements (OA). The report contained six recommendations; four have been implemented.

The remaining recommendations involve establishing and supporting the OA and tracking the variance between OA projected rent and the actual billed rent. They are scheduled for completion on November 15, 2004.

### **Operating Equipment Inventories**

*Period First Reported: October 1, 2000 to March 31, 2001*

The review focused on equipment maintenance kept by contractors. The report contained two recommendations; one has been implemented.

The remaining recommendation involves identifying the responsibility for maintenance programs to contractors. It is scheduled for completion on December 15, 2004.

## 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 contract award or actions that have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)</i>				
<b>PBS Internal Audits</b>				
06/07/04	A040017	Audit of the New Brooklyn Courthouse		
07/21/04	A020236	Audit of Lease Acquisition Controls and Compliance for the Greater Southwest Region Public Buildings Service		
09/30/04	A040106	Alert Report on the Audit of Pegasys Account Balance and Transaction Analysis: Construction in Progress		
<b>PBS Contract Audits</b>				
04/22/04	A040157	Preaward Audit of Architect/Engineering Proposal: Ross Drulis Cusenbery Architecture, Inc., Solicitation Number GS-10P-04-LTC-0009		
04/29/04	A040158	Attestation Review of Architect and Engineering Services Contract: Design Management Associates, Inc., Contract Number GS11P02ZGD0148		
06/03/04	A040091	Audit of Claim for Increased Costs: Industrial First, Inc., Subcontractor to Hirschfeld Steel Co., Inc., Contract Number GS-05P-97-GBC-0011		
06/08/04	A040165	Audit of Claim for Increased Costs: Industrial First, Inc., Subcontractor to Ajay Glass & Mirror Co., Inc., Contract Number GS-05P-97-GBC-0011		
06/09/04	A040095	Preaward Audit of a Termination Settlement Proposal: M.L. Benjamin Enterprises, Inc., Contract Number GS-02P-00P-VC-0024		
06/15/04	A040095	Audit of Final Contract Payment: M.L. Benjamin Enterprises, Inc., Contract Number GS-02P-00P-VC-0024		\$18,027

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
06/23/04	A040160	Attestation Engagement Review of Cafeteria Concession Contract: Corporate Chefs, Inc., Contract Number GS-02P-90-CTC-0115		
06/25/04	A040112	Review of Claim for Increased Costs: Ajay Glass & Mirror Co., Inc., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011		
07/01/04	A040143	Review of Claim for Increased Costs: SimplexGrinnell, LP, Contract Number GS-05P-99-GBC-0015		
07/12/04	A040125	Attestation Engagement Review of A/E Services Contract: Cannon Design, Inc., Solicitation Number GS-02P-03-DTC-0003		
07/15/04	A040053	Attestation Engagement Review of Supplemental Construction Management Services Contract: Jacobs Facilities Inc., Solicitation Number GS-02P-03-DTD-0030(N)		
07/22/04	A040194	Preaward Review of Architect and Engineering Services Contract: Hellmuth, Obata and Kassabaum, PC, Solicitation Number GS11P04MKC0022		
07/23/04	A040196	Preaward Review of Architect and Engineering Services Contract: Systech Group, Inc.—Security Solicitation Number GS11P03MKC0004		
07/23/04	A040197	Preaward Review of Architect and Engineering Services Contract: Systech Group, Inc., Fire Protection & Life Safety, Solicitation Number GS11P03MKC0004		
07/23/04	A040201	Preaward Review of Architect and Engineering Services Contract: Rhodeside and Harwell, Inc., Solicitation Number GS11P03MKC0004		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
07/28/04	A040209	Attestation Review of Supplemental Architect and Engineering Services Contract: The Kubala Washatko Architects, Inc., Solicitation Number GS-05P-04-GAD-0021		
07/30/04	A040210	Attestation Review of Supplemental Architect and Engineering Services Contract: Collaborative Design Group, Inc., Solicitation Number GS-05P-04-GAD-0021		
08/03/04	A040200	Preaward Review of Architect and Engineering Services Contract: Project Management Services, Inc., Solicitation Number GS11P03MKC0004		
08/03/04	A040199	Preaward Review of Architect and Engineering Services Contract: Thornton Tomasetti Cutts, LLC, Solicitation Number GS11P03MKC0004		
08/05/04	A040198	Preaward Review of Architect and Engineering Services Contract: URS Corporation, Solicitation Number GS11P03MKC0004		
08/25/04	A040234	Preaward Attestation Engagement Review of Architect Engineering Services Contract: Oak Point Associates, Contract Number GS-01P-04-NLD-0044		
08/31/04	A030158	Preaward Audit of a Claim: ADF Steel Corp., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)		
09/10/04	A040233	Preaward Attestation Engagement Review of Architect Engineering Services Contract: Bargmann Hendrie + Archetype, Inc., Contract Number GS-01P-04-NLD-0044		
09/21/04	A040236	Attestation Review of Architect and Engineering Design Services Contract: Richard Fleischman Architects, Inc., Contract Number GS-05P-03-GBC-0096		

