



# SEMIANNUAL REPORT TO THE CONGRESS



**OFFICE OF INSPECTOR GENERAL**

U.S. GENERAL SERVICES ADMINISTRATION

October 1, 2022 – March 31, 2023

# CONTENTS

|           |  |
|-----------|--|
| <b>1</b>  | <b>OIG PROFILE</b>   |
| 2         | OIG Profile  |
| 4         | OIG Organization Chart   |
| 5         | GSA's Management Challenges  |
| <b>7</b>  | <b>SIGNIFICANT AUDITS</b>  |
| 8         | Significant Audits   |
| 20        | Summary of Contract Audit Reports  |
| 21        | FAR Disclosure Program   |
| 22        | Statistical Summary of OIG Audits  |
| <b>23</b> | <b>SIGNIFICANT INSPECTIONS</b>   |
| 24        | Significant Inspections  |
| <b>27</b> | <b>SIGNIFICANT INVESTIGATIONS</b>  |
| 29        | Significant Investigations   |
| 29        | Criminal Investigations  |
| 33        | Civil Settlements  |
| 33        | Investigations of Senior Officials   |
| 34        | Fleet Card Fraud   |
| 36        | WPA Art Investigations   |
| 37        | Other Significant Work   |
| 38        | Statistical Summary of OIG Investigations                                  |
| <b>41</b> | <b>GOVERNMENT-WIDE POLICY ACTIVITIES</b>                                   |
| 42        | Government-wide Policy Activities  |
| <b>45</b> | <b>APPENDIXES</b>  |
| 46        | APPENDIX I<br>Acronyms and Abbreviations                                   |
| 47        | APPENDIX II<br>Unimplemented Recommendations                               |
| 54        | APPENDIX III<br>Audit and Inspection Report Register                       |
| 56        | APPENDIX IV<br>OIG Reports over 12 Months Old, Final Agency Action Pending |
| 57        | APPENDIX V<br>Management Decisions   |
| 60        | APPENDIX VI<br>Peer Review Results   |
| 61        | APPENDIX VII<br>Government Contractor Significant Audit Findings           |
| 62        | APPENDIX VIII<br>Reporting Requirements                                    |

# MESSAGE FROM THE IG



I am pleased to submit to Congress our Semiannual Report for the period of October 1, 2022, through March 31, 2023. Our oversight work during this reporting period yielded significant results across GSA's operations.

Based on a referral from the agency, our evaluation report, *GSA Misled Customers on Login.gov's Compliance with Digital Identity Standards*, found that GSA knowingly billed 22 federal agencies more than \$10 million for online user identity verification services purported to meet a government standard which they actually did not meet. GSA also made misleading statements to obtain \$187 million from the Technology Modernization Fund for enhancing Login.gov. In late March, I testified about the report before the House Oversight and Accountability Subcommittee on Government Operations and the Federal Workforce. Our findings and recommendations from this evaluation, with which GSA has agreed, are summarized in more detail in the Inspections section of this report.

Highlights of our auditors' work include our February audit report, *GSA is not Monitoring Data from Access Card Readers to Identify Risks to GSA Personnel and Federal Property*. That data shows more than 32,000 failed access attempts at GSA facilities over a 2-year period. Some of these could be deliberate tries at unauthorized entry. We recommended GSA take action to monitor and use the data to strengthen security, and the agency agreed.

Appendix V of this report details our disagreement with GSA's management decision to reject our audit recommendations to address significant deficiencies with Federal Acquisition Service's (FAS) pricing methodologies in its Multiple Award Schedule (MAS) Program. Last fiscal year, federal agencies spent more than \$40 billion on products and services sold under MAS contracts. Our audit found that the price analyses employed by GSA contracting staff is so deficient that FAS cannot provide customer agencies with assurance that their purchases under the program get the best prices for the taxpayer.

During this period, our investigative results included a government contractor sentenced to 40 months in prison for selling counterfeit uniforms and equipment, another sentenced to 30 months in prison and fined \$5 million for fraudulently obtaining contracts set-aside for disadvantaged businesses, and a military officer sentenced to 3 years in prison for stealing firearms obtained through GSA's Federal Surplus Property program. Our investigative efforts also resulted in monetary recoveries and receivables totaling more than \$13.5 million.

Additionally, our contract audit work identified over \$242.2 million in potential cost savings and recoveries for the federal government.

We appreciate the continued support of our work by Congress and the cooperation of agency management in taking corrective actions. As always, the talented and dedicated employees of the GSA OIG deserve our warmest thanks.

A handwritten signature in black ink that reads "Carol F. Ochoa". The signature is written in a cursive, flowing style.

Carol F. Ochoa  
Inspector General  
March 31, 2023





Photo: The Internal Revenue Service Building, located in Washington, D.C.

# OIG PROFILE

# OIG PROFILE

## ORGANIZATION

The General Services Administration (GSA) Office of Inspector General (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 mission mandated by Congress.

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

- **THE OFFICE OF AUDITS**, an evaluative organization staffed with auditors and analysts that provides comprehensive coverage of GSA operations through program, financial, regulatory, and system audits and assessments of internal controls. The office conducts attestation engagements to assist GSA contracting officials in obtaining the best value for federal customers and American taxpayers. The office also provides other services to assist management in evaluating and improving its programs.
- **THE OFFICE OF ADMINISTRATION**, a professional support staff that provides budget and financial management, contracting, facilities and support services, human resources, information technology (IT) services, and administers the OIG's records management program.
- **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 and regulatory review.
- **THE OFFICE OF INSPECTIONS**, a multi-disciplinary organization that analyzes and evaluates GSA's programs and operations through management and programmatic inspections and evaluations that are intended to provide insight into issues of concern to GSA, Congress, and the American public. The office also coordinates quality assurance for the OIG, and analyzes potentially fraudulent or otherwise criminal activities in coordination with other OIG components.
- **THE OFFICE OF INVESTIGATIONS**, a statutory federal law enforcement organization that conducts nationwide criminal, civil, and administrative investigations of illegal or improper activities involving GSA programs, operations, and personnel.

## OFFICE LOCATIONS

### Headquarters:

Washington, D.C.

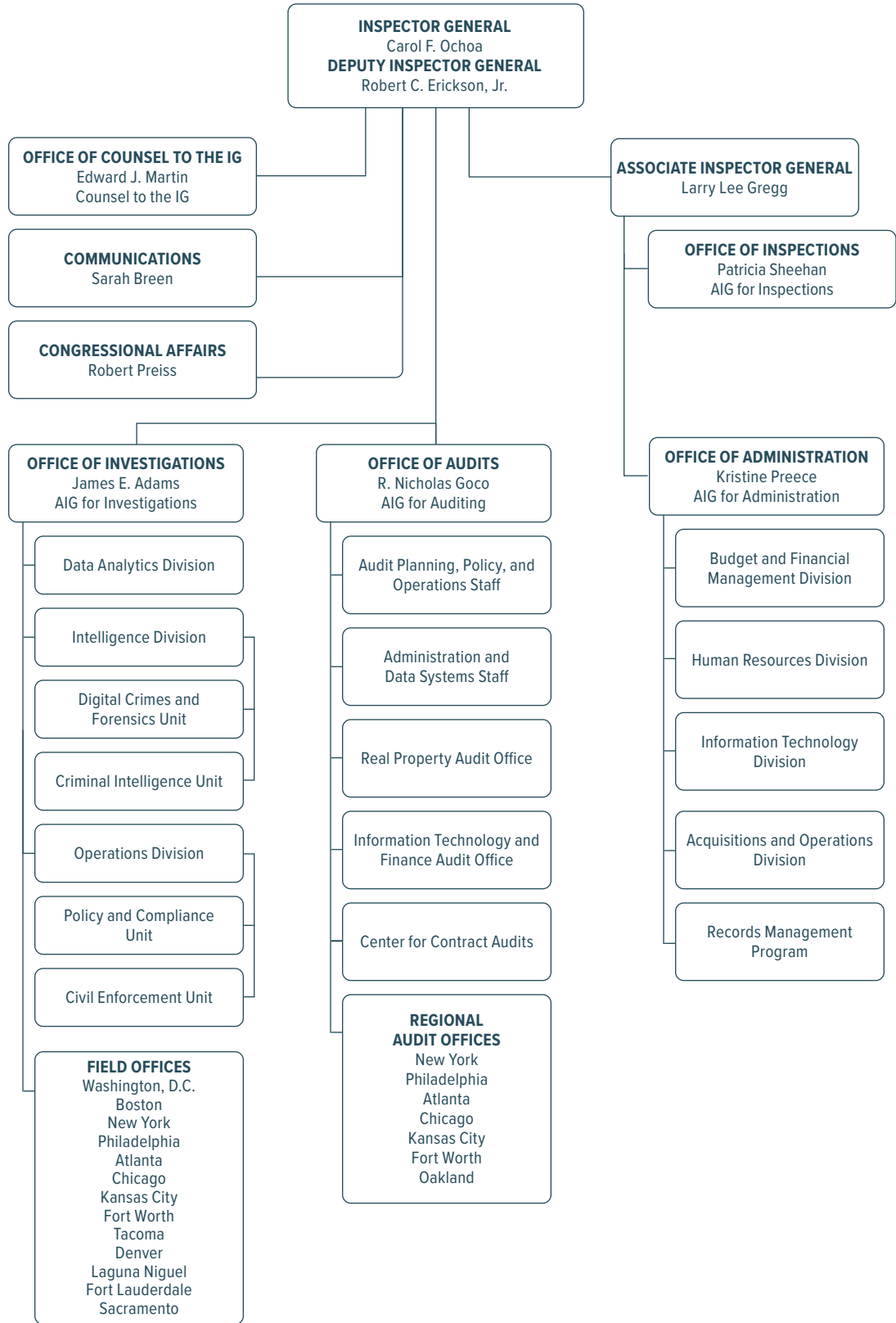
### Field and Regional Offices:

Atlanta, Georgia; Tacoma, Washington; Boston, Massachusetts; Chicago, Illinois; Denver, Colorado; Fort Lauderdale, Florida; Fort Worth, Texas; Kansas City, Missouri; Laguna Niguel, California; New York, New York; Oakland, California; Philadelphia, Pennsylvania; Sacramento, California; and Washington, D.C.

## STAFFING AND BUDGET

As of March 31, 2023, our on-board staffing level was 260 employees. The OIG's Fiscal Year 2023 budget is \$74.6 million in annual appropriated funds plus \$600 thousand in reimbursable authority.

# OIG ORGANIZATION CHART

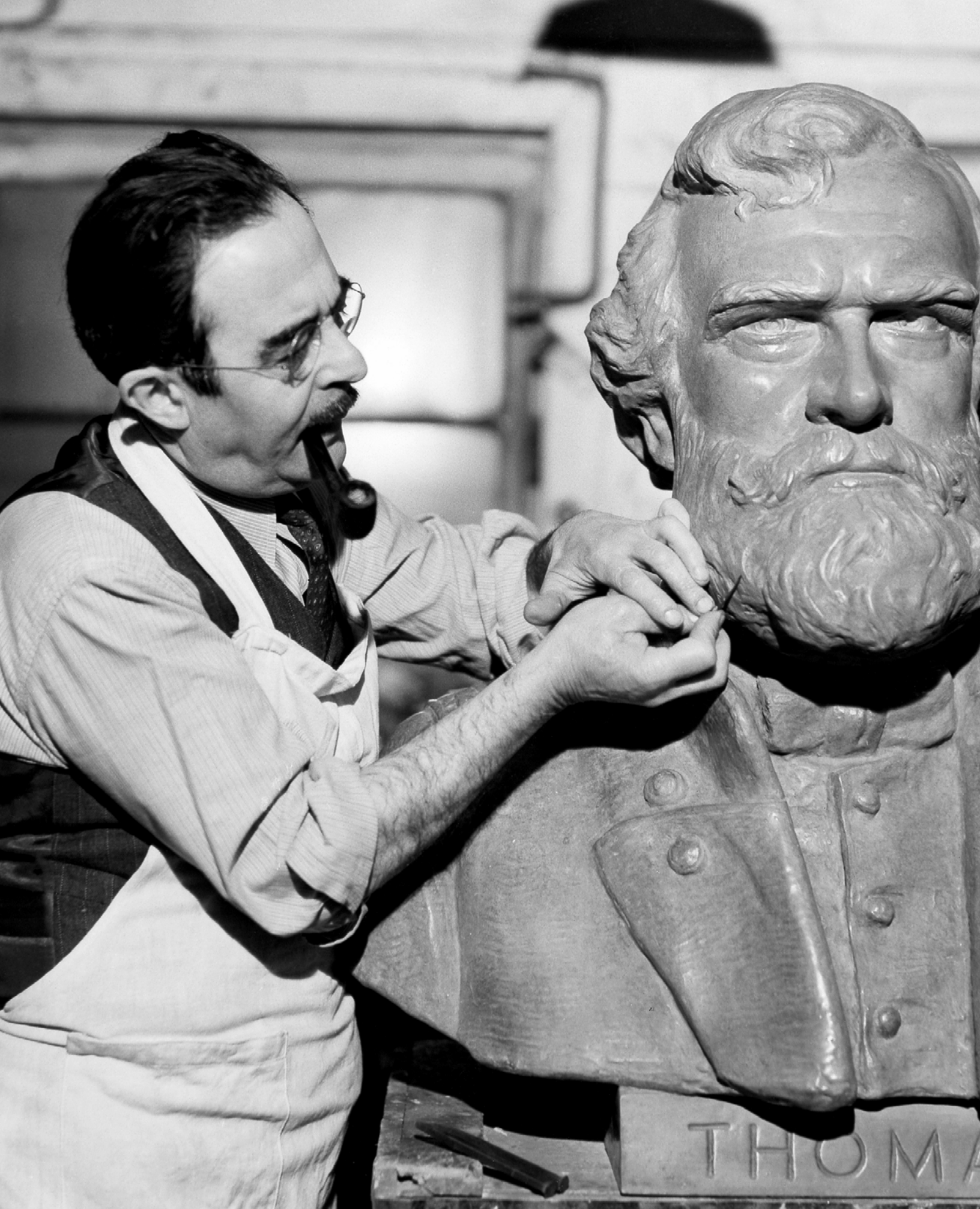




# GSA’S MANAGEMENT CHALLENGES

The Reports Consolidation Act of 2000, Public Law 106-531, requires Inspectors General to report on the most significant management challenges facing their agencies. The following table briefly describes the challenges we identified for GSA for Fiscal Year 2023. The complete assessment is posted in the Audits section of our website.

| MANAGEMENT CHALLENGE   | DESCRIPTION   |
|--|---|
| <b>Establishing and Maintaining an Effective Internal Control Environment</b>  | GSA continues to face significant challenges in establishing a comprehensive and effective system of internal control. Since our <i>Assessment of GSA’s Management and Performance Challenges for Fiscal Year 2019</i> , we have cited pervasive internal control weaknesses as a challenge for GSA. This trend continued for GSA in Fiscal Year (FY) 2022, with significant deficiencies in GSA schedule pricing, air and water quality in re-opened GSA facilities, and IT controls for financial systems and undelivered orders as identified by GSA’s independent auditors.   |
| <b>Improving Contract Administration</b>                                       | GSA is responsible for the procurement of billions of dollars’ worth of products, services, and facilities for federal government agencies. Since our <i>Assessment of GSA’s Management and Performance Challenges for Fiscal Year 2021</i> , we have reported on challenges facing GSA’s contract administration. We continued to identify deficiencies in GSA’s contract administration during FY 2022, including inconsistent application of contract liability clauses, payment for unallowable costs, failure to enforce staffing requirements, and weaknesses in controls to monitor and prohibit the sale of products that do not comply with the Trade Agreements Act. GSA has taken action to improve contract administration by strengthening policy, addressing performance and training needs of contracting staff, and implementing contract administration process improvements. However, GSA must remain focused on improving its contract administration. |
| <b>Enhancing Government Procurement</b>  | Over the past 5 years, GSA has continued to set the strategic goal to establish itself as the premier provider of efficient and effective acquisition solutions across the federal government. As an integral part of GSA, FAS has significant responsibility in meeting this goal. It is undertaking a number of acquisition solution initiatives (including transforming the MAS Program and supply risk chain management) that are intended to help it meet GSA’s strategic goal and ensure compliance with recent legislation. However, the initiatives also significantly change FAS’s processes and programs, creating challenges to FAS’s ability to meet its mission.   |
| <b>Maximizing the Performance of GSA’s Real Property Inventory</b>             | GSA must maximize the performance of its real property inventory in order to provide its tenant agencies with space that meets their needs at a reasonable cost to American taxpayers. To achieve this goal, PBS should plan the best approach to reduce and consolidate space, reduce leasing costs, and meet operations and maintenance needs of increasingly aging buildings. Further, PBS must properly administer the capital construction program and ensure effective management of energy and utility contracts.  |
| <b>Managing Agency Cybersecurity Risks</b>                                     | Like all federal agencies, GSA is dependent upon information technology to fulfill its mission. However, as cyber threats continue to emerge, sensitive government information and systems must be adequately secured to safeguard against internal and external threats that could compromise critical information and systems. Accordingly, GSA is challenged in effectively monitoring and efficiently identifying and responding to cyber threats against Agency systems and data. GSA will have to continuously identify technical solutions and implement controls to mitigate such threats as bad actors find new ways to penetrate and navigate government networks and systems undetected.   |
| <b>Safeguarding Federal Facilities and Providing a Secure Work Environment</b> | GSA plays a significant role in providing a safe, healthy, and secure environment for federal employees and visitors at over 8,300 federally owned and leased facilities nationwide. Part of GSA’s responsibility is implementing its PBS Safety and Health Management Program to ensure compliance with mandated safety and health requirements. Additionally, with the U.S. Department of Homeland Security, GSA is responsible for the installation, maintenance, and repair of approved security fixtures, including physical access control systems. However, there is an ongoing need for GSA management to monitor the safety and security of federal facilities, as shown in recent audits and inspections.   |
| <b>Managing the Electrification of the Federal Fleet</b>                       | To achieve the mandated transition of the federal fleet to zero-emission vehicles, GSA faces the challenges of finding available zero-emission vehicles, rapidly expanding the electric vehicle charging infrastructure, and securing sufficient funding to replace its fleet. Many federal agencies require heavy-duty vehicles, such as sport utility vehicles and trucks, to meet their mission needs. However, GSA’s available electric vehicle options generally do not include these types of vehicles. GSA is also experiencing difficulties finding electric vehicles available for purchase. Additionally, the current vehicle charging infrastructure is not adequate to accommodate widespread electric vehicle use. Finally, GSA did not receive any funding for this initiative in FY 2022 or FY 2023.   |
| <b>Managing the Impact of COVID-19</b>   | As the nation emerges from the COVID-19 pandemic and GSA and tenant agencies return to facilities, GSA faces three significant challenges. First, GSA must consistently implement return-to-facilities guidance. Second, GSA must ensure that heating, ventilation, and air conditioning systems provide adequate ventilation to minimize the spread of the virus. Third, GSA must ensure that clean water is available in facilities where decreased occupancy and water use may have caused water to stagnate, increasing the risk of water contamination.  |



Since 2001, GSA OIG has worked with the agency's Fine Arts Program to recover for the federal government more than 700 pieces of Works Progress Administration (WPA) artwork with a comparative value of more than \$8 million.

# SIGNIFICANT AUDITS

# SIGNIFICANT AUDITS

The Office of Audits conducts independent and objective audits to improve the effectiveness and efficiency of GSA's management and operations. These audits focus on GSA's programs, internal controls, information technology infrastructure, and compliance with federal laws and regulations. Audits are also performed to assist GSA contracting personnel in obtaining the best value and price for federal customers. During this reporting period, we issued 28 audit reports, including 18 contract audits. Our contract audit work identified over \$242.2 million in potential cost savings and recoveries for the federal government.

## PREAWARD AUDITS

GSA provides federal agencies with products and services through various contract types. We oversee GSA's procurement program, which generates billions of dollars in annual sales through thousands of contracts, by conducting preaward, postaward, and performance audits. Historically, for every dollar invested in our preaward audits, we recommend at least \$20 in cost savings to the government through lower prices or more favorable contract terms and conditions for the benefit of the taxpayer.

The pre-decisional, advisory nature of preaward audits distinguishes them from other audit products. Preaward audits provide vital, current information enabling contracting officers to significantly improve the government's negotiating position to realize millions of dollars in savings on negotiated contracts.

During this reporting period, three of our more significant preaward audits were of schedule contracts with combined projected government sales of over \$580 million. Through these audits, we identified potential savings and recoveries of over \$198 million. We found, among other things, that Commercial Sales Practices submissions were not current, accurate, or complete; proposed labor rates were overstated; unqualified labor was used; and GSA schedule sales were not adequately accumulated and reported.



## PERFORMANCE AUDITS

### **GSA IS NOT MONITORING DATA FROM ACCESS CARD READERS TO IDENTIFY RISKS TO GSA PERSONNEL AND FEDERAL PROPERTY**

**Report Number A210069/P/6/R23005, dated February 21, 2023**

GSA access cards are used to access GSA-managed facilities and information technology systems. Failed access attempts could be an indication of attempted unauthorized access to federal facilities and secured areas. The objective of our audit was to determine if GSA is monitoring access card use for physical access to GSA-managed facilities in accordance with federal regulations, policies, and guidance.

We found that GSA is not monitoring access card data from GSA card readers to identify risks to GSA personnel and federal property. For the 2-year audit period, data collected from access card readers in GSA-managed facilities showed 32,179 failed access attempts. While the access card data shows that the average GSA-managed building had 244 failed access attempts during the audit period, six buildings had over 1,000 failed access attempts on doors secured by access card readers, including one building with 4,164 failed access attempts. Further, while the average access card user during our audit period had 2 failed access attempts, we found that 200 users had at least 25 failed access attempts. This included one user who had 1,963 failed access attempts.

These failed access attempts may have potential security implications. Of the top 10 buildings with the most failed access attempts, 8 contain child care facilities or security-sensitive agencies, such as the Federal Bureau of Investigation, U.S. Social Security Administration, and U.S. Department of Homeland Security. The safety and security of the tenants and children in these buildings are a major concern.

Based on our audit finding, we made three recommendations to the GSA Administrator: (1) develop and implement procedures for monitoring access card data; (2) use the collected access card data to produce trend data to inform building security stakeholders of individuals with a significant amount of failed access attempts; and (3) create and disseminate guidance addressing how building security stakeholders should handle repeated, failed access attempts.

The GSA Administrator agreed with our report recommendations.



## **GSA'S ADMINISTRATION OF PERFORMANCE-BASED CONTRACTS PUTS THE GOVERNMENT AT RISK OF UNSATISFACTORY CONTRACTOR PERFORMANCE AND WASTED FUNDS**

**Report Number A210064/A/3/F23002, dated February 9, 2023**

Since FY 2020, we have identified GSA's contract administration as a significant management and performance challenge. Our audit objectives were to determine whether GSA administers performance-based service contracts in accordance with regulations, guidance, and internal policies to evaluate contractor performance and ensure conformance with contract requirements; and determine if performance-based contract administration functions vary across GSA and identify best practices, as applicable.

GSA contracting personnel are not administering performance-based service contracts in accordance with regulations, guidance, and internal policies. As a result, GSA is at risk of unsatisfactory contractor performance and wasted government funds. We found that GSA contracting personnel are not always establishing or enforcing quality assurance surveillance plans (QASPs). Consequently, GSA contracting personnel are not ensuring that the government receives the services it is paying for. In addition, we found that GSA contracting personnel are not preparing justified or timely past performance reports, which may lead to future contract awards to underperforming contractors. Finally, while the Federal Acquisition Service (FAS) has established an internal policy intended to improve contract administration, the policy's effectiveness could not be determined because FAS contracting personnel were not complying with the policy.

Based on our audit findings, we made four recommendations to the GSA Administrator, through the FAS and Public Buildings Service (PBS) Commissioners, and the Assistant Administrator for the Office of Administrative Services: (1) revise or issue policy to ensure appropriate oversight of performance-based service contracts, including the creation of a QASP that complies with regulation and that contracting personnel have clear instruction on how to monitor and enforce the QASP; (2) require contracting personnel to complete refresher training on any revised policies and new training on any policies issued in response to the audit report; (3) ensure Contractor Performance Assessment Reporting System assessments are supported by justification narratives, accurately depict contractor performance, and are timely; and (4) implement management oversight to ensure contracting personnel comply with policies and procedures intended to ensure sufficient government oversight of contractor performance.

GSA agreed with our report recommendations.

## THE GSA PUBLIC BUILDINGS SERVICE'S SPECIAL PROGRAMS DIVISION IS NOT EFFECTIVELY MANAGING REIMBURSABLE WORK AUTHORIZATIONS

Report Number A210045/P/2/R23001, dated December 2, 2022

The Special Programs Division (SPD) is a division of PBS's Office of Project Delivery. The SPD currently executes and manages national projects and programs across all GSA regions and provides assistance when a region's workload becomes overwhelming. All funding for the SPD is provided through reimbursable work authorizations (RWAs). An RWA is an interagency agreement PBS uses to provide goods and services to other federal agencies. Because RWAs are primarily funded through customer agencies' appropriated funding, the SPD is responsible for careful stewardship of these funds to ensure they are properly managed. As of April 20, 2021, the SPD managed a portfolio of 228 active RWAs, totaling over \$528 million.

Our prior audit reports have identified deficiencies in PBS's management of RWAs. Our objective was to determine whether the SPD has effective controls over its acceptance, management, administration, and funding of RWAs in accordance with all applicable laws, regulations, and GSA policies.

We found that the SPD is not effectively fulfilling its stewardship responsibilities. The SPD is accepting and executing RWAs from customer agencies without sufficient consideration of applicable laws, regulations, and GSA policies. We also found that the SPD violated federal appropriations law. Specifically, the SPD violated the bona fide needs rule by accepting an RWA with poorly defined requirements and adding work locations to another RWA more than 2 years after acceptance. The SPD also violated federal regulations and GSA policy because it did not contractually obligate four RWAs within a reasonable time frame and update milestone schedules for the RWAs in a timely manner. Additionally, the SPD did not close out an RWA in a timely manner and made multiple attempts to use the residual balance for out-of-scope work.

Based on our audit finding, we made five recommendations to the PBS Commissioner to take action to ensure that the SPD: (1) properly trains its employees in the acceptance, execution, and closeout of RWAs in accordance with applicable laws, regulations, and GSA policies; (2) properly oversees project managers and other acquisition personnel regarding any RWA contract administration, including modifications and closeouts; (3) adequately documents delays, and all efforts to rectify those delays, when contract award cannot be completed within a reasonable time, or when mutually agreed-upon milestone dates cannot be met; (4) implements controls to meet reasonable time requirements for contractual obligations to ensure the SPD works with customer agencies to expeditiously cancel RWAs that cannot proceed within a reasonable time; and (5) implements controls to ensure that substantially completed RWAs are identified and closed out according to applicable GSA policies.

The PBS Commissioner agreed with our report recommendations.

## **GSA IS NOT FULLY COMPLYING WITH THE GEOSPATIAL DATA ACT OF 2018**

**Report Number A220037/A/T/F23001, dated October 5, 2022**

On October 5, 2018, Congress passed the Geospatial Data Act of 2018 (GDA) to promote greater access to and use of geospatial data, which is information that is tied to a location on Earth, such as a street address or latitude and longitude coordinates. The GDA's goals are to spur economic growth, advance science, and improve public health and other services.

We performed this audit pursuant to the GDA, which requires the inspector general of each covered agency to conduct an audit, not less than once every 2 years, of the covered agency's compliance with the GDA. Accordingly, we assessed GSA's fulfillment of the requirements set forth in the GDA and evaluated GSA's compliance with the 13 covered agency responsibilities listed in GDA Section 759(a).

We found that GSA is not fully complying with the GDA. GSA has excluded geospatial data from its GDA implementation and reporting efforts and is not adhering to geospatial data and metadata standards. Overall, we found that these deficiencies occurred because GSA lacks comprehensive, formalized oversight to ensure Agency-wide compliance with the GDA.

Based on our audit findings, we made four recommendations to the GSA Administrator: (1) implement a comprehensive, formalized oversight structure that ensures GSA's Agency-wide compliance with the GDA; (2) incorporate all geospatial data into its GDA implementation efforts; (3) adhere to the appropriate geospatial data and metadata standards; and (4) establish roles and responsibilities for officials responsible for these efforts.

The GSA Administrator agreed with our report recommendations.

## **AUDIT OF THE CALEXICO WEST LAND PORT OF ENTRY EXPANSION AND MODERNIZATION PROJECT**

**Report Number A210070/P/9/R23006, dated March 2, 2023**

Since FY 2007, PBS's Pacific Rim Region has received \$416 million for design, construction, and construction management for the Calexico West Land Port of Entry (LPOE) expansion and modernization project. Our objective was to determine whether the PBS Pacific Rim Region's planning, award, administration, and close out of construction contracts related to the expansion and modernization of the Calexico West LPOE were in accordance with the Federal Acquisition Regulation (FAR), the General Services Administration Acquisition Manual, and PBS's pricing policy and facilities standards.