## *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>FSS Internal Audits</i></b>				
09/23/04	A040153	Audit of Management Controls Over GSA Fleet Vehicle Disposal Sales Proceeds		
09/27/04	A020204	Review of Federal Supply Service's Special Order Program in the Heartland Region		
09/28/04	A040114	Audit of GSA Fleet's Accident Management Center Operations		
09/29/04	A040050	Review of the Western Distribution Center Relocation Project, Federal Supply Service		
<b><i>FSS Contract Audits</i></b>				
04/08/04	A040133	Postaward Attestation Engagement Review of Multiple Award Schedule Contract: Wright Line, LLC, Contract Number GS-29F-0100G		
04/12/04	A040124	Preaward Attestation Engagement Review of Multiple Award Schedule Contract Extension: Science Applications International Corporation, Contract Number GS-07F-0210J		
04/16/04	A000928	Review of Multiple Award Schedule Contracts: Polaroid Corporation, Contract Numbers GS-00F-4457A and GS-25F-6073D		\$3,200,000
04/20/04	A040146	Attestation Review of Multiple Award Schedule Contract: National Opinion Research Center, Contract Number GS-10F-0033M		
04/21/04	A040171	Limited Postaward Attestation Engagement Review of Multiple Award Schedule Contract: Thomasville Furniture Industries, Inc., Contract Number GS-27F-00131		\$33,399
04/22/04	A040084	Preaward Audit of Multiple Award Schedule Contract: Flir Systems, Inc., Contract Number GS-03F-5051C		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
04/30/04	A040145	Preaward Attestation Engagement Review of Multiple Award Schedule Contract Extension: L-3 Communications Corporation, Contract Number GS-03F-5087C		
05/12/04	A040090	Attestation Engagement Review of Billings Under Multiple Award Schedule: Xerox Corporation, Contract Number GS-15F-9537C for the Period March 17, 1999 Through November 30, 2003		\$61,096
06/04/04	A040168	Preaward Attestation Engagement Review of Multiple Award Schedule Contract: Guardian Marine International, LLC, Solicitation Number 7FCI-L3-03-0084-B		
06/14/04	A040115	Preaward Review of Multiple Award Schedule Contract: EG&G Technical Services, Inc., Contract Number GS-23F-0108J		
06/17/04	A030115	Postaward Audit of Multiple Award Schedule Contract: Science Applications International Corporation, Contract Number GS-35F-4461G		
06/21/04	A020220	Interim Postaward Review of Multiple Award Schedule Contract: Kipper Tool Company, Contract Number GS-06F-0018L		\$486,174
06/21/04	A040154	Attestation Review of Multiple Award Schedule Contract: CDW Government, Inc., Contract Number GS-35F-0195J		
06/28/04	A040085	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Onboard Software, Inc., Contract Number GS-35F-0117J		\$348,158
06/30/04	A040135	Preaward Review of Multiple Award Schedule Contract Extension: Softmart Incorporated, Contract Number GS-35F-0345J		

## Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
06/30/04	A040116	Preaward Review of Multiple Award Schedule Contract Extension: Booz Allen Hamilton Inc., Contract Number GS-35F-0306J		
07/12/04	A040177	Preaward Attestation Engagement Review of Multiple Award Schedule Contract Extension: Dynamics Research Corporation, Contract Number GS-23F-0040K		
07/29/04	A030180	Preaward Review of Multiple Award Schedule Contract: Harris Technical Services Corporation, Contract Number GS-35F-5202H		
08/13/04	A040166	Preaward Review of Multiple Award Schedule Contract: GovConnection, Incorporated, Solicitation Number FCIS-JB-980001B		
08/30/04	A010267	Postaward Audit of Multiple Award Schedule Contract: Snap-on Tools Company, Contract Number GS-20F-1458G		\$5,566,645
08/30/04	A020261	Interim Postaward Audit of Multiple Award Schedule Contract: Snap-on Tools Company, Contract Number GS-06F-0006L		\$6,439,898
08/31/04	A040185	Preaward Review of Multiple Award Schedule Contract: Rohde & Schwarz, Inc., Solicitation Number 7FCM-U5-04-6601-B		
09/15/04	A040214	Preaward Attestation Engagement Review of Multiple Award Schedule Contract: Symmetricom, Incorporated, Solicitation Number 7FCM-U5-04-6601-B		
09/21/04	A040219	Preaward Attestation Engagement Review of Multiple Award Schedule Contract Extension: Sterile-Koni, Inc., Contract Number GS-07F-0336J		



## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
09/22/04	A040184	Preaward Review of Multiple Award Schedule Contract Extension: Olympus Industrial America, Inc., Contract Number GS-24F-1275C		
09/24/04	A040141	Preaward Attestation Engagement Review of Multiple Award Schedule Contract Extension: Unisys Corporation, Contract Number GS-35F-0343J		
<b><i>FTS Internal Audits</i></b>				
08/26/04	A040183	Review of the Federal Technology Service's Internal Controls Over the Federal Systems Integration and Management Center		
<b><i>FTS Contract Audits</i></b>				
05/25/04	A030214	Interim Postaward Audit of Presubscribed Interexchange Carrier Charges: MCI, Inc., Contract Number GS00T99NRD2002		\$21,433,419
<b><i>Other Internal Audits</i></b>				
04/05/04	A030188	Review of the Agency Liaison Division		
04/27/04	A030129	Review of the Federal Asset Sales E-Gov Initiative		
08/05/04	A020245	Review of FedBizOpps		
09/21/04	A040099	Review of GSA's Awards Program		
09/27/04	A040103	Review of Payroll Internal Controls - FY 2004		
09/27/04	A040179	FY 2004 Office of Inspector General Review of GSA's Information Technology Security Program		
09/30/04	A040039	Review of Federal Technology Service E-Authentication Initiative		
09/30/04	A030197	Audit of GSA's Wireless Telecommunications Services		

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## *Appendix II–Audit Report Register*

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

### ***Non-GSA Internal Audits***

09/30/04	A040103	Report on Applying Agreed-Upon Procedures Re: Payroll
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### ***Non-GSA Contract Audits***

08/18/04	A040204	Preaward Attestation Engagement Review of Cost or Pricing Data: Shell Oil Company
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## Appendix III—Audit Reports over 12 Months Old with Final Action Pending

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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>		
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)
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
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
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)
03/19/98	A81515	Audit of Claim for Increased Costs: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-0017
05/27/98	A42146	Postaward Audit of Multiple Award Schedule Contract: Haworth, Incorporated, Contract Number GS-00F-07010
06/17/98	A82441	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
09/04/98	A990302	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	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
02/05/99	A995113	Preaward Audit of Supplemental Architect and Engineering Services Contract: Van Deusen & Associates, Solicitation Number GS-02P-98-PLD-0029(N)
03/24/99	A995128	Preaward Audit of Cost or Pricing Data: Sachs Electric Company, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P95GZC0501
06/08/99	A995192	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
06/22/99	A995164	Preaward Audit of Multiple Award Schedule Contract: Compaq Computer Corporation, Extension to Contract Number GS-35F-4544G
06/24/99	A995231	Audit of Small Business Subcontracting Plan: Rael Automatic Sprinkler Company, GS-02P-95-DTC-0041(N)
07/07/99	A995249	Audit of Small Business Subcontracting Plan: L. Martone and Sons, Inc., Contract Number GS-02P-95-DTC-0041(N)
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)
10/13/99	A995262	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract GS-02P-95-DTC-0014(N)

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
10/26/99	A995278	Preaward Audit of a Claim: Midlantic Erectors, Inc., Subcontractor to Metropolitan Steel Industries, Inc., Contract Number GS-02P-95-DTC-0014(N)
11/04/99	A995272	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)
11/10/99	A995271	Preaward Audit of Architect and Engineering Services Contract: HLW International LLP, Contract Number GS-02P-93-CUC-0062
11/30/99	A995289	Preaward Audit of Architect and Engineering Services Contract: Accu-Cost Construction Consultants, Inc., Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062
12/08/99	A995330	Preaward Audit of Multiple Award Schedule Contract: Caswell International Corporation, Contract Number GS-02F-0434D
01/11/00	A000819	Preaward Audit of Architect and Engineering Services Contract: Gordon H. Smith Corporation, Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062
02/17/00	A000923	Preaward Audit of Multiple Award Schedule Contract: Shamrock Scientific Specialty Systems, Inc., Contract Number GS-14F-9732C
03/02/00	A000934	Preaward Audit of Multiple Award Schedule Contract: TimeMed Labeling Systems, Inc., Contract Number GS-14F-0150D
03/06/00	A000963	Preaward Audit of a Claim: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033
03/09/00	A000911	Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: Adams Marketing Associates, Inc., Contract Number GS-14F-9734C
03/10/00	A000936	Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: George W. Allen Co., Inc., Contract Number GS-14F-0177D
03/29/00	A81830	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Period March 8, 1991 Through February 29, 1996
03/29/00	A995122	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Interim Period March 1, 1996 Through April 30, 1998
04/25/00	A000975	Preaward Audit of Multiple Award Schedule Contract: Day Runner, Incorporated, Contract Number GS-14F-0193D

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
05/11/00	A000993	Preaward Audit of a Claim: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033
06/01/00	A000971	Audit of Claims for Increased Costs: Midwest Curtainwalls, Inc., The Federal Triangle Project
07/19/00	A000940	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
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
08/31/00	A001044	Audit of Billings Under Contract Number GS06P99GZC0304: Fire Assurance, Inc.
10/17/00	A001024	Preaward Audit of a Claim: Cannon Fabrication Corp., Second-Tier Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/30/00	A000942	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
12/13/00	A010047	Preaward Audit of Claim: Culpepper Construction Company, Inc., Contract Number GS-04P-96-EXC-0033
01/10/01	A001092	Audit of Billings under Contract Number GS06P99GZC0304: Wayne Automatic Sprinkler Corporation, Subcontractor to Fire Assurance, Inc.
01/10/01	A001021	Postaward Audit of Multiple Award Schedule Contract: Merant, Inc. for the Interim Period March 26, 1999 Through September 30, 2000, Contract Number GS-35F-0322J
01/29/01	A000909	Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
02/08/01	A010089	Audit of a Claim for Increased Costs: Palafox Street Associates, L.P., Federal Courthouse, Pensacola, FL, Lease Number GS-04B-35055
03/20/01	A001119	Audit of Forward Pricing Rates: J.A. Jones-GMO, LLC, Contract Number GS-02P-99-DTC-0006 & GS-02P-98-DTC-0088
03/29/01	A010169	Preaward Audit of Cost Plus Fixed Fee IDIQ Proposal: RS Information Systems, Inc., Solicitation Number GSC-TFMGD-00-3006
04/30/01	A010127	Audit of Billings under Contract Number GS06P99GZC0315: DKW Construction, Inc.

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
05/11/01	A010128	Preaward Audit of a Change Order Proposal: D.A.G. Floors, Inc., Subcontractor to J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/23/01	A010160	Preaward Audit of Cost or Pricing Data: John Milner Associates, Inc., Solicitation Number 2PCB-CM-010174
05/30/01	A010175	Preaward Audit of Cost or Pricing Data: Caswell International Corporation, Contract Number GS-02F-0434D
05/31/01	A010118	Preaward Audit of a Claim for Increased Costs: Amelco Construction, Roybal Federal Building & Courthouse, Los Angeles, California, Contract Number GS-09P-98-KTC-0020
07/31/01	A001055	Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
08/14/01	A010222	Preaward Audit of Architect and Engineering Proposal: Perkins and Will, Inc., Solicitation Number GS-09P-00-KTC-0088
09/17/01	A010221	Preaward Audit of Multiple Award Schedule Contract: Konica Business Technologies, Inc., Solicitation Number FCGE-C100-0001-B
09/26/01	A010253	Price Adjustments on Multiple Award Schedule Contract: TransUnion Corporation, Contract Number GS-22F-9602D for the Interim Period November 1, 2001 Through April 30, 2005
10/18/01	A63630	Postaward Audit of Multiple Award Schedule Contract: The Presidio Corporation, Contract Number GS00K-95-AGS-6170, Contract Period April 1, 1995 through March 31, 1996
10/19/01	A010215	Preaward Audit of a Claim for Increased Costs: Century Steel, Inc., Subcontractor to J.A. Jones Construction Company, Lloyd D. George U.S. Courthouse, Las Vegas, Nevada, Contract Number GS-09P-97-KTC-0014
10/31/01	A010265	Preaward Audit of Architect and Engineering Services Contract; HNTB District of Columbia Architecture, P.C., Solicitation Number GS-11P-00-MQC-0041
11/08/01	A010214	Preaward Audit of a Claim for Increased Costs: Strocak, Inc., Subcontractor to J.A. Jones Construction Company, Lloyd D. George U.S. Courthouse, Las Vegas, Nevada, Contract Number GS-09P-97-KTC-0014
11/29/01	A010011	Limited Scope Postaward Audit: MasterCard International's Compliance with Fuel Tax Requirements under GSA's SmartPay Contract
12/18/01	A001123	Postaward Audit of Multiple Award Schedule Contract: Rose Talbert Paint Company, Contract Number GS-10F-48584, for the Period May 9, 1988 through April 30, 1991



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

Date of Report	Audit Number	Title
01/11/02	A010281	Preaward Audit of a Claim for Increased Costs: Lawson Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
01/17/02	A010247	Preaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Solicitation Number FCGE-C1-00-0001-B
01/17/02	A010247	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Contract Number GS-25F-5126C
02/20/02	A010138	Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
02/26/02	A010220	Preaward Audit of a Claim for Increased Costs: J.A. Jones Construction Company, Inc., Lloyd D. George U.S. Courthouse, Las Vegas, Nevada, Contract Number GS-09P-97-KTC-0014
04/03/02	A010263	Preaward Audit of a Claim: Island ADC, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/11/02	A60648	Postaward Audit of Multiple Award Schedule Contract: Gaylord Bros., Contract Numbers GS-00F-3918A & GS-00F-3919A
04/18/02	A010248	Preaward Audit of a Claim: LBL Skysystems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/26/02	A010262	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/30/02	A020101	Preaward Audit of a Claim, Additional Change Items: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
05/16/02	A020115	Limited Scope Audit of a Termination Claim: Patriot Group Contractors, Inc., Contract Number GS-11P-99-MAC-0006
05/17/02	A020125	Audit of Acceleration Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/17/02	A020134	Audit of Delay Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/29/02	A020109	Preaward Audit of a Claim: Schindler Elevator Corporation, Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
05/29/02	A020124	Preaward Audit of a Claim for Increased Costs: Res-Com Insulation, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032