We found that the PBS Pacific Rim Region did not effectively award and administer contracts for Phase 1 and Phase 2A of the Calexico West LPOE expansion and modernization project. We found multiple deficiencies in the PBS Pacific Rim Region's oversight of the contracts for the project that affected project security, compliance with applicable laws and regulations, and safety. The security at the Calexico West LPOE project is compromised by inconsistent requirements and inadequate enforcement. Furthermore, the PBS Pacific Rim Region's inadequate oversight of the Calexico West LPOE project contracts resulted in safety hazards, substandard compliance with acquisition procedures and competition requirements, and inadequate compliance with labor standards requirements.

Based on our audit findings, we made 10 recommendations to the PBS Pacific Rim Regional Commissioner: (1) review the contracts and site security procedures for the Calexico West LPOE project and modify contracts and site security procedures that contain inconsistent or contradictory security requirements; (2) perform an internal review to identify all contractors for the Calexico West LPOE project who did not undergo HSPD-12 processing and submit all identified personnel for HSPD-12 processing; (3) verify all contract employees working on the Calexico West LPOE project pass initial HSPD-12 screening, as well as the U.S. Customs and Border Protection Quick Check screening, if applicable, before working on the project; (4) ensure that contractors are not performing inherently governmental functions; (5) implement controls to carefully monitor contractors performing acquisition activities that are closely associated with inherently governmental functions; (6) develop and implement effective controls to ensure contracting officers have performed all acquisition activities necessary to determine fair and reasonable pricing, establish the contractors' technical abilities, and authorize funding when awarding contract modifications; (7) require that PBS officials perform an adequate number of labor standards interviews for the Calexico West LPOE project; (8) ensure all contractors working at the Calexico West LPOE are paid prevailing wages and their corresponding benefits; (9) ensure all awards below the simplified acquisition threshold comply with FAR simplified acquisition procedures; and (10) implement controls to ensure all contract employees complete required safety orientation training before accessing the Calexico West LPOE site.

The PBS Pacific Rim Regional Commissioner agreed with our report recommendations.

## **PBS SOUTHEAST SUNBELT REGION’S LACK OF PLANNING HAS RESULTED IN CHILLERS THAT ARE OUTDATED, INADEQUATELY MAINTAINED, AND LACK REDUNDANCY**

**Report Number A210030/P/5/R23004, dated February 16, 2023**

During a previous audit of GSA’s approval process for minor repair and alteration projects, officials in PBS’s Southeast Sunbelt Region (PBS Region 4) raised concerns over the condition of the chillers in their region. The objective of this audit was to determine if PBS Region 4’s practices for chiller maintenance and repair are effective, being followed, and ensure that the chillers are properly maintained in accordance with government policy and industry standards.

Chillers cool buildings by removing heat from a liquid coolant to cool and dehumidify the air. A breakdown in a chiller may lead to rising temperatures and humidity within the building and possible building closures. Proper maintenance of chillers is essential to ensure efficient operations, prevent breakdowns, extend chiller life span, and improve indoor climate quality.

PBS Region 4’s Property Management Division is responsible for overseeing operations, maintenance, and minor repairs and alterations for the 136 PBS Region 4 owned buildings within the region. Because of their location in the southeastern United States, these buildings operate in a high-temperature, high-humidity environment, with most buildings requiring year-round cooling and chiller operation. PBS Region 4 officials expressed concerns that the gap between requested and authorized spending levels has limited their ability to fund the necessary maintenance, repair, and replacement of chillers beyond their useful lives.

We found that PBS Region 4 does not have a plan to identify and prioritize chillers for repair and replacement. As a result, many of PBS Region 4’s chillers are outdated, inadequately maintained, and lack redundancy. We found that 33 percent of the chillers in PBS Region 4’s owned buildings are beyond their useful lives—a figure that will increase to 48 percent by 2025. We also found that PBS Region 4 did not perform the manufacturer-recommended overhauls for chillers at any of the seven buildings we tested. Finally, we found that 33 percent of the chillers in PBS Region 4’s owned buildings lack the required redundancy to ensure continuous operation in the event of equipment failure. Taken together, these deficiencies resulted in actual cooling loss in 27 buildings over the 1-year period ended November 2021 and increased the risk of cooling loss at others.



Based on our audit finding, we made two recommendations to the PBS Region 4 Commissioner: (1) assess the condition of all chillers within PBS Region 4 to identify those that have, or will soon, exceed their useful lives, are due for or behind on manufacturer-recommended overhauls and are not nearing or beyond their useful lives, or lack required redundancy; and (2) develop and implement a plan to replace the chillers that have exceeded, or will soon exceed, their useful lives, perform the identified manufacturer-recommended overhauls and ensure future overhauls are performed in a timely manner, and prioritize redundancy in accordance with GSA's *Facilities Standards for the Public Buildings Service*.

We also made two recommendations to the PBS Commissioner: (1) perform a similar assessment of the condition of all chillers across PBS's nationwide portfolio and (2) develop and implement a plan to address the results of the assessment.

The PBS Commissioner agreed with our report recommendations.

## **PBS NEEDS TO STRENGTHEN ITS TRAINING AND WARRANTING PROGRAMS FOR CONTRACTING OFFICERS**

**Report Number A210053/P/2/R23002, dated December 30, 2022**

The GSA acquisition workforce plays a critical role in the success of GSA's mission and its effect on successful acquisition outcomes for other federal government agencies. The acquisition environment requires highly trained and skilled contracting professionals who are equipped to exercise keen business judgment to help agencies become more efficient and deliver successful outcomes, all while safeguarding the interests of the American taxpayer. Our objective was to determine if PBS's method and oversight of training and warranting contracting officers are effective in developing a qualified acquisition workforce that meets GSA's contracting needs, policy, and mission.

We found that while PBS has an acquisition career management program in place to meet its acquisition training needs, it has opportunities to improve the program's effectiveness. Specifically, PBS is not providing its contracting officers with adequate specialized training necessary to perform their jobs. Additionally, PBS does not have a standardized process for qualifying and appointing contracting officers. We also found that PBS is not effectively managing warrant authority risk, warrant records for some contracting personnel are missing, and acquisition career managers are not properly designated.

Based on our audit findings, we made four recommendations to the PBS Commissioner to take appropriate action to address the deficiencies described in the report by: (1) ensuring that the training and development needs of contracting officers at the GS-12 level and above are adequately addressed to foster PBS's operational success in achieving GSA's mission; (2) implementing a national policy to establish a standardized process for evaluating and verifying the contracting experience and qualifications of warrant applicants; (3) implementing controls to mitigate warrant authority risks created by the limitations of the Federal Acquisition Institute Cornerstone OnDemand system; and (4) ensuring that key warranting records for the PBS acquisition workforce are properly maintained, and heads of Contracting Activity formally appoint acquisition career managers via delegation appointment memos and communicate their duties and responsibilities.

The PBS Commissioner agreed with the report recommendations.

## **AUDIT OF PBS'S OVERSIGHT OF LEASE PERIODIC SERVICES**

### **Report Number A220026/P/R/R23003, dated February 16, 2023**

PBS administers more than 7,700 leases. Under the terms of PBS leases, lessors are required to provide a wide range of services. To ensure that lessors provide the level of services required under the terms of the lease, lease administration managers (LAMs) are responsible for providing oversight of leases. LAMs verify that the lessor complies with lease terms and conditions by, among other things, ensuring that the lessor provides the periodic services required under the lease. Lease periodic services include basic cleaning and maintenance, as well as other services necessary to provide a safe and healthy work environment for tenant agencies. Our audit objective was to determine if LAMs are properly verifying and documenting the lessors' completion of periodic services in accordance with PBS and federal requirements.

We found that PBS is not managing periodic services in leases effectively. Specifically, we found that LAMs did not consistently verify the timely completion of periodic services. LAMs also did not comply with PBS's requirement to coordinate with tenant agencies and the lease contracting officer to negotiate cost savings when the tenant agency waives substantial periodic services. In addition, LAMs did not always maintain required documentation showing the schedule of periodic services.

Based on our audit findings, we made four recommendations to the PBS Commissioner: (1) require LAMs' supervisors to routinely ensure that LAMs are verifying that lessors complete all periodic services; (2) require that newly hired or assigned LAMs receive sufficient training on lease management requirements within a timely manner after starting in their position and routinely thereafter; (3) ensure regional offices conduct the required Management Analysis Review System reviews to ensure that LAMs maintain all required records in the Lease Management Tool, including the annual schedule of periodic services; and (4) require that upon assignment and on a regular basis, LAMs communicate with the lessor and tenant agency to obtain and verify the updated schedule of periodic services.

The PBS Commissioner agreed with the report recommendations.

**IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN:  
AUDIT OF GSA'S CONTROLS TO PREVENT CONTRACTING  
WITH SUSPENDED AND DEBARRED CONTRACTORS, REPORT  
NUMBER A180104/Q/2/P20004, JUNE 19, 2020**

**Assignment Number A220075, dated January 10, 2023**

We performed an implementation review to determine whether GSA has taken the actions as outlined in the corrective action plan for our June 19, 2020, audit report, *Audit of GSA's Controls to Prevent Contracting with Suspended and Debarred Contractors*.

The objectives of the audit were to determine whether GSA has established internal controls to ensure that its eTools are updated with exclusion information for suspended and debarred contractors in a timely manner and there are adequate controls in the System for Award Management (SAM) to prevent agencies from completing an exclusion entry for suspended and debarred contractors without entering a unique entity identifier.

Our audit found that GSA does not update the exclusion status for suspended and debarred contractors in its eTools in a timely manner and exclusion information for suspended and debarred contractors is not being entered into SAM in accordance with federal regulations, risking award to excluded contractors.

Based on our report findings, we made one recommendation to the Chief Information Officer that the Office of GSA IT: identify the root cause(s) for failures to update exclusion statuses of suspended and debarred contractors within GSA's eTools and take corrective action to ensure eTools are updated with the exclusion list from SAM as scheduled; and implement an automated reconciliation process to confirm daily updates were successful.

We also made one recommendation to the Associate Administrator of the Office of Government-wide Policy that the Office of Government-wide Policy, Suspension and Debarment Division coordinate with the Interagency Suspension and Debarment Committee to determine how best to provide more complete exclusion data as required by FAR 9.404, *Exclusions in the System for Award Management*.

Our implementation review found that the Office of GSA IT and the GSA Office of Government-wide Policy, Suspension and Debarment Division have taken appropriate corrective action to address the report recommendations and that no further action is necessary.

**IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN:  
AUDIT OF THE GSA PUBLIC BUILDINGS SERVICE'S  
COMMERCIAL PARKING OUTLEASES, REPORT NUMBER  
A180039/P/4/R20006, MARCH 31, 2020**

**Assignment Number A230018, dated December 21, 2022**

We performed an implementation review to determine whether GSA has taken the actions as outlined in the corrective action plan for our March 31, 2020, audit report, *Audit of the GSA Public Buildings Service's Commercial Parking Outleases*.

The objectives of the audit were to determine whether PBS: awarded commercial parking outleases that represent the best interests of the government in accordance with applicable laws, regulations, and PBS guidance; and administered outleases in accordance with PBS guidance and contract requirements.

Our audit found that PBS improperly awarded and administered commercial parking outleases, resulting in misuse of the Cooperative Use Act of 1976, violations of PBS guidance, and estimated lost revenue of more than \$2.2 million. We also found that for two outleases with variable rent payments, PBS did not verify that commercial parking management companies were submitting the correct amount.

Based on our audit findings, we made four recommendations to the PBS Commissioner to ensure that PBS: (1) uses and complies with the proper authorities when entering into and administering commercial parking outleases; (2) establishes rental rates for parking outleases that are equivalent to market rates for comparable space in accordance with PBS guidance; (3) assesses whether the 5-year outlease term limitation established in the *GSA Delegations of Authority Manual* is meeting its intended purpose of protecting assets from being encumbered by long-term outleases (if not, modify the *GSA Delegations of Authority Manual* accordingly); and (4) verifies reports generated by commercial parking management companies and reconciles fees collected when variable payment terms are included in a parking outlease.

Our implementation review determined that PBS has taken appropriate corrective action to address the report recommendations and that no further action is necessary.

## **OVERSIGHT OF THE FISCAL YEAR 2022 INDEPENDENT PERFORMANCE AUDIT ON THE EFFECTIVENESS OF GSA'S INFORMATION SECURITY PROGRAM AND PRACTICES**

The Federal Information Security Modernization Act of 2014 (FISMA) requires an annual evaluation of each agency's information security program and practices. For FY 2022, GSA contracted with an independent public accounting (IPA) firm to conduct a performance audit for the annual evaluation and complete the FY 2022 IG FISMA Reporting Metrics. We monitored the IPA's work and reviewed its report and documentation for compliance with auditing standards and contractual requirements.

The IPA concluded, based on the IG FISMA Reporting Metrics scoring model, that GSA's overall information security program was "effective." However, the IPA identified that three of nine FISMA metric domain areas had deficiencies and provided 35 recommendations. GSA has opportunities to mature its information security program in FISMA domains across all five Cybersecurity Framework security functions.

## **OVERSIGHT OF THE INDEPENDENT AUDITOR'S AUDIT ON GSA'S FINANCIAL STATEMENTS FOR FISCAL YEAR 2022**

As required by the Chief Financial Officers Act of 1990, Public Law 101-576, as amended, an IPA performed the audit of GSA's FY 2022 Financial Statements. We monitored the audit for compliance with generally accepted government auditing standards and Office of Management and Budget Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*.

The IPA identified two deficiencies in internal controls that it considers to be a material weakness: (1) controls over certain manual journal entries and (2) transactions related to certain reimbursable work agreements.



# SUMMARY OF CONTRACT AUDIT REPORTS

The Office of Audits issues contract audit reports to provide assistance to contracting officials in awarding and administering GSA contracts. The two primary types of contract audits include:

- Preaward audits provide GSA contracting officials with information to use when negotiating fair and reasonable GSA contract prices.
- Postaward audits examine GSA contractor’s adherence to contract terms and conditions.

During the period October 1, 2022, to March 31, 2023, we issued 18 contract audit reports. In these reports, we found:

- 9 contractors either overcharged GSA customers or overstated their proposed labor rates.<sup>1</sup>
- 8 contractors did not submit accurate, current, and complete information.
- 5 contractors assigned employees who were unqualified for their billable positions to work on GSA schedule task orders.
- 5 contractors either did not comply with price reduction provisions or did not have effective price reduction provisions.
- 5 contractors did not follow other terms and conditions of their contracts.
- 4 contractors did not adequately accumulate and report schedule sales for Industrial Funding Fee payment purposes and/or did not correctly calculate and submit their Industrial Funding Fee payments.

We also recommended over \$242.2 million in cost savings. This includes funds that could be put to better use, which is the amount the government could save if our audit findings are implemented. It also includes questioned costs, which is money that should not have been spent such as overbillings and unreported price reductions.

## October 1, 2022 – March 31, 2023

| CONTRACT AUDIT REPORTS                          |               |
|---|---------------|
| Recommendations that funds be put to better use | \$240,507,534 |
| Questioned Costs                                | \$1,710,319   |

<sup>1</sup> This includes claims that have been submitted but not yet paid.

# FAR DISCLOSURE PROGRAM

The Federal Acquisition Regulation requires government contractors to disclose credible evidence of violations of federal criminal law under Title 18 of the United States Code (18 U.S.C.) and the False Claims Act to agencies' OIGs. To facilitate implementation of this requirement, we developed internal procedures to process, evaluate, and act on these disclosures and created a website for contractor self-reporting.

## **FAR RULE FOR CONTRACTOR DISCLOSURE**

FAR 52.203-13(b) implements the Close the Contractor Fraud Loophole Act, Public Law 110–252, Title VI, and Chapter 1. Under the rule, a contractor must disclose, to the relevant agency's OIG, certain violations of federal criminal law (within 18 U.S.C.), or a violation of the civil False Claims Act, connected to the award, performance, or closeout of a government contract performed by the government contractor or subcontractor. The rule provides for suspension or debarment of a contractor when a principal knowingly fails to disclose, in writing, such violations in a timely manner.

## **DISCLOSURES FOR THIS REPORTING PERIOD**

As disclosures are made, our Offices of Audits, Investigations, and Counsel jointly examine each acknowledgment and make a determination as to what actions, if any, are warranted. During this reporting period, we received one new disclosure regarding Price Reductions clause violations and unqualified labor on GSA schedule contracts. We also assisted on eight disclosures referred by other agencies because of potential impact on GSA operations. Finally, we continued to evaluate 12 existing disclosures during this reporting period.

# STATISTICAL SUMMARY OF OIG AUDITS

October 1, 2022 – March 31, 2023

| OFFICE OF AUDITS   |               |
|--|---------------|
| Total financial recommendations                              | \$242,217,853 |
| These include:   |               |
| Recommendations that funds be put to better use              | \$240,507,534 |
| Questioned costs   | \$1,710,319   |
| Audit reports issued   | 28            |
| Audit memoranda provided to GSA                              | 0             |
| GSA Management decisions agreeing with audit recommendations | \$472,516,825 |

# SIGNIFICANT INSPECTIONS

# SIGNIFICANT INSPECTIONS

The Office of Inspections conducts systematic and independent assessments of the Agency’s operations, programs, and policies, and makes recommendations for improvement. Reviews involve on-site inspections, analyses, and evaluations to provide information that is timely, credible, and useful for Agency managers, policymakers, and others. Inspections may include an assessment of efficiency, effectiveness, impact, and sustainability of any Agency operation, program, or policy. Inspections are performed in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

During the reporting period, the office issued one inspection and two evaluations addressing building air quality issues, oversight of property management, and mismanagement of IT security controls.

## **VENTILATION ISSUES PERSIST IN UNRENOVATED WINGS OF GSA HEADQUARTERS BUILDING**

**Report Number JE23-001, dated November 28, 2022**

The Office of Inspections conducted an inspection of indoor air quality (IAQ) in the unrenovated Wings 0 and 3 at the GSA Headquarters Building, at 1800 F Street Northwest, Washington, D.C. Our objective was to assess the impact of building occupancy in Wings 0 and 3 of the Headquarters Building on IAQ, ventilation, filtration, and circulation test results.

Our inspection found that PBS leadership knew of significant deficiencies in the ventilation systems and equipment throughout the unrenovated Wings 0 and 3 of the Headquarters Building for years but did not take sufficient actions to address those deficiencies. During the Coronavirus-19 (COVID-19) pandemic, GSA began to implement Centers for Disease Control and Prevention (CDC) recommended mitigation actions to reduce the risk of spreading SARS-CoV-2, the virus that causes COVID-19. However, these actions did not improve or address the larger and more significant ventilation issues in Wings 0 and 3.

To address the findings, we recommended the PBS Commissioner do the following:

1. Continue to monitor IAQ in Wings 0 and 3 of the Headquarters Building, in accordance with the PBS Desk Guide.
2. Expeditiously notify Headquarters Building occupants of any IAQ results that do not meet ASHRAE standards.

## GSA OVERSIGHT OF FEDERAL SURPLUS FIREARMS

Report Number JE23-002, dated January 19, 2023

The Office of Inspections conducted an evaluation of GSA's Surplus Firearms Donation Program (firearms program) to determine whether GSA's donations of federal surplus firearms complied with both federal and agency requirements, and to assess the adequacy of GSA's mechanisms for tracking federal surplus firearms donations. GSA is responsible for the management of surplus federal personal property, including firearms, and is authorized to transfer, on behalf of a federal agency, surplus personal property to a U.S. state or territory, including surplus firearms to state and local law enforcement agencies.

GSA Order FSS P 4025.5 CHGE 4, Extended, *Donation of Surplus Personal Property* (Order), prescribes instructions and procedures for the donation of federal surplus personal property. However, the Order's requirements for the donation of items with lethal characteristics, such as firearms, lacks specificity and causes confusion. Without a clear published Order, GSA operates the firearms program through a patchwork of improvised guidance consisting of standard operating procedures, memorandums, and program form templates.

Our evaluation found GSA is not complying with the Firearms Donation Program Operating Policy and Procedures, the primary guidance the agency adopted to provide direction and internal controls for the firearms program. In addition, we found GSA has improved its data management practices since our prior report, *Limited Evaluation of GSA Surplus Firearm Donation Program: Inadequate Controls May Leave Firearms Vulnerable to Theft, Loss, and Unauthorized Use*, June 12, 2015. However, we found minor issues with firearms data accuracy along with an inefficient and decentralized records management system.

To address these findings, we recommended the following actions to the Assistant Commissioner of the Office of General Supplies and Services:

1. Review and revise GSA Order FSS P 4025.5 to establish the management objectives and requirements of the Surplus Firearms Donation Program, including GSA's roles and responsibilities for surplus firearms.
2. Coordinate with the GSA Office of General Counsel to revise internal procedural documents, including the SOP, to reflect current practices and ensure they are consistent with each other and with federal requirements.
3. Establish a process to ensure GSAXcess initial firearms data entered by federal agencies into GSAXcess is both accurate and sufficient to allow for the proper identification, tracking, and donation of surplus firearms.
4. Establish a process to ensure GSA firearms staff proactively screen and timely update GSAXcess firearms data to avoid errors.
5. Implement a centralized records management system to ensure both the consistent storage and efficient access of documentation supporting GSA's Surplus Firearms Donation Program.



## **GSA MISLED CUSTOMERS ON LOGIN.GOV'S COMPLIANCE WITH DIGITAL IDENTITY STANDARDS**

**Report Number JE23-003, dated March 7, 2023**

The Office of Inspections conducted an evaluation of GSA Login.gov services. We initiated this evaluation based on a notification received from GSA's Office of General Counsel identifying potential misconduct within Login.gov, a component of GSA's Technology Transformations Services (TTS) under the Federal Acquisition Service (FAS).

Our evaluation found GSA misled their customer agencies when GSA failed to communicate Login.gov's known noncompliance with the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-63-3, *Digital Identity Guidelines*. Notwithstanding GSA officials' assertions that Login.gov met SP-800-63-3 Identity Assurance Level 2 (IAL2) requirements, Login.gov has never included a physical or biometric comparison for its customer agencies. Further, GSA continued to mislead customer agencies even after GSA suspended efforts to meet SP 800-63-3.

GSA knowingly billed IAL2 customer agencies over \$10 million for services, including alleged IAL2 services that did not meet IAL2 standards. Furthermore, GSA used misleading language to secure additional funds for Login.gov. Finally, GSA lacked adequate controls over the Login.gov program and allowed it to operate under a hands-off culture. We found that because of its failure to exercise management oversight and internal controls over Login.gov, FAS shares responsibility for the misrepresentations to GSA's customers.

To address the findings, we recommended the following to the FAS Commissioner:

1. Establish adequate management controls over TTS.
2. Ensure adequate documentation of policies, decisions, procedures, and essential transactions involving TTS programs, including Login.gov, and records management in accordance with GSA standards.
3. Implement a comprehensive review of Login.gov billings for IAL2 services.
4. Establish a system for internal reviews of TTS programs to ensure that they comply with relevant standards.
5. Adopt a policy to clearly notify each customer agency seeking identity and authorization assurance services whether Login.gov meets all applicable NIST published standards and the services specified in the interagency agreements.

# SIGNIFICANT INVESTIGATIONS





Photo: Fresco paintings surrounding doorway to room 5138, Department of Justice, Washington, D.C.



# SIGNIFICANT INVESTIGATIONS

The Office of Investigations conducts independent and objective investigations relating to GSA programs, operations, and personnel. The office consists of special agents with full statutory law enforcement authority to make arrests, execute search warrants, serve subpoenas, and carry concealed weapons. Special agents conduct investigations that may be criminal, civil, or administrative in nature and often involve complex fraud schemes. Investigations can also involve theft, false statements, counterfeit or substandard products, embezzlement, bribery, anti-trust violations, credit card fraud, diversion of excess government property, and digital crimes. During this reporting period, the office opened 41 investigative cases, closed 53 investigative cases, referred 78 subjects for criminal prosecution, and helped obtain 17 convictions. Civil, criminal, and other monetary recoveries resulting from our investigations totaled over \$13.5 million.

## CRIMINAL INVESTIGATIONS

### **COMPANY OWNER AND CO-CONSPIRATOR SENTENCED IN COUNTERFEIT MILITARY PRODUCTS SCHEME**

A GSA OIG investigation found that from 2013 through 2018, Ramin Kohanbash, owner of California Surplus, Inc., FR-HQ LLC, and Gan Eden LLC, conspired with Terry Roe, former sales manager, Dakota Outerwear Company, Minot, North Dakota, and Bernard Klein, owner of the Almont Group, Brooklyn, New York, to manufacture \$20 million of counterfeit military uniforms and equipment in China and Pakistan. The uniforms and equipment were sold to the DoD through the GSA Advantage online ordering system in violation of both the Berry Amendment and Trade Agreements Act. Some counterfeit items did not meet standards for flame resistance or possess the required near-infrared signature management technology to make the wearer more difficult to detect with night-vision goggles.

On October 12, 2022, Kohanbash was sentenced to 40 months of incarceration, and 3 years supervised release following his prior guilty plea to conspiracy to commit wire fraud and trafficking counterfeit goods. Kohanbash was also ordered to pay restitution pending calculation by the court. On October 20, 2022, Roe was sentenced to 24 months of incarceration, and 3 years supervised release following his prior guilty plea for conspiracy to commit wire fraud and trafficking counterfeit goods. Roe was also ordered to pay restitution pending final calculation by the court.

Previously, Kohanbash agreed to pay \$694,398 to settle a claim under the False Claims Act and agreed to forfeit \$20 million in assets that were the proceeds of the fraud scheme. Klein previously agreed to pay \$348,000 to settle a claim under the False Claims Act, and was sentenced to 18 months of incarceration, 3 years of supervised release, ordered to pay \$400,000 in restitution and a \$15,000 fine. Additionally, Dakota Outerwear previously agreed to pay \$1 million to settle a claim under the False Claims Act. Kohanbash, his businesses, Klein, and Roe were suspended from federal contracting. GSA OIG investigated the case with DCIS, HSI, and AFOSI.

### **TWO TAMPA MEN SENTENCED TO OVER 3 YEARS IN PRISON FOR FRAUDULENTLY USING FEDERAL GSA SMARTPAY ACCOUNT NUMBERS**

A GSA OIG investigation determined that Darius Lopez fraudulently used counterfeit credit cards, including GSA SmartPay purchase cards, to purchase over \$27,000 of landscaping equipment in Citrus County, Florida. When Lopez was arrested, he possessed multiple counterfeit GSA SmartPay purchase cards with numbers issued to employees of the U.S. Department of Agriculture and Amtrak, as well as other counterfeit credit cards. During the investigation, GSA OIG identified a second subject, Tyler Deandre Johnson, who also used false identification and counterfeit credit cards containing victims account information to make fraudulent purchases.

On July 19, 2022, Lopez and Johnson were both indicted in the U.S. District Court for the Middle District of Florida and charged with access device fraud and aggravated identity theft. On January 25, 2023, Lopez was sentenced to 46 months in federal prison, 3 years of supervised release, and was ordered to pay \$33,836 in restitution. On February 16, 2023, Johnson was sentenced to 44 months in federal prison, 3 years of supervised release, and was ordered to pay \$40,038 in restitution. GSA OIG investigated this case with the USDA OIG, Amtrak OIG, USSS, and several local sheriff's offices and police departments throughout Florida.

### **FORMER U.S. MARINE CORPS CAPTAIN SENTENCED TO 3 YEARS IN PRISON FOR THEFT OF GOVERNMENT FIREARMS**

A GSA OIG investigation determined that former U.S. Marine Corps Captain Patrick Fedak used his position and authority to fraudulently order items, including firearms, from the GSA Federal Surplus Property program and the GSA ServMart program for personal gain. After being charged with theft of government property and illegally possessing the stolen firearms, Fedak was charged in a superseding indictment with dismantling and burying the firearms to impede the investigation. Fedak pleaded guilty to theft of government property in the U.S. District Court for the Eastern District of North Carolina. On January 20, 2023, he was sentenced to 3 years of imprisonment, 36 months of supervised release and ordered to forfeit \$586,271. GSA OIG investigated this case with NCIS.

## **COMPANY OWNER AND ASSOCIATES SENTENCED IN SCHEME TO DEFRAUD SDVOSB PROGRAM**

A GSA OIG investigation found that from approximately 2004 through 2017, Michael Padron, Michael Wibracht, and Ruben Villarreal conspired to defraud the United States to obtain government contracts, under programs administered by the SBA, that their companies were ineligible to receive. As part of the scheme, Padron and Wibracht installed Villarreal, a service-disabled veteran, as the ostensible owner of a general construction company held out as an SDVOSB. Villarreal falsely certified in SAM that he and his business earned most of the profits and made all decisions involving the joint venture to secure over \$240 million in government contracts. However, Padron and Wibracht exercised disqualifying financial and operational control of the company and they were ineligible to receive the contracts due to their larger, non-qualifying businesses. A jury found Padron guilty of conspiracy to defraud the government and wire fraud, and on January 18, 2023, he was sentenced to 27 months of imprisonment and ordered to pay a \$1.75 million fine. Wibracht and Villarreal previously pleaded guilty to conspiracy to defraud the United States. On March 1, 2023, both men were sentenced to time served for their role in the scheme. Additionally, Wibracht was ordered to serve 2 years of supervised release and pay a \$2,000 fine. GSA OIG investigated this case with SBA OIG, VA OIG, DCIS, Army CID, and the Army Audit Agency.