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

Date of Report	Audit Number	Title
06/06/02	A020132	Audit of Claim for Increased Costs: Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/06/02	A020141	Audit of Claim for Increased Costs: The Albert M. Higley Co., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/06/02	A020142	Audit of Claim for Increased Costs: Mohawk Re-Bar Services, Inc., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/12/02	A020097	Preaward Audit of a Claim for Increased Costs: Artisans G & H Fixtures, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
06/27/02	A010239	Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
07/16/02	A020191	Preaward Audit of Supplemental Architect and Engineering Contract: McMullan & Associates, Inc., Solicitation Number GS-11P-01-YTD-0319
07/30/02	A020086	Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems North, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
08/07/02	A020173	Preaward Audit of a CQM Proposal: CCJN & Company, Architects & Planners, P.C., Requisition/Procurement Request Number 2PMC-U-02-CQM
09/04/02	A020180	Preaward Audit of Architect and Engineering Services Contract: Adtek Engineering, Inc., Solicitation Number GS-11P-01-YTD-0319
09/24/02	A020196	Preaward Audit of Architect and Engineering Services Contract: BEI Structural Engineers, Inc., Solicitation Number GS-11P-01-YTD-0319
09/26/02	A020201	Preaward Audit of a Claim: Almar Plumbing and Heating Corp., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/02/02	A020178	Preaward Audit of Multiple Award Schedule Contract Modification: Motorola, Inc., GSA Contract Number GS-35F-0004L
10/02/02	A020200	Audit of Termination Claim: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-017
11/14/02	A020223	Preaward Audit of a Claim: Fine Painting Co., Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
11/20/02	A010279	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
11/22/02	A020224	Preaward Audit of a Claim for Increased Costs: Commonwealth Electric Company, Subcontractor to Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
12/19/02	A020249	Preaward Audit of Cost or Pricing Data: HLW International, LLP, Contract Number GS-02P-93-CUC-0062
12/23/02	A020176	Preaward Audit of a Claim for Increased Costs: Vetro, Inc., Contract Number GS-09P-97-KTC-0008
01/03/03	A020242	Preaward Audit of Cost and Pricing Data: Stronghold Engineering, Inc., Solicitation Number GS-09P-02-KTC-0069
01/07/03	A020192	Preaward Audit of a Claim for Increased Costs: Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
01/15/03	A020250	Preaward Audit of Cost or Pricing Data: Gordon H. Smith Corporation, Consultant to HLW International LLP, Contract Number GS-02P-93-CUC-0062
01/22/03	A020233	Preaward Audit of a Claim for Increased Costs: Sun Mechanical Contracting, Inc., Subcontractor to Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
01/30/03	A020248	Audit of Claim for Increased Costs: Doan/Lake Erie LLC, Contract Number GS-05P-99-GBC-0012
02/06/03	A995169	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Viking Acoustical Corporation, Contract Number GS-00F-5004A
02/07/03	A020238	Preaward Audit of a Claim for Increased Costs: Standard Drywall, Inc., Subcontractor to Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
02/12/03	A030081	Preaward Audit of a Claim for Increased Costs: Hardrock Concrete Placement Company, Inc., Subcontractor to Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
02/20/03	A020217	Preaward Audit of Sole Source Contract: NEEKO Construction, Inc., Solicitation Number GS-11P-02-ZGC-0218 “NEG” 8(A)
03/14/03	A020197	Preaward Audit of a Claim: Rael Automatic Sprinkler Co., Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
03/20/03	A020251	Audit of Claim for Increased Costs: The Cleveland Marble Mosaic Company, Contract Number GS-05P-99-GBC-0043