## **COMPANY OWNER AND TWO EXECUTIVES SENTENCED IN HUBZONE FRAUD SCHEME**

A GSA OIG investigation revealed that officers and employees of Odyssey International, Inc. (Odyssey), falsely certified that the company was in a Historically Underutilized Business Zone (HUBZone) to bid on federal contracts set aside for HUBZone businesses.

In furtherance of the scheme, the owner and executives falsified information about who was working for Odyssey and where they worked. Their actions included recruiting employees to falsify their addresses on their driver's licenses and voter's registrations, temporarily placing HUBZone residents who did not actually work for the company on payroll in order to falsely claim them as employees and using a shell company to pay employees who did not reside in HUBZones off of Odyssey's books in order to conceal them from the SBA. As a result of the scheme, Odyssey fraudulently received a \$99 million HUBZone set-aside contract for construction work at the Fort Drum military base in New York.



A jury found Odyssey and its owner, Whitney McBride, guilty of conspiracy to commit wire fraud, wire fraud, major fraud against the United States, and making false official statements and false declarations to a court. Additionally, Kin Shing Paul Lee, Chief Financial Officer, and Michael Tingey, Chief Operating Officer, admitted to conspiring to generate documents that supported their claim that Odyssey employees resided in a HUBZone, knowing the documents were fictitious. Lee pleaded guilty to wire fraud, money laundering and aiding and abetting in the filing of a false tax return, and Tingey pleaded guilty to wire fraud.

On November 18, 2022, Odyssey was fined \$5 million and McBride was sentenced to 30 months of imprisonment followed by 36 months of supervised release. On January 24, 2023, Lee was sentenced to 12 months of imprisonment followed by 24 months of supervised release. On February 23, 2023, Tingey was sentenced to 24 months of probation. As part of their guilty pleas, Lee and Tingey agreed to asset forfeitures totaling over \$7.8 million. GSA OIG investigated this case with SBA OIG, IRS-CI, Army CID, AFOSI, and the FBI.

### **GEORGIA MAN SENTENCED FOR FRAUDULENT GSA AUCTION PURCHASES**

A GSA OIG investigation determined that Coleton Wright used multiple identities and stolen credit card information to create GSA Auction accounts and make purchases through those accounts. Further, the investigation revealed Wright also used the fraudulent identities and credit card information to pay other expenses, including a traffic citation with the Atlanta Municipal Court. On March 8, 2023, Wright pleaded guilty to identity theft and financial transaction card fraud. He was sentenced to 8 years of probation and ordered to pay \$16,865 in restitution. GSA OIG investigated this case with the Georgia Bureau of Investigation.

### **CONTRACTOR SENTENCED FOR INVOLVEMENT IN COLLUSIVE BIDDING SCHEME**

A GSA OIG investigation revealed that between 2013 and 2018, Edgar Porras, a food supply contractor, conspired with other contractors to win low bid food supply contracts from the United States Bureau of Prisons (BOP). The investigation revealed that in perpetrating the fraud scheme, Porras submitted false certifications in SAM and conspired with other contractors to suppress and restrain competition by rigging bids to obtain 111 food supply contracts worth \$1.9 million awarded by BOP. Porras pleaded guilty to violating the Sherman Antitrust Act; and on October 17, 2022, he was sentenced to 2 years of probation, with the first year under home confinement, and ordered to pay a \$5,500 fine. GSA OIG investigated this case with the DOJ OIG in collaboration with the DOJ Procurement Collusion Strike Force for the Central District of California.

## CIVIL SETTLEMENTS

### **HONEYWELL AGREED TO PAY \$3.35 MILLION FOR ALLEGED FALSE CLAIMS FOR ZYLON BULLETPROOF VESTS**

Honeywell International Inc. (Honeywell) agreed to pay \$3.35 million to resolve allegations that it violated the False Claims Act by selling defective material for bulletproof vests used by law enforcement officers. Between at least 2000 and 2005, Honeywell allegedly sold its patented Z Shield material to Armor Holdings, a bulletproof vest manufacturer, knowing the Z Shield degraded quickly in normal conditions, and that the degradation of the material made the ballistic vests unfit for use, placing the lives of law enforcement officers at risk. Armor Holdings' vests containing Honeywell's Z Shield were purchased by federal agencies under a GSA contract, and by various state, local, and tribal law enforcement agencies that were partially funded by DOJ's Bulletproof Vest Partnership program. GSA OIG investigated this case with the Department of Commerce OIG, DCIS, AFOSI, TIGTA, Army CID, DOE OIG, and DCAA.

## INVESTIGATIONS OF SENIOR OFFICIALS

### **ALLEGATIONS OF ABUSE OF GOVERNMENT POSITION AGAINST SENIOR GOVERNMENT EMPLOYEE NOT SUBSTANTIATED**

GSA OIG initiated an investigation into allegations that a senior government employee (SES) failed to maintain proper separation between their role at GSA and their role in an outside organization. The allegations were not substantiated.

### **ALLEGATIONS OF RECEIVING ILLEGAL GRATUITIES, BRIBES OR GIFTS AGAINST SENIOR GOVERNMENT EMPLOYEE NOT SUBSTANTIATED**

GSA OIG initiated an investigation into possible ethics violations based on indications that two senior government officials (a GS-15 and an SES) received complimentary tickets to sporting events between 2015 and 2017. Based on the facts uncovered, we did not substantiate that a violation occurred.

## FLEET CARD FRAUD

The Office of Investigations collaborates with GSA's Fleet Loss Prevention Team to prevent, detect, and investigate fraud involving GSA's government-wide Fleet program. During this reporting period, these investigations have uncovered complex credit card skimming operations led by organized criminal groups, fraudulent charges by a gas station manager, illegal personal use of GSA Fleet credit cards by government employees, and unauthorized charges due to a lack of Fleet card oversight. Our work on Fleet credit card investigations during this reporting period resulted in 12 arrests and 19 individuals sentenced to a combined total of 33 years of confinement, 5 months of home confinement, 33 years of probation, and 250 hours of community service.

- Through our proactive efforts, we uncovered a complex credit card skimming operation, where stolen credit card information, including GSA Fleet credit cards, was used to illegally purchase and sell diesel fuel for profit. Our investigation resulted in the convictions of Andy Teruel Colina and Adrian Teruel. Colina was sentenced to 60 months in federal prison followed by 36 months of supervised release and ordered to pay \$1,703 in restitution and forfeit assets listed in his plea agreement. Teruel was sentenced to 8 months in federal prison followed by 24 months of supervised release, in addition to a 12-month prison sentence for violating his supervised release in a separate federal case.
- In another Fleet card investigation, we determined that between 2018 and 2021, Umer Hassan Mir, while working as the manager of the Delta gas station in Metuchen, New Jersey, personally collected and saved the credit card numbers from at least 17 people who purchased fuel, including transactions made with GSA fuel cards for GSA owned vehicles leased to Amtrak. Mir later manually entered the credit card numbers to make fictitious purchases into Delta's point of sale system, and then he withdrew cash in the amount of the fraudulent sales. Mir pleaded guilty to fraud and related activity in connection with an access device, and on February 8, 2023, he was sentenced to 5 months of imprisonment, 5 months of home confinement, 2 years of supervised release, and was ordered to pay restitution in the amount of \$78,163.

- We conducted several successful investigations involving government employees who fraudulently used GSA Fleet cards, including:
  - Bureau of Indian Affairs employee Shannon Wheeler, who used multiple GSA Fleet cards to make over \$11,000 in purchases for his personal benefit. Wheeler pleaded guilty to theft and was sentenced to 3 years of supervised release and ordered to pay \$11,098 in restitution.
  - Smithsonian Institution employee James W. Gaines, Sr., who used a GSA Fleet card to purchase approximately \$560 in fuel for his personal benefit. Gaines pleaded guilty to theft and agreed to pay \$560 in restitution.
  - National Park Service employee Christopher Horsman, who used multiple GSA Fleet cards to purchase fuel for his personal vehicle. Horsman pleaded guilty to theft and was sentenced to 1 year probation, 200 hours of community service, and ordered to pay \$5,140 in restitution.
  - A former member of the New Mexico Army National Guard (NMARNG), who used a GSA Fleet card to purchase approximately \$3,100 in fuel for his personal benefit. The individual received an Article 15, was demoted to Sergeant, and was involuntary separated from the NMARNG.
- Additionally, based on a referral from the GSA Fleet Loss Prevention Team, we initiated an investigation into the questionable use of GSA Fleet cards assigned to the Texas Army National Guard (TXARNG). Our investigation revealed a lack of oversight and accountability of the TXARNG's Fleet card program dating back to 2021 and resulted in the TXARNG repaying GSA over \$85,000 for improper Fleet card charges.

## WPA ART INVESTIGATIONS

The Works Progress Administration (WPA) was an employment program created in 1935 as a result of the staggering unemployment rate during the Great Depression. WPA artwork was produced by artists who created thousands of paintings, sculptures, and works on paper. The federal government loaned the available art to public agencies and nonprofit institutions throughout the nation. GSA is responsible for stewardship of the WPA artwork, which includes inventorying and accounting for the loaned pieces of art. This is an ongoing project, which now encompasses more than 23,000 pieces of WPA artwork.

As a direct result of the cooperative efforts between the OIG and the GSA Office of the Chief Architect's Fine Arts Program Office (FAP), one lost piece of WPA artwork, "Yard" by Alfred Sessler, was recovered during this reporting period. WPA artwork is not subject to public sale, but the comparative value of this recovered piece is \$5,000.

Since cooperative efforts between the OIG and FAP began in 2001, 795 WPA pieces have been recovered, with a comparative value of \$8,782,850.\*



"Yard" by Alfred Sessler

\* This number includes all pieces of artwork recovered through the joint publicity/recovery efforts of the OIG and FAP. Not all recoveries require direct intervention by the OIG; some are direct "turn ins" to the FAP as result of our combined public information campaigns and/or internet searches which reveal the claim of ownership by the government.

# OTHER SIGNIFICANT WORK

## SUSPENSION AND DEBARMENT INITIATIVE

The Federal Acquisition Regulation (FAR) authorizes federal agencies to suspend or debar individuals or companies for the commission of any offense indicating a lack of business integrity or business honesty that directly affects the present responsibility of a government contractor or subcontractor. The OIG has made it a priority to refer to GSA instances of misconduct by individuals and companies so GSA can take appropriate suspension and debarment actions and protect the government from fraud, waste, and abuse.

During this reporting period, the OIG made 38 referrals for consideration of suspension or debarment to the GSA Office of Acquisition Policy or other federal debarment officials. There were 69 actions issued based on current and previous OIG referrals.

## INTEGRITY AWARENESS

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on prevention of fraud, waste, and abuse. This period, we presented 20 briefings attended by 937 GSA employees, other government employees, and government contractors. 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.

## 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. Our hotline also allows internet submission of complaints. During the reporting period, we received 489 hotline contacts. Of these, 67 were referred to GSA program officials for review and appropriate action, 12 were referred to other federal agencies, 20 were referred to the OIG Office of Audits, 2 were referred to the OIG Office of Inspections, and 42 were referred to investigative field offices for investigation or further review.



# STATISTICAL SUMMARY OF OIG INVESTIGATIONS

October 1, 2022 – March 31, 2023

| OFFICE OF INVESTIGATIONS  |              |
|---|--------------|
| Referrals for criminal prosecution, civil litigation, administrative action, suspension & debarment | 185          |
| Indictments and informations on criminal referrals*   | 23           |
| Subjects accepted for criminal prosecution  | 34           |
| Subjects accepted for civil action  | 16           |
| Convictions   | 17           |
| Civil settlements/judgments   | 2            |
| Contractors/individuals suspended and debarred  | 69           |
| Employee actions taken on administrative referrals involving government employees                   | 9            |
| Investigative Reports**   | 4            |
| Number of subpoenas   | 28           |
| Total Investigative Receivables and Recoveries***   | \$13,513,385 |

\* The total number of criminal indictments and criminal informations include all criminal charging documents resulting from any prior referrals to prosecutive authorities.

\*\* The total number of investigative reports include reports of investigations and letterhead reports, which summarize the results of an official investigation and were referred to GSA officials for a response in consideration of taking administrative action or for information only.

\*\*\* This includes civil judgments and settlements; ordered criminal fines, penalties, and restitution; forfeiture; administrative recoveries; and recovered government property.

## Investigative Workload

The OIG opened 41 investigative cases and closed 53 cases during this period.

## Referrals

The OIG makes criminal and civil referrals to the DOJ or other authorities for prosecutive and 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.

## Actions on OIG Referrals

Based on these and prior referrals, 34 subjects were accepted for criminal prosecution and 16 subjects were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 23 indictments or informations and 17 convictions. OIG civil referrals resulted in 2 subject settlements/judgments. Based on OIG administrative referrals, GSA management debarred 30 contractors or individuals, suspended 39 contractors or individuals, and took 9 personnel actions against a government employee.

**Table 1. Summary of OIG Referrals**

| TYPE OF REFERRAL                             | CASES     | SUBJECTS   |
|--|-----------|------------|
| Civil  | 15        | 45         |
| Criminal (DOJ)*                              | 29        | 61         |
| Criminal (State/Local)**                     | 13        | 17         |
| Administrative Referrals for Action/Response | 16        | 24         |
| Suspension                                   | 2         | 10         |
| Debarment                                    | 9         | 28         |
| <b>TOTAL</b>                                 | <b>84</b> | <b>185</b> |

\* The total number of persons referred to DOJ for criminal prosecution includes both individuals and companies which have been referred to DOJ for criminal prosecutorial consideration.

\*\* The total number of persons referred to state and local authorities includes both individuals and companies which have been referred to authorities, other than DOJ, for criminal prosecution. Referrals to military authority for prosecution under the Uniform Code of Military Justice are also included in this metric.

## Monetary Results

Table 2 presents the amounts of fines, penalties, settlements, recoveries, forfeitures, judgments, and restitutions payable to the U.S. government as a result of criminal and civil actions arising from OIG referrals. Table 3 presents the amount of administrative recoveries and forfeitures as a result of investigative activities. Criminal, civil, and other monetary recoveries arising from our work totaled more than \$13.5 million.

**Table 2. Criminal and Civil Results**

|                        | CRIMINAL           | CIVIL              |
|------------------------|--------------------|--------------------|
| Fines and Penalties    | \$6,758,500        | \$0                |
| Settlements/Judgments  |                    | \$3,350,000        |
| Recoveries/Forfeitures | \$997,564          | \$1,679,450        |
| Restitutions           | \$594,395          |                    |
| <b>TOTAL</b>           | <b>\$8,350,459</b> | <b>\$5,029,450</b> |

**Table 3. Non-Judicial Recoveries\***

|                           |                  |
|---------------------------|------------------|
| Administrative Recoveries | \$130,205        |
| Forfeitures/Restitution   | \$3,271          |
| <b>TOTAL</b>              | <b>\$133,476</b> |

\* This total includes the FAR disclosures reported on page 21.

# GOVERNMENT-WIDE POLICY ACTIVITIES

# GOVERNMENT-WIDE POLICY ACTIVITIES

We regularly provide advice and assistance on government-wide policy matters to GSA, as well as to other federal agencies and committees of Congress.

In addition, as required by the Inspector General Act of 1978, as amended, we review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of GSA's programs and operations and on the prevention and detection of fraud and mismanagement. Because of the central management role of GSA in shaping government-wide policies and programs, most of the legislation and regulations reviewed affect government-wide issues such as procurement, property management, travel, and government management and IT systems.

## Interagency and Intra-Agency Committees and Working Groups

- **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The IG is a member of the CIGIE Budget, Investigations, and Legislation Committees. Through CIGIE, we also participate in the following:
  - **Pandemic Response Accountability Committee.** The Office of Audits and the Office of Investigations both participate in CIGIE's Pandemic Response Accountability Committee. The government's coronavirus response includes \$2.6 trillion in economic relief to individual citizens, loans for businesses, and support for hospitals and other medical providers, as well as economic relief for affected businesses; industries; and state, local, and tribal governments. The committee's mission is to promote transparency and ensure coordinated, comprehensive oversight of the government's spending and coronavirus response.
  - **Federal Audit Executive Council Information Technology Committee.** The Office of Audits participates in the Federal Audit Executive Council (FAEC) IT Committee. This committee provides a forum to share information and coordinate audits of significant IT issues with the OIG community and the federal government. The committee also develops and recommends best practices to be used by OIGs in addressing IT issues.
  - **Federal Audit Executive Council Contracting Committee.** The Office of Audits participates in the FAEC Contracting Committee. The committee is involved with addressing contract, program, and acquisition management issues that have common interest throughout the OIG community. The committee shares information on audit topics, successful audits, and related techniques.

- **Diversity, Equity, Inclusion, and Accessibility Committee.** The IG participates in CIGIE’s Diversity, Equity, Inclusion, and Accessibility (DEIA) Committee, which seeks to promote DEIA throughout the OIG community. This committee is an important resource; it guides our strategy on how to engage our workforce and enhance our workplace environment to deliver maximum value to the diverse public we serve.
- **Enterprise Risk Management Working Group.** The Office of Audits participates in CIGIE’s Enterprise Risk Management (ERM) Working Group. The working group’s mission is to contribute to the promotion and implementation of ERM principles in accordance with OMB Circular A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, within OIGs and their respective agencies. The Office of Audits participates in the working group as part of a collaborative effort with other OIGs to oversee the sharing of processes and best practices used to analyze, prioritize, and address risks identified and relevant to implementing ERM in the federal government.
- **Geospatial Data Act Working Group.** The Office of Audits participates in the Geospatial Data Act (GDA) Working Group. The working group’s mission is to assist the OIG community in understanding and meeting its GDA oversight requirements by: (1) consulting with the Federal Geospatial Data Committee, (2) developing a common review approach and methodology, and (3) coordinating key communications with other stakeholders. The Office of Audits participates to stay abreast of the latest GDA developments in order to monitor GSA’s compliance with GDA requirements.
- **Infrastructure Working Group.** The Office of Audits participates in CIGIE’s Infrastructure Working Group. The working group was established to share information and coordinate oversight of the Infrastructure Investment and Jobs Act. The Infrastructure Investment and Jobs Act provided \$1.2 trillion in funding for infrastructure programs across the transportation, energy, and water sectors through a combination of grants and loans. The working group shares information on oversight and audit issues.
- **Blue Book Working Group.** The Office of Inspections participates in the CIGIE Blue Book Working Group. The working group is comprised of inspection and evaluation (I&E) professionals from the IG community who provide guidance and respond to questions regarding the CIGIE Quality Standards for Inspection and Evaluation (Blue Book) issued in December 2020.

- **Inspection and Evaluation Peer Review Working Group.** The Office of Inspections participates in the I&E Peer Review Working Group. The working group is comprised of I&E professionals from the IG community responsible for promulgating and interpreting the Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices, along with administering the 3-year cycle of peer reviews. The working group continues to provide education and instruction on the external peer review process.
- **Collaboration Working Group.** The Office of Inspections participates in CIGIE’s Collaboration Working Group. The working group is comprised of I&E professionals from the IG Community who are working to enhance the I&E collaboration site. The working group continues to identify best practices, templates, and other items to encourage collaboration across the IG Community.
- **Inspection and Evaluation Roundtable.** The Office of Inspections participates in the CIGIE I&E Roundtable. The Roundtable provides a forum to share information and coordinate issues of importance within the OIG inspections and evaluations community.
- **Data Analytics Working Group.** The Office of Investigations participates in the CIGIE Data Analytics Working Group. The working group’s projects include identifying new data analytics methods and techniques, sharing information about data and data sources available to the OIG community, and identifying crosscutting initiatives using data analytics to detect fraud.
- **Investigations Training Subcommittee.** The Office of Investigations participates in the CIGIE Investigations Training Subcommittee. The subcommittee establishes and promotes training resources for investigative staff throughout the OIG community.
- **Investigations Undercover Review Committee.** The Office of Investigations participates in the CIGIE Undercover Review Committee. This committee provides recommendations and approvals on the suitability of undercover operations involving sensitive circumstances in accordance with CIGIE and Attorney General’s guidelines.
- **DOJ Antitrust Division’s Procurement Collusion Strike Force (PCSF).** The Office of Investigations is a partner agency of the PCSF. The PCSF leads a coordinated national response to combat antitrust crimes and related schemes in government procurement, grant, and program funding at all levels of government-federal, state, and local.
- **DOJ Civil Cyber-Fraud Initiative Working Group.** GSA OIG investigators, attorneys, and auditors participate in the OIG’s partnership with the Civil Cyber- Fraud Initiative Working Group. The working group leverages the False Claims Act to hold accountable entities or individuals that put U.S. information or systems at risk by knowingly providing deficient cybersecurity products or services, misrepresenting their cybersecurity practices or protocols, or violating obligations to monitor and report cybersecurity incidents and breaches.



# APPENDIXES

# APPENDIX I

## ACRONYMS AND ABBREVIATIONS

|                 |   |                |   |
|-----------------|---|----------------|---|
| <b>4P Tool</b>  | Price Point Plus Portal Tool  | <b>HSPD</b>    | Homeland Security Presidential Directive          |
| <b>AFOSI</b>    | U.S. Air Force Office of Special Investigations                           | <b>HSI</b>     | Homeland Security Investigations                  |
| <b>Army CID</b> | U.S. Army Criminal Investigation Division                                 | <b>HUBZone</b> | Historically Underutilized Business Zone          |
| <b>ASHRAE</b>   | American Society of Heating, Refrigerating and Air-Conditioning Engineers | <b>HVAC</b>    | Heating, Ventilation, and Air Conditioning        |
| <b>BOP</b>      | Federal Bureau of Prisons   | <b>IAL2</b>    | Identity Assurance Level 2                        |
| <b>CDC</b>      | Centers for Disease Control and Prevention                                | <b>IAQ</b>     | Indoor Air Quality                                |
| <b>CICA</b>     | Competition in Contracting Act of 1984                                    | <b>I&amp;E</b> | Inspection and evaluation                         |
| <b>CIGIE</b>    | Council of the Inspectors General on Integrity and Efficiency             | <b>IRS-CI</b>  | IRS Criminal Investigation                        |
| <b>COVID-19</b> | Coronavirus disease 2019  | <b>IT</b>      | Information technology                            |
| <b>CSP</b>      | Commercial Sales Practices  | <b>LAM</b>     | Lease Administration Manager                      |
| <b>DATA Act</b> | Digital Accountability and Transparency Act of 2014                       | <b>LPOE</b>    | Land Port of Entry                                |
| <b>DCAA</b>     | Defense Contract Audit Agency   | <b>MAS</b>     | Multiple Award Schedule                           |
| <b>DCIS</b>     | Defense Criminal Investigative Service                                    | <b>NCIS</b>    | Naval Criminal Investigative Service              |
| <b>DEIA</b>     | Diversity, Equity, Inclusion, and Accessibility                           | <b>NCR</b>     | National Capital Region                           |
| <b>DHS</b>      | Department of Homeland Security   | <b>NIST</b>    | National Institute of Standards and Technology    |
| <b>DoD</b>      | Department of Defense   | <b>O&amp;M</b> | Operations and maintenance                        |
| <b>DOE</b>      | Department of Energy  | <b>OCFO</b>    | Office of the Chief Financial Officer             |
| <b>DOJ</b>      | Department of Justice   | <b>OIG</b>     | Office of Inspector General                       |
| <b>ERM</b>      | Enterprise Risk Management  | <b>OMB</b>     | Office of Management and Budget                   |
| <b>ESPC</b>     | Energy Savings Performance Contract                                       | <b>PBS</b>     | Public Buildings Service                          |
| <b>FAEC</b>     | Federal Audit Executive Council   | <b>PCSF</b>    | Procurement Collusion Strike Force                |
| <b>FAP</b>      | Fine Arts Program   | <b>RWA</b>     | Reimbursable Work Authorization                   |
| <b>FAR</b>      | Federal Acquisition Regulation  | <b>SAM</b>     | System for Award Management                       |
| <b>FAS</b>      | Federal Acquisition Service   | <b>SBA</b>     | Small Business Administration                     |
| <b>FBI</b>      | Federal Bureau of Investigation   | <b>SDVOSB</b>  | Service-Disabled Veteran-Owned Small Business     |
| <b>FY</b>       | Fiscal Year   | <b>SPD</b>     | Special Programs Division                         |
| <b>GDA</b>      | Geospatial Data Act of 2018   | <b>TDR</b>     | Transactional Data Reporting                      |
| <b>GSA</b>      | General Services Administration   | <b>TIGTA</b>   | Treasury Inspector General for Tax Administration |
|                 |   | <b>TTS</b>     | Technology Transformation Service                 |
|                 |   | <b>U.S.C.</b>  | United States Code                                |
|                 |   | <b>USDA</b>    | U.S. Department of Agriculture                    |
|                 |   | <b>USSS</b>    | United States Secret Service                      |
|                 |   | <b>WPA</b>     | Works Progress Administration                     |

# APPENDIX II UNIMPLEMENTED RECOMMENDATIONS

Section 5(a)(2) of the Inspector General Act of 1978, as amended, requires that this report include an identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation. Additionally, this appendix includes a list of significant recommendations unimplemented due to agency disagreement.

## Recommendations Issued During Prior Periods for which Agency Corrective Action has not been Completed

### **EVALUATION OF THE GENERAL SERVICES ADMINISTRATION'S USE OF AN AD HOC APPRAISAL PROCESS FOR AN EXECUTIVE (JE21-002, SEPTEMBER 14, 2021)**

We recommend that the Administrator should:

- Take appropriate action to remedy the harm caused [Redacted] by a tainted performance review process that resulted in an unsatisfactory rating and in [Redacted] removal from the [Redacted], as well as the loss of any opportunity for a FY 2017 performance period pay increase or bonus.

We recommend that the GSA General Counsel and Chief Human Capital Officer should:

- Review current processes and procedures to ensure sufficient oversight of employee misconduct and disciplinary reviews, including timely referral to the OIG.

### **AUDIT OF THE SECURITY CONTROLS FOR BUILDING AUTOMATION TECHNOLOGIES IN GSA FACILITIES (A210018/P/T/R22004, APRIL 22, 2022)**

This recommendation is restricted and is not available to the public.

### **AUDIT OF SECURITY CAMERA AND ALARM SYSTEMS AT GSA-OWNED BUILDINGS (A210033/P/5/R22006, JUNE 22, 2022)**

We recommend the GSA Administrator, in conjunction with the Federal Protective Service:

- Conduct a nationwide assessment of GSA-owned buildings to identify [Redacted] security camera and alarm systems;
- Develop and implement a plan to repair, replace, and install the security camera and alarm systems identified through the nationwide assessment; and
- Revise GSA’s memorandum of agreement with the Federal Protective Service to clearly define responsibility for repairing and replacing security camera and alarm systems within an acceptable time frame.

We recommend the GSA Administrator, if in conjunction with the Federal Protective Service, GSA is not able to secure funding to repair, replace, or install security camera and alarm systems, GSA should:

- Work with Congress to establish a consistent funding stream to address current and future security camera and alarm system [Redacted].

### **FAS’S USE OF THE 4P TOOL ON CONTRACT AND OPTION AWARDS OFTEN RESULTS IN NONCOMPLIANT PRICE DETERMINATIONS (A201045/Q/3/P22001, JULY 27, 2022)**

We recommend that the FAS Commissioner:

- Develop and implement oversight controls to ensure contracting personnel adhere to FAS Policy and Procedures 2020-02 and 2021-05, and only use the 4P tool as part of a larger negotiation strategy that seeks the lowest overall cost alternative to meet the needs of the federal government, as required by the Competition in Contracting Act of 1984.
- Develop and implement oversight controls to ensure contracting personnel are following the updated 4P Application User Guide.
- Include commercial market pricing research on the 4P tool overview tab.
- Include “no competitive research found” flags and a competitive research rate in 4P reports, exclusive of self-hits.
- Design and implement procedures to ensure only accurate, current pricing is included in 4P reports.

**AUDIT OF THE PBS NCR’S METROPOLITAN SERVICE  
CENTER REIMBURSABLE WORK AUTHORIZATIONS  
(A210039/P/R/R22007, SEPTEMBER 23, 2022)**

We recommend that the Acting NCR Regional Commissioner should:

- Establish controls to ensure staff are trained on the PBS Reimbursable Work Authorizations National Policy Manual requirement to update the RWA Entry and Tracking Application with a milestone schedule or written justification;
- Develop a program to train staff in their role in the revised guidance regarding updating the RWA Entry and Tracking Application status for substantial completion; and
- Coordinate with the OCFO to ensure national Reimbursable Work Authorization policies and goals are met for substantial completion dates to be entered into the RWA Entry and Tracking Application.

**FAS CANNOT PROVIDE ASSURANCE THAT MAS CONTRACT PRICING  
RESULTS IN ORDERS ACHIEVING THE LOWEST OVERALL COST  
ALTERNATIVE (A200975/Q/3/P22002, SEPTEMBER 30, 2022)**

We recommend that the FAS Commissioner:

- Explore new pricing methodologies that can ensure that FAS’s contracting personnel are able to leverage aggregate government buying power to negotiate and award Multiple Award Schedule contracts that result in orders that reflect the lowest overall cost alternative to meet the needs of the government.