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
03/21/03	A020133	Preaward Audit of a Claim for Increased Costs: Cosco Fire Protection, Inc., Subcontractor to Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
03/25/03	A030140	Limited Scope Review of Termination Claim: Science Applications International Corporation, Contract Number GS-35F-4461G, Task Order Number T0002SJ0159
05/02/03	A030106	Preaward Audit of a Claim for Increased Costs: George Foss Company, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
05/06/03	A030142	Preaward Audit of Construction Management Services Contract: Gilbane Building Company, Solicitation Number GS-02P-02-DTC-0031N
05/19/03	A030092	Preaward Audit of a Termination Settlement Proposal: L&H Construction Co., Inc., Contract Number GS-02P-99-DTC-0013
05/28/03	A030166	Audit of Claim for Increased Costs: Dawson Building Contractors, Inc., Contract Number GS06P97GYC1007(N)
05/29/03	A020230	Preaward Audit of a Claim for Increased Costs: C.E. Toland & Son, Subcontractor to Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
05/29/03	A030088	Preaward Audit of a Termination Settlement Proposal: Imperial Construction Group, Inc., Contract Number GS-02P-01-PCU-0036
06/02/03	A030138	Audit of Claim for Increased Costs: Hunt Construction Group, Inc., Contract Number GS-05P-96-GBC-0015
07/02/03	A030163	Preaward Audit of Multiple Award Schedule Contract Extension: Information Network Systems, Inc., Contract Number GS-35F-5002H
07/15/03	A030192	Preaward Audit of Architect and Engineering Services Contract: Joseph R. Loring & Associates, Inc., Solicitation Number GS-11P-03-MKC-0001
07/21/03	A030194	Preaward Audit of Architect and Engineering Services Contract: Beyer, Blinder, Belle Architects & Planners, LLP, Solicitation Number GS-11P-03-MKC-0001
08/08/03	A030177	Review of Incurred Costs: Jacobs Facilities, Inc., Contract Number GS-11P-98-MYD-0015
08/15/03	A030222	Preaward Audit of Architect and Engineering Services Contract: The Lukmire Partnership, Inc., Solicitation Number GS-11P-02-MAD-0177
08/28/03	A030187	Audit of Claim for Increased Costs: Cleveland Construction, Inc., Subcontractor to The Clark Construction Group, Inc., Contract Number GS06P96GZC0508

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
08/28/03	A030199	Audit of Claim for Increased Costs: Dick Corporation, Contract Number GS-05P-97-GBC-0011
09/11/03	A030210	Preaward Audit of Multiple Award Schedule Contract: Analytic Services, Inc., Contract Number GS-10F-0026J
09/17/03	A030226	Preaward Audit of Architect and Engineering Services Contract: MTFArchitecture, Inc., Solicitation Number GS-11P-02-MAD-0177
09/23/03	A030236	Preaward Audit of Architect and Engineering Services Contract: Atkinson Koven Feinberg Engineers, LLP, Consultant to Perkins Eastman Architects, PC, Solicitation Number GS-02P-03-DTD-0008(N)
09/24/03	A030124	Interim Audit of Multiple Award Schedule Contract: GovConnection, Incorporated, Contract Number GS-35F-4572G
09/29/03	A030152	Preaward Audit of a Claim: J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006
09/30/03	A030264	Preaward Audit of Cost and Pricing Data: Kelly's Cleaning Services, Inc., Solicitation Number GS-02P-03-PIC-0028

## *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>			
07/15/99	A82706	PricewaterhouseCoopers LLP Management Letter, Fiscal Year 1998 Financial Statement Audit	10/15/04
03/27/01	A000968	Review of Operating Equipment Inventories: Public Buildings Service, New England Region	12/15/04
05/29/01	A001012	PricewaterhouseCoopers LLP Fiscal Year 2000 Interim and Year-End Management Letters	10/15/05
10/17/01	A001122	Review of PBS Use of the Occupancy Agreement	11/15/04
02/07/02	A010187	EDP Management Letter FY 2001 Financial Statement Audit	10/15/04
05/10/02	A010187	Audit of the General Services Administration's Fiscal Years 2001 and 2000 Financial Statements	10/15/04
09/26/02	A020011	Audit of GSA's Electronic Mail System Security	10/15/04
09/30/02	A020056	Audit of Controls Over Reimbursable Work Authorizations Billing Practices in the Greater Southwest Region	10/15/04
02/26/03	A020163	EDP Management Letter Fiscal Year 2002 Financial Statement Audit	02/15/05
03/18/03	A020161	Audit of the Consolidation of Distribution Center Operations: Impact on Shipment Costs & Delivery Times	06/15/05
03/18/03	A020163	Audit of the General Services Administration's Fiscal Years 2002 and 2001 Financial Statements	10/15/04
06/05/03	A020214	Audit of Compliance with Qualification Standards for Acquisition Personnel Within the Federal Technology Service	Suspended
07/03/03	A020247	Audit of the GSA Fleet National Maintenance Control Center	12/15/04
09/03/03	A020055	Audit of the Public Buildings Service's Expenditures for the Montgomery Courthouse Project in Relation to Congressionally Approved Expenditures	11/15/04
09/30/03	A020253	Review of Federal Supply Service Automated Supply System FSS-19 and Online System Capabilities	11/15/04



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## Appendix IV—Delinquent Debts

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

### ***GSA Efforts to Improve Debt Collection***

During the period April 1, 2004 through September 30, 2004, the following activities were undertaken by GSA in an effort to improve debt collection and reduce the amount of debt written off as uncollectible.