**COVID-19: PBS FACES CHALLENGES IN ITS EFFORTS TO  
IMPROVE AIR FILTRATION IN GSA-CONTROLLED FACILITIES  
(A201018/P/4/R22008, SEPTEMBER 30, 2022)**

We recommend that the PBS Commissioner, for GSA-owned facilities:

- Conduct an accurate and complete assessment of HVAC systems to identify deficiencies in air filtration. Based upon the assessment, PBS should maximize central air filtration in existing HVAC systems without significantly reducing design airflow;
- Review and update current and future operations and maintenance contracts to ensure that they clearly identify the required Minimum Efficiency Reporting Value air filters and preventive maintenance schedules;
- Establish controls to ensure that PBS obtains and maintains complete preventive maintenance records; and
- Ensure that contracting officer representatives conduct inspections of mechanical rooms and preventive maintenance records to ensure that air filters meet Minimum Efficiency Reporting Value requirements.

We recommend that the PBS Commissioner, for GSA-leased space:

- Review and update current and future lease agreements to ensure that they clearly identify the required Minimum Efficiency Reporting Value air filters and preventive maintenance schedules;
- Ensure that lessors maintain and provide required preventive maintenance records and provide timely access to mechanical rooms; and
- Ensure that PBS representatives inspect mechanical rooms and preventive maintenance records to ensure that air filters meet Minimum Efficiency Reporting Value requirements.

## Recommendations Unimplemented Due to Agency Disagreement

### **GSA'S DECISIONS TO VACATE AND RENOVATE THE LEASED FEDERAL COURTHOUSE IN PENSACOLA ARE BASED ON FAULTY PREMISES (A150132/P/4/R17001, OCTOBER 25, 2016)**

We recommend that the GSA Administrator direct PBS to:

- Reanalyze options for housing the tenants of the 1 North Palafox Street courthouse. As part of this analysis, PBS should:
  - Ensure an equal comparison of the options is reflected;
  - Ensure the designs for the renovation, new, and leased construction options meet current building standards;
  - Ensure the designs for the new and leased construction options comply with the U.S. Courts Design Guide;
  - Ensure the estimated reversion values of the new and leased courthouse options are developed by an independent appraiser;
  - Ensure lease-buyout and other potential settlement costs are incorporated; and
  - Develop and incorporate project schedules into the financial analysis that are based on historical performance of projects with similar scope or scale.
- Suspend all contracts and procurements for the prospectus project until PBS secures ownership of the 1 North Palafox Street courthouse, if PBS's revised analysis demonstrates that ownership is in the best interest of the government.

**PBS NATIONAL CAPITAL REGION’S \$1.2 BILLION ENERGY SAVINGS PERFORMANCE CONTRACT FOR WHITE OAK WAS NOT AWARDED OR MODIFIED IN ACCORDANCE WITH REGULATIONS AND POLICY (A150009/P/5/R17006, AUGUST 24, 2017)**

We recommend that the Regional Commissioner, PBS NCR:

- Take immediate action to expedite the procurement of a new O&M contract that adheres to competition requirements specified in the Competition in Contracting Act of 1984 and the Federal Acquisition Regulation.
- Determine and implement the appropriate corrective action needed for PBS NCR personnel’s non-compliance with competition requirements.
- Once the procurement of a new O&M contract is secured, as stated in Finding 1, include the Limitation of Government Obligation clause on all non-ESPC O&M services.

**EVALUATION OF GSA NONDISCLOSURE POLICY (JE18-002, MARCH 8, 2018)**

We recommend that GSA’s leadership should:

- Clarify GSA’s policy on communications with Members of Congress in GSA’s order on congressional and intergovernmental inquiries and relations.

**EVALUATION OF GSA’S MANAGEMENT AND ADMINISTRATION OF THE OLD POST OFFICE BUILDING LEASE (JE19-002, JANUARY 16, 2019)**

We recommend that before continuing to use the language GSA:

- Determine the purpose of the Interested Parties provision,
- Conduct a formal legal review by OGC that includes consideration of the Foreign and Presidential Emoluments Clauses, and
- Revise the language to avoid ambiguity.

**GSA’S TRANSACTIONAL DATA REPORTING PILOT IS NOT USED TO AFFECT PRICING DECISIONS (A140143/Q/6/P21002, JUNE 24, 2021)**

We recommend that the FAS Commissioner:

- Take immediate action to mitigate the risks associated with the TDR pilot by restricting additional contractors from opting into the TDR pilot and restricting access to, and use of, the TDR pilot data.
- Develop and implement an exit strategy for the TDR pilot and transition participating contractors out of the TDR pilot.



**FAS CANNOT PROVIDE ASSURANCE THAT MAS CONTRACT PRICING RESULTS IN ORDERS ACHIEVING THE LOWEST OVERALL COST ALTERNATIVE (A200975/Q/3/P22002, SEPTEMBER 30, 2022)**

We recommend that the FAS Commissioner:

- Cancel the TDR pilot in accordance with FAS Policy and Procedures 2016-11, *Transactional Data Reporting – Federal Supply Schedule Program Implementation, Paragraph 8(G), Pilot Cancellation*. We recognize that FAS rejected recommendations made in GSA’s *Transactional Data Reporting Pilot Is Not Used to Affect Pricing Decisions*, Report Number A140143/Q/6/P21002, including that FAS develop and implement an exit strategy for the TDR pilot and transition participating contractors out of the TDR pilot. However, we continue to conclude that the TDR pilot should be canceled. After 6 years, the TDR pilot still has not resulted in a viable pricing methodology that ensures compliance with CICA’s requirement for orders to result in the lowest overall cost alternative to meet the government’s needs.
- Inform customer agencies that they should perform separate and independent price determinations because relying on MAS contract pricing and following the ordering procedures in Federal Acquisition Regulation (FAR) 8.405, *Ordering procedures for Federal Supply Schedules*, may not ensure compliance with the CICA requirement that orders and contracts result in the lowest overall cost alternative. This should continue until the requirements and controls outlined in *Recommendation 3* are set in place to ensure compliance with CICA.
- Establish requirements and controls to ensure that FAS contracting personnel adequately analyze CSP information to negotiate pricing consistent with CICA, FAR, and GSAR 538.270-1, *Evaluation of offers without access to transactional data* and to clearly identify and support the determination of most favored customer pricing.
  - FAS should ensure that offerors provide its contracting personnel with detailed information about the sales volumes, terms and conditions of pricing agreements, and any additional transactional discounts or pricing terms offered to individual commercial customers that receive the best pricing for the products and services proposed for the MAS contract.
  - FAS should establish protocols that require offerors to submit other than certified cost or pricing data to support proposed pricing when offerors do not have comparable sales to customers outside of its MAS contract.
  - FAS should cancel FAS Policy and Procedures 2017-02, *Updated Procedures for Exercising the Option to Extend the Term of a Federal Supply Schedule Contract*, and develop and implement policy and procedures directing FAS’s contracting personnel to perform price analyses of CSP disclosures provided by the offeror for MAS contract option extensions.







# APPENDIX III

## AUDIT AND INSPECTION REPORT REGISTER

| DATE OF REPORT  | AUDIT NUMBER | TITLE  | DECISION DATE | FINANCIAL RECOMMENDATIONS     |                  |
|---|--------------|--|---------------|-------------------------------|------------------|
|   |              |  |               | FUNDS TO BE PUT TO BETTER USE | QUESTIONED COSTS |
| (Note: Because some audits pertain to contract awards or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.) |              |  |               |                               |                  |
| <b>PBS PERFORMANCE AUDITS</b>   |              |  |               |                               |                  |
| 12/02/2022  | A210045      | The GSA Public Buildings Service's Special Programs Division Is Not Effectively Managing Reimbursable Work Authorizations  | 02/02/2023    |                               |                  |
| 12/21/2022  | A230018      | Implementation Review of Corrective Action Plan: Audit of the GSA Public Buildings Service's Commercial Parking Outleases, Report Number A180039/P/4/R20006, March 31, 2020  | N/A           |                               |                  |
| 12/30/2022  | A210053      | PBS Needs to Strengthen Its Training and Warranting Programs for Contracting Officers  | 02/27/2023    |                               |                  |
| 02/16/2023  | A210030      | PBS Southeast Sunbelt Region's Lack of Planning Has Resulted in Chillers that Are Outdated, Inadequately Maintained, and Lack Redundancy   |               |                               |                  |
| 02/16/2023  | A220026      | Audit of PBS's Oversight of Lease Periodic Services  |               |                               |                  |
| 02/21/2023  | A210069      | GSA Is Not Monitoring Data from Access Card Readers to Identify Risks to GSA Personnel and Federal Property  |               |                               |                  |
| 03/02/2023  | A210070      | Audit of the Calexico West Land Port of Entry Expansion and Modernization Project  |               |                               |                  |
| <b>PBS CONTRACT AUDITS</b>  |              |  |               |                               |                  |
| 10/28/2022  | A220073      | Independent Review of a Cost Accounting Standards Board Disclosure Statement: Turner Construction Company, Solicitation Number 47PC0320R0004   | 10/28/2022    |                               |                  |
| 12/27/2022  | A201028      | Independent Examination of Costs to Date: Massachusetts Institute of Technology Investment Management Company Relative to Its Exchange Agreement with the General Services Administration for the John A. Volpe National Transportation Systems Center |               |                               |                  |
| <b>FAS CONTRACT AUDITS</b>  |              |  |               |                               |                  |
| 10/04/2022  | A210038      | Independent Preaward Examination of Multiple Award Schedule Contract: ISS Action Inc., Contract Number GS-07F-072GA  | 11/23/2022    |                               | \$197,350        |
| 10/12/2022  | A220054      | Independent Preaward Examination of Multiple Award Schedule Contract: Favor TechConsulting, LLC, Contract Number GS-35F-340AA  | 11/14/2022    |                               |                  |
| 10/18/2022  | A220024      | Independent Preaward Examination of Multiple Award Schedule Contract: Intellibridge, LLC, Contract Number GS-35F-051AA   | 12/21/2022    |                               |                  |
| 11/04/2022  | A220040      | Independent Preaward Examination of Multiple Award Schedule Contract: C. Mack Solutions, LLC, Contract Number 47QTC18D0082   | 11/04/2022    |                               |                  |
| 11/14/2022  | A220048      | Independent Preaward Examination of Multiple Award Schedule Contract: The District Communications Group, LLC, Contract Number GS-07F-180AA   | 01/17/2023    |                               |                  |
| 11/15/2022  | A210051      | Independent Preaward Examination of Multiple Award Schedule Contract: W.S. Darley & Co., Contract Number GS-07F-0387Y  | 01/23/2023    |                               | \$32,442         |

| DATE OF REPORT                  | AUDIT NUMBER | TITLE  | DECISION DATE | FINANCIAL RECOMMENDATIONS     |                  |
|---------------------------------|--------------|--|---------------|-------------------------------|------------------|
|                                 |              |  |               | FUNDS TO BE PUT TO BETTER USE | QUESTIONED COSTS |
| 11/16/2022                      | A220022      | Independent Preaward Examination of Multiple Award Schedule Contract: Ethan Allen Retail, Inc., Contract Number GS-28F-007AA   | 12/16/2022    |                               | \$1,705          |
| 11/21/2022                      | A210068      | Independent Preaward Examination of Multiple Award Schedule Contract: Planned Systems International, Inc., Contract Number GS-35F-598GA  | 01/17/2023    |                               |                  |
| 11/28/2022                      | A220047      | Independent Preaward Examination of Multiple Award Schedule Contract: Ardent Management Consulting, Inc., Contract Number GS-35F-0212U   | 02/01/2023    |                               |                  |
| 12/01/2022                      | A210024      | Independent Limited Scope Postaward Examination of Multiple Award Schedule Contract: Slalom, LLC, Contract Number GS-35F-053GA   | 02/07/2023    |                               | \$910,526        |
| 12/08/2022                      | A220038      | Independent Preaward Examination of Multiple Award Schedule Contract: The Urban Institute, Contract Number 47QRAA18D003Z   | 02/07/2023    |                               |                  |
| 12/13/2022                      | A210067      | Independent Preaward Examination of Multiple Award Schedule Contract Extension: Deployed Resources, LLC, Contract Number GS-10F-0309T  | 02/07/2023    |                               |                  |
| 12/13/2022                      | A210075      | Independent Preaward Examination of Multiple Award Schedule Contract: CommunicateHealth, Inc., Contract Number GS-07F-0517Y  | 02/13/2023    |                               | \$264,716        |
| 12/15/2022                      | A220039      | Independent Preaward Examination of Multiple Award Schedule Contract: Currier, McCabe & Associates, Inc., Contract Number GS-35-F190AA   | 02/16/2023    |                               | \$94,441         |
| 01/13/2023                      | A220046      | Independent Preaward Examination of Multiple Award Schedule Contract: Metro Office Solutions, Inc., Contract Number GS-28F-0011U   | 01/13/2023    |                               |                  |
| 02/06/2023                      | A220034      | Independent Postaward Examination of Multiple Award Schedule Contract: Science Applications International Corporation, Contract Number 47QTCA18D006H                                     |               |                               | \$209,139        |
| <b>OTHER PERFORMANCE AUDITS</b> |              |  |               |                               |                  |
| 10/05/2022                      | A220037      | GSA Is Not Fully Complying with the Geospatial Data Act of 2018  | 03/07/2023    |                               |                  |
| 01/10/2023                      | A220075      | Implementation Review of Corrective Action Plan: Audit of GSA's Controls to Prevent Contracting With Suspended and Debarred Contractors, Report Number A180104/Q/2/P20004, June 19, 2020 | N/A           |                               |                  |
| 02/09/2023                      | A210064      | GSA's Administration of Performance-Based Contracts Puts the Government at Risk of Unsatisfactory Contractor Performance and Wasted Funds  |               |                               |                  |
| <b>INSPECTION REPORTS</b>       |              |  |               |                               |                  |
| 11/28/2022                      | JE23-001     | Ventilation Issues Persist in Unrenovated Wings of GSA Headquarters Building   | 02/13/2023    |                               |                  |
| 01/19/2023                      | JE23-002     | GSA Oversight of Federal Surplus Firearms  | 03/09/2023    |                               |                  |
| 03/07/2023                      | JE23-003     | GSA Misled Customers on Login.gov's Compliance with Digital Identity Standards   |               |                               |                  |

# APPENDIX IV OIG REPORTS OVER 12 MONTHS OLD, FINAL AGENCY ACTION PENDING

Section 6009 of the Federal Acquisition Streamlining Act of 1994, Public Law 103-55, as amended by Section 810 of Public Law 104-106, requires the head of a federal agency to complete final action on each management decision required with regard to a recommendation in an Inspector General's report within 12 months after the date of the report. If the head of the agency fails to complete final action within the 12-month period, the Inspector General shall identify the matter in the semiannual report until final action is complete.

*The Office of Audit Management and Accountability provided the following list of reports with action items open beyond 12 months:*

| DATE OF REPORT                     | REPORT NUMBER | TITLE   |                             |
|------------------------------------|---------------|---|-----------------------------|
| <b>CONTRACT AUDITS</b>             |               |   |                             |
| 03/30/2017                         | A150001       | Preaward Examination of Multiple Award Schedule Contract Extension: Noble Sales Co., Inc., Contract Number GS-06F-0032K   |                             |
| 05/27/2020                         | A190070       | Independent Postaward Examination of Multiple Award Schedule Contract: KPaul Properties, LLC, Contract Number GS-21F-0095U  |                             |
| 09/29/2020                         | A190088       | Independent Preaward Examination of Multiple Award Schedule Contract Extension: United Rentals, Inc., Contract Number GS-06F-0068R                                      |                             |
| 02/11/2021                         | A200986       | Independent Examination of a Claim: Balfour Beatty Construction, LLC, Contract Number GS-11-P-17-MM-C-0002  |                             |
| 06/09/2021                         | A201000       | Independent Examination of a Claim: Berkel & Company Contractors, Inc., Subcontractor to Balfour Beatty Construction Company, LLC, Contract Number GS-11-P-17-MM-C-0002 |                             |
| 08/27/2021                         | A200997       | Independent Examination of a Claim: Kirlin Design Build, LLC, Subcontractor to Balfour Beatty Construction, LLC, Contract Number GS-11-P-17-MM-C-0002                   |                             |
| 09/28/2021                         | A210024       | Independent Preaward Examination of Multiple Award Schedule Contract Extension: Slalom, LLC, Contract Number GS-35F-053GA   |                             |
| 03/03/2022                         | A210054       | Independent Examination of a Claim: Desbuild EG Management Services JV, LLC, Contract Number GS-11-P-17-MK-C-0016   |                             |
| 03/30/2022                         | A210066       | Independent Preaward Examination of Multiple Award Schedule Contract Extension: Koniag Technology Solutions, Inc., Contract Number GS-35F-0461Y                         |                             |
| DATE OF REPORT                     | REPORT NUMBER | TITLE   | PROJECTED FINAL ACTION DATE |
| <b>INSPECTIONS AND EVALUATIONS</b> |               |   |                             |
| 09/14/2021                         | JE21-002      | Evaluation of the General Services Administration's Use of an Ad Hoc Appraisal Process for an Executive   | TBD*                        |

\* GSA and the OIG are working to develop and approve a corrective action plan.

# APPENDIX V

## MANAGEMENT DECISIONS

Section 5(a)(6) of the Inspector General Act of 1978, as amended, requires each Inspector General Semiannual Report to include information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period. The table presented below lists all such decisions.

| REPORT TITLE  | REPORT DATE | DECISION DATE | OIG RECOMMENDATION            |                  | GSA DECISION                  |                  |
|---|-------------|---------------|-------------------------------|------------------|-------------------------------|------------------|
|   |             |               | FUNDS TO BE PUT TO BETTER USE | QUESTIONED COSTS | FUNDS TO BE PUT TO BETTER USE | QUESTIONED COSTS |
| FAS's Use of the 4P Tool on Contract and Option Awards Often Results in Noncompliant Price Determinations                                 | 7/27/2022   | 10/20/2022    |                               |                  |                               |                  |
| Independent Limited Scope Postaward Examination of Multiple Award Schedule Contract: Capp, Inc., Contract Number GS-21F-0116X             | 8/23/2022   | 10/24/2022    |                               | \$277,956        |                               | \$265,808        |
| Independent Examination of a Cost Accounting Standards Board Disclosure Statement: Brasfield & Gorrie, LLC, Contract Number 47PD0121C0005 | 9/15/2022   | 10/26/2022    |                               |                  |                               |                  |
| Audit of PBS NCR's Metropolitan Service Center Reimbursable Work Authorizations   | 9/23/2022   | 1/30/2023     |                               |                  |                               |                  |
| Independent Preaward Examination of Multiple Award Schedule Contract: Maximus Federal Services, Inc., Contract Number GS-35F-685GA        | 9/26/2022   | 11/21/2022    |                               | \$249,855        |                               | \$249,855        |
| COVID-19: PBS Faces Challenges in Its Efforts to Improve Air Filtration in GSA-Controlled Facilities                                      | 9/30/2022   | 2/2/2023      |                               |                  |                               |                  |
| FAS Cannot Provide Assurance That MAS Contract Pricing Results in Orders Achieving the Lowest Overall Cost Alternative                    | 9/30/2022   | 3/31/2023     |                               |                  |                               |                  |
|   |             |               | \$—                           | \$527,811        | \$—                           | \$515,663        |



## A Decision with which the Inspector General Disagrees

Audit follow-up is an integral part of good management and is a shared responsibility of agency management officials and auditors. Corrective action taken by management on resolved findings and recommendations is essential to improving the effectiveness and efficiency of government operations. When there are disagreements, it is the Inspector General's responsibility to report significant disagreements to the Audit Follow-up Official. It is then the Audit Follow-up Official's responsibility to ensure disagreements are resolved. However, during this reporting period, there was one management decision with which the Inspector General still disagrees.

### **FAS CANNOT PROVIDE ASSURANCE THAT MAS CONTRACT PRICING RESULTS IN ORDERS ACHIEVING THE LOWEST OVERALL COST ALTERNATIVE**

#### **Report Number A200975/Q/3/P22002**

On September 30, 2022, our office issued *FAS Cannot Provide Assurance That MAS Contract Pricing Results in Orders Achieving the Lowest Overall Cost Alternative*. Our audit analyzed the pricing methodologies FAS used on Multiple Award Schedule (MAS) contracts that participate in the Transactional Data Reporting (TDR) pilot and MAS contracts that required Commercial Sales Practices (CSP) disclosures. Our audit found that the price analyses under both methodologies were deficient.

When performing price analyses on TDR pilot contracts, FAS contracting personnel did not have access to TDR data that could be used for pricing decisions and, as a result, they mainly compared proposed pricing to other MAS and government contracts. However, this approach does not provide customer agencies with assurance that FAS achieves pricing that reflects the offerors' best pricing and will result in the lowest overall cost alternative to meet the government's needs. When performing price analyses for contracts subject to the CSP requirement, FAS contracting personnel accepted commercial pricing information from offerors that was unsupported, outdated, or did not identify comparable commercial sales and relied on comparisons to other MAS and government contracts to make pricing decisions.

After examining 20 recent MAS contract and option awards, we found that price analyses for both methodologies performed by FAS contracting personnel cannot provide customer agencies with assurance that orders placed against MAS contracts will result in the lowest overall cost alternative.

To address the audit finding, we made four recommendations to the FAS Commissioner: (1) cancel the TDR pilot in accordance with FAS Policy and Procedures 2016-11, *Transactional Data Reporting – Federal Supply Schedule Program Implementation, Paragraph 8(G), Pilot Cancellation*; after more than 6 years, the TDR Pilot has not resulted in a viable pricing methodology that ensures compliance with the Competition in Contracting Act; (2) inform customer agencies that they should perform separate and independent price determinations because relying on MAS contract pricing and following the ordering procedures in Federal Acquisition Regulation (FAR) 8.405, *Ordering procedures for Federal Supply Schedules*, may not ensure compliance with the Competition in Contracting Act of 1984 requirement that orders and contracts result in the lowest overall cost alternative; (3) establish requirements and controls to ensure that FAS contracting personnel adequately analyze CSP information to negotiate pricing consistent with regulations and clearly identify and support the determination of most favored customer pricing; and (4) explore new pricing methodologies that can ensure that FAS’s contracting personnel are able to leverage aggregate government buying power to negotiate and award MAS contracts that result in orders that reflect the lowest overall cost alternative to meet the needs of the government.

On December 1, 2022, the FAS Commissioner issued a written response stating that FAS disagrees with the first three recommendations and provided a corrective action plan addressing the fourth recommendation.

On January 11, 2023, we met with the FAS Commissioner to resolve our areas of disagreement. The FAS Commissioner informed us that they did not intend to initiate corrective actions to address the first three audit recommendations. As a result, we were unable to achieve resolution.

On February 15, 2023, we provided a Decision Paper for Resolution Action to GSA’s Audit Follow-up Official, requesting a resolution of the disagreement. On March 14, 2023, the Audit Follow-up Official responded that:

GSA respectfully disagrees with OIG’s view that the TDR program should end, that customer agencies should perform separate and independent price determinations and believes that there may be a broader misalignment on respective interpretations of the CSP.

While we acknowledge the Audit Follow-up Official’s management decision, we do not agree with it. We remain concerned about FAS’s refusal to commit to a corrective action plan to address the deficiencies with the pricing methodologies—deficiencies which imperil taxpayer dollars and the public interest—by implementing first three recommendations presented in our audit report.

Therefore, we consider the three recommendations to be unimplemented.

# APPENDIX VI

## PEER REVIEW RESULTS

Section 5(a) (8)-(10) of the Inspector General Act of 1978, as amended, requires each Inspector General to submit an appendix containing the results of any peer review conducted by another Office of Inspector General (OIG) during the reporting period or, if no peer review was conducted, a statement identifying the date of the last peer review conducted; a list of any outstanding recommendations from any peer review conducted by another OIG that have not been fully implemented, the status of the recommendation, and an explanation why the recommendation is not complete; and a list of any peer reviews conducted by the OIG of another Office of Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review that have not been fully implemented.

In FY 2020, the GSA OIG Office of Investigations underwent a peer review by the Department of Education OIG and received a passing rating. The peer review team found that the systems of internal safeguards and management procedures for the Office of Investigations complied with the standards established for investigations by the Attorney General Guidelines and CIGIE. There were no outstanding recommendations from prior peer reviews.

In FY 2021, the GSA OIG Office of Audits underwent a peer review by the Department of Labor OIG. On September 30, 2021, the Office of Audits received a peer review rating of “pass.” The peer review team found that the Office of Audits’ system of quality control is suitably designed and complied with to provide it with reasonable assurance of performing and reporting in conformity with the quality standards established by CIGIE in all material aspects. No outstanding recommendations exist from any peer review conducted by another OIG.

Also in FY 2021, the GSA OIG Office of Inspections underwent a peer review by the Library of Congress OIG and Architect of the Capital OIG. The peer review team found the Office of Inspections’ policies and procedures generally met the selected seven standards established in the January 2012 CIGIE Quality Standards for Inspection and Evaluation. The peer review team also found the selected report generally met the quality standards and complied with the Office of Inspections’ internal policies and procedures. No outstanding recommendations exist for the Office of Inspections.

In FY 2022, the GSA OIG Office of Inspections conducted a peer review of the United States Office of Personnel Management, Office of Evaluations. The peer review team found the Office of Evaluations’ policies and procedures generally met the selected seven standards established in the January 2012 CIGIE Quality Standards for Inspection and Evaluation. The peer review team also found the selected reports generally met the quality standards and complied with the Office of Evaluations’ internal policies and procedures. No outstanding recommendations exist for external peer reviews performed by GSA OIG Office of Inspections.

# APPENDIX VII

## GOVERNMENT CONTRACTOR SIGNIFICANT AUDIT FINDINGS

The National Defense Authorization Act for FY 2008, Public Law 110-181, Section 845, requires each IG appointed under the Inspector General Act of 1978, as amended, to submit an annex on final, completed contract audit reports issued to the contracting activity as part of its Semiannual Report to the Congress.

The annex addresses significant audit findings — unsupported, questioned, or disallowed costs in excess of \$10 million — or other significant contracting issues. During this reporting period, there are no OIG reports that met these requirements.

# APPENDIX VIII

## 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 required by the National Defense Authorization Act for Fiscal Year 2008 and the Federal Acquisition Streamlining Act of 1994, as amended, are also cross-referenced to the appropriate pages of the report.

| REQUIREMENTS<br>INSPECTOR GENERAL ACT OF 1978, AS AMENDED (5 U.S.C. CHAPTER 4) |  |            |
|--|--|------------|
| SECTION  |  | PAGE       |
| 404(c)(2)  | Legislative & Regulatory Recommendations                         | 42         |
| 405(a)(1)  | Significant Problems, Abuses & Deficiencies                      | i, 5, 8-27 |
| 405(a)(2)  | Unimplemented Prior Period Recommendations                       | 47         |
| 405(a)(3)  | Significant Investigations Closed                                | 29         |
| 405(a)(4)  | Total Convictions Number   | 39         |
| 405(a)(5)  | Report Listing with Dollar Values                                | 54         |
| 405(a)(6)  | Management Decisions Made on Prior Period Recommendations        | 576        |
| 405(a)(7)  | Federal Financial Management Improvement Milestones              | none       |
| 405(a)(8)-(10)   | Peer Review Information & Results                                | 60         |
| 405(a)(11)   | Investigative Statistical Tables                                 | 38         |
| 405(a)(12)   | Investigative Table Metrics                                      | 38         |
| 405(a)(13)   | Investigations of Senior Employees with Substantiated Misconduct | none       |
| 405(a)(14)   | Whistleblower Retaliation  | none       |
| 405(a)(15)   | Agency Interference with OIG Independence                        | none       |
| 405(a)(16)(A)  | Non-public Audit, Evaluation or Inspection Reports               | 54         |
| 405(a)(16)(B)  | Non-public Investigations of Senior Government Employees         | 33         |
| OTHERS   |  |            |
| PL 106-531, Sec. 3   | Most Significant Management Challenges                           | 5          |
| PL 103-355, Sec. 6009  | Reports Over a Year with Final Agency Action Pending             | 56         |
| PL 110-181, Sec. 845   | Government Contractor Significant Audit Findings                 | 61         |





Make  
like  
it's your  
money!

It is.

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

Inspector General's Hotline

Toll-free 1-800-424-5210  
Washington, DC metropolitan area  
(202) 501-1780

or access the Web:  
<https://www.gsaig.gov/hotline/>

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

Photo: Staircase alcove in former General Post Office, Tariff Building; now the Monaco Hotel, Washington, D.C.



[www.twitter.com/GSA\\_OIG](https://twitter.com/GSA_OIG)



<https://www.gsaig.gov/content/rss-feeds>



Office of Inspector General  
U.S. General Services Administration  
1800 F Street, NW  
Washington, DC 20405  
<https://www.gsaig.gov>