- From April 1, 2004 to September 30, 2004, the GSA Finance Centers referred approximately \$3.7 million of delinquent non-Federal claims to the U.S. Treasury Department (Treasury) for cross-servicing collection activities. Collections on non-Federal claims exceeded \$194.7 million. Administrative offsets have resulted in additional collections of \$7.5 million. GSA also collects non-Federal claims using Pre-Authorized Debits (PADs). From April 1, 2004 to September 30, 2004, 70 PADs totaling \$83,876 were processed.
- To comply with the Debt Collection Improvement Act of 1996, GSA transmits delinquent claims each month to the Treasury Financial Management Service (FMS) for collection cross-servicing.
- Persistent claims coordination between regional contracting officers, Treasury, and our Finance Centers continues to strengthen our claims collection efforts.
- In accordance with OMB Circular A-129, we continue to eliminate non-paying debts aged over two years from our accounts receivable subsidiaries. All two-year old claims without collection activity were researched and either collected or written off.
- The Profit Recovery Group, through a contract arrangement with GSA, continues to actively review and pursue overpayments in conjunction with our Accounts Payable Division associates.
- GSA representatives held meetings with various National Institute for the Blind/National Institute for the Severely Handicapped (NIB/NISH) customers to discuss payment of GSA bills. The representatives emphasized all GSA bills must be paid within 45 days, including those for items with discrepancies. GSA received the final \$25,000 payment from Able Industries of the Pacific and wrote off the remaining \$25,000 in delinquent bills. As a result, the amount of outstanding accounts receivable from NIB/NISH customers decreased from \$2.6 million on February 29, 2004 to \$2.4 million on September 2, 2004.
- As of September 30, 2004, the District of Columbia (DC) Government owed GSA \$347,228 for 39 supply bills over two years old. This is a decrease of approximately \$382,210 from the amount owed as of March 30, 2004. A spreadsheet of all outstanding supply bills is sent monthly to the DC Government's Inspector General (IG) and Chief Financial Officer (CFO). These old bills were not being paid because either GSA no longer had the supporting backup, or the DC Government no longer has the funding. We have not written these bills off because the DC Government CFO has agreed to request funding to pay GSA for these bills. A significant amount of our non-Federal debt in the Information Technology (IT) Fund involves the DC Government and its many offices. We are working diligently with the Federal Technology Service (FTS) staff to reduce these delinquencies and settle all disputed amounts so we can effect collection. Since March 2004, we have reduced the delinquent amount by \$2.5 million.
- One of GSA's oldest claims, an excess cost claim in the amount of \$129,842, established April 29, 1997, was closed out during this period. A joint investigation conducted by the GSA OIG and the US Army CID at the direction of the U.S. Attorneys office resulted in a civil recovery of \$62,852.
- GSA also received authorization from the Department of Justice (DOJ) to write off the balance of a \$526,503 claim against a company that signed a promissory note in 1994 to settle an audit related claim and subsequently filed chapter 11 bankruptcy. DOJ advised GSA to terminate all collection action.
- GSA received \$9.7 million from DOJ to settle an investigation into billing discrepancies on two GSA Multiple Award Schedule contracts.



## *Appendix IV—Delinquent Debts*

- During this period, a designated team of associates established to research and clear older payroll claims continued their work to offset, bill, or write off old payroll claims. GSA transferred all active and former Federal Protective Service employee payroll claims to the Department of Homeland Security (DHS) during September 2004.
- GSA's Fleet Director recently instituted a new Fleet Vehicle Accident Center policy regarding third party vehicle claims. By obtaining better information when government drivers are involved in accidents, we hope to see fewer uncollectible claims against third parties. Accident Center personnel have been instructed to bill leasing agencies for accidents when their driver does not obtain necessary third party identification and address information and have strong evidence the third party was at fault.
- Some GSA Federal Supply Service customers were refusing to pay and/or slow to pay GSA bills because they could not match line items on GSA bills to their own purchase order numbers and obligations. We have now developed a way to capture a customer's internal purchase order number and other tracking information and store it in GSA files. This information is available to GSA billing technicians to help customers identify obligations and funds within their own accounting systems necessary to pay GSA.

### *Non-Federal Accounts Receivable*

	<b>As of April 1, 2004</b>	<b>As of September 30, 2004</b>	<b>Difference</b>
Total Amounts Due GSA	\$15,402,232	\$12,205,959	-\$3,196,273
Amounts Delinquent	\$10,478,933	\$ 7,729,531	-\$2,749,402
Total Amount Written Off as Uncollectible Between 4/1/04 and 9/30/04	\$2,205,478		

## 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 . . . . .	29–31
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies. . . . .	2, 18
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies . . . . .	2, 18
Section 5(a)(3) – Prior Recommendations Not Yet Implemented . . . . .	41
Section 5(a)(4) – Matters Referred to Prosecutive Authorities. . . . .	37
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused. . . . .	None
Section 5(a)(6) – List of Audit Reports. . . . .	44
Section 5(a)(7) – Summary of Each Particularly Significant Report. . . . .	2, 18
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs . . . . .	36
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use . . . . .	35
Section 5(a)(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 . . . . .	34
Delinquent Debts . . . . .	63
<b>National Defense Authorization Act, Public Law 104-106, 5 U.S.C. App. 3, § 5 note . . . . .</b>	<b>52</b>

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## Appendix VI—OIG Offices and Key Officials

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### Office of the Inspector General

Inspector General, Daniel R. Levinson (J) .....(202) 501-0450  
Deputy Inspector General, Joel S. Gallay (JD) .....(202) 501-1362

### Office of Counsel to the Inspector General

Counsel to the IG, Kathleen S. Tighe (JC) .....(202) 501-1932  
Deputy Counsel to the IG, Virginia S. Grebasch (JCD) .....(202) 501-1932

### Office of Internal Evaluation

Director, James A. Amoroso (JE) .....(202) 501-2460

### Office of Audits

Assistant IG for Auditing, Eugene L. Waszily (JA) .....(202) 501-0374  
Deputy Assistant IG for Auditing, Andrew Patchan, Jr. (JAD) .....(202) 501-0374

### Headquarters Regional Inspectors General for Auditing (RIGAs)

Finance & Staff Offices Audit Office, RIGA Kristin R. Wilson (JA-F) .....(202) 501-0006  
Information Technology Audit Office, RIGA Gwendolyn A. McGowan (JA-T) .....(703) 308-1223  
Acquisition Programs Audit Office, RIGA Kenneth L. Crompton (JA-A) .....(703) 603-0189  
Real Property Audit Office, RIGA Regina M. O'Brien (JA-R) .....(202) 219-0088

### Regional Inspectors General for Auditing (RIGAs)

Washington Field Office, RIGA Paul J. Malatino (JA-W) .....(202) 708-5340  
New England Field Office, RIGA Joseph B. Leland (JA-1) .....(617) 565-6795  
Northeast and Caribbean Field Office, RIGA Joseph M. Mastropietro (JA-2) .....(212) 264-8620  
Mid-Atlantic Field Office, RIGA Glenn D. Merski (JA-3) .....(215) 446-4840  
Southeast Sunbelt Field Office, RIGA James D. Duerre (JA-4) .....(404) 331-5125  
Great Lakes Field Office, RIGA David K. Stone (JA-5) .....(312) 353-7781

## Appendix VI—OIG Offices and Key Officials

### Regional Inspectors General for Auditing (RIGAs) *continued*

The Heartland Field Office, RIGA Arthur L. Elkin (JA-6)	(816) 926-7052
Greater Southwest Field Office, RIGA Rodney J. Hansen (JA-7)	(817) 978-2572
Pacific Rim Field Office, RIGA Joseph J. Brewster (JA-9)	(415) 522-2744
Auburn Sub-Office, Audit Manager Larry L. Pellegrini (JA-9/AUB)	(253) 931-7650

### Office of Investigations

Assistant IG for Investigations, James E. Henderson (JI)	(202) 501-1397
Deputy Assistant IG for Investigations, Charles J. Augone (JID)	(202) 501-1397

### Regional Inspectors General for Investigations (RIGIs)

Washington Zone Office, RIGI Gregory G. Rowe (JI-W)	(202) 252-0008
Philadelphia Sub-Office, Special Agent James Barry (JI-W/P)	(215) 446-4830
New York Zone Office, RIGI Daniel J. Walsh (JI-2)	(212) 264-7300
Boston Sub-Office, Assistant RIGI Joseph J. Dzikczek (JI-2/B)	(617) 565-6820
Chicago Zone Office, RIGI Harvey G. Florian (JI-5)	(312) 353-7779
Kansas City Sub-Office, Assistant RIGI John F. Kolze (JI-5/KC)	(816) 926-7214
Fort Worth Zone Office, RIGI Charles D. Yandell (JI-7)	(817) 978-2589
Atlanta Sub-Office, Assistant RIGI Lee P. Quintyne (JI-7/G)	(404) 331-5126
San Francisco Zone Office, RIGI Liza Shovar (JI-9)	(415) 522-2755
Auburn Sub-Office, Special Agent Terry J. Pfeifer (JI-9/A)	(253) 931-7654

### Office of Administration

Assistant IG for Administration, John C. Lebo, Jr. (JP)	(202) 501-2319
Human Resources Division, Director James J. Matthews (JPH)	(202) 501-0360
Information Technology Division, Director Edward G. VanBuren (JPM)	(202) 501-3134
Administrative and Financial Management Division, Director Marta M. Viera (JPF)	(202) 501-2887

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