



Office of Inspector General  
U.S. General Services Administration

# Semiannual Report to the Congress

October 1, 2004 - March 31, 2005

# GSA's SIGNIFICANT MANAGEMENT CHALLENGES

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

CHALLENGES	BRIEF DESCRIPTION OF CHALLENGE	PAGE
<b>PROCUREMENT ACTIVITIES</b>	Simplified processes have reduced order and delivery time, yet competitive principles are not always followed and opportunities may be missed for less costly services and products.	2 – 4, 14 – 18
<b>CONTRACT MANAGEMENT</b>	GSA's multibillion dollar acquisition programs have expanded rapidly in terms of sales, variety, and complexity of the procurements performed. A growing list of warning signs throughout the acquisition process suggests that the technical and management skills needed by the procurement workforce to operate in this more sophisticated arena are not keeping pace with these new demands.	4 – 6
<b>INFORMATION TECHNOLOGY</b>	Technology applications have increased exponentially as "E-Gov" is used to better manage operations and interface with the public, but complex integration and security issues exist.	6 – 7
<b>MANAGEMENT CONTROLS</b>	Management controls have been streamlined, resulting in fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed.	7 – 11
<b>PROTECTION OF FEDERAL FACILITIES AND PERSONNEL</b>	GSA is responsible for protecting the life and safety of employees and public visitors in Federal buildings. A broadly integrated security program is required.	11 – 13
<b>AGING FEDERAL BUILDINGS</b>	GSA is being challenged to provide quality space to Federal agencies using an aging, deteriorating inventory of buildings and facing critical budgetary limitations in its modernization program.	No Reports This Period
<b>HUMAN CAPITAL</b>	GSA's corporate knowledge is eroding and efforts to obtain requisite skills for the future are impeded. Better recruitment and training programs are needed to develop the 21st century workforce.	No Reports This Period

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## Foreword

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*This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the six-month reporting period that ended March 31, 2005.*

*During the past six months, we continued to work with GSA to identify business management and operational improvements in the Agency's programs and activities. We issued reports focusing on the major challenges facing the Agency, particularly in the areas of procurement, contract management, information technology, management controls, and the protection of Federal facilities and personnel. We completed audit work requested by Administrator Perry, who asked us to conduct a nationwide review to determine the nature and breadth of procurement deficiencies within the multibillion dollar Federal Technology Service (FTS) Client Support Center (CSC) contracting program. Our review of 332 task orders valued at \$4.6 billion awarded by the 11 CSCs documented widespread weaknesses; however, there was also substantial evidence that GSA senior management's corrective measures were beginning to take hold. In cooperation with the Department of Defense (DoD) Office of Inspector General, we are conducting additional audit work designed to test the effectiveness of both GSA and DoD procurement improvements, including the joint "Get it Right" initiative, and respond to Congressional concerns regarding the CSCs' compliance with the Federal Acquisition Regulation and Defense procurement requirements. We plan to issue our final reports on this additional audit work by June 2005.*

*This period, we identified over \$392 million in financial recommendations on how funds could be put to better use. We achieved over \$35 million in management decisions agreeing with audit recommendations, civil settlements, and direct recoveries. We made 310 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 20 successful prosecutions.*

*I would like to add a personal note. This will be the last Semiannual Report I submit as GSA's Inspector General, as I now prepare to be appointed Inspector General of the Department of Health and Human Services. Since my arrival at GSA four years ago, I have visited every one of our office locations, and have personally met nearly every member of our staff to discuss office projects and operations. I can therefore say not only from the work product that reaches my desk, but also from direct personal experience, that it has been a high privilege and extraordinary honor to lead such a dedicated and productive team of professional public servants. I leave this office with a sense of gratitude for having had the opportunity to know and work with such a fine group of people, and with a renewed sense of how much our Federal Inspector General community continues to accomplish on behalf of the Nation.*

*Daniel R. Levinson*

Daniel R. Levinson  
Inspector General  
April 29, 2005



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## Summary of OIG Performance

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### ***OIG Accomplishments***

**October 1, 2004 – March 31, 2005**

Total financial recommendations	\$393,448,641
These include:	
• Recommendations that funds be put to better use	\$392,872,817
• Questioned costs	\$575,824
Audit reports issued	98
Referrals for criminal prosecution, civil litigation, and administrative action	310

### ***Results Attained***

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries	\$35,904,476
Indictments and informations on criminal referrals	40
Cases accepted for criminal prosecution	25
Cases accepted for civil action	5
Successful criminal prosecutions	20
Civil settlements	2
Contractors/individuals debarred	24
Contractors/individuals suspended	16
Employee actions taken on administrative referrals involving GSA employees	16





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## Executive Summary

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

### **Management Challenges**

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

### **Procurement Activities**

In previous semiannual reports, we highlighted problems of inappropriate contracting practices at the Federal Technology Service's (FTS) Client Support Centers (CSC), identifying numerous improper task orders and contract awards in three GSA regions. As a result of our work, the Administrator and FTS Commissioner undertook a number of corrective actions, including the "Get it Right" initiative, launched in conjunction with DoD's Director of Defense Procurement and Acquisition Policy. This initiative was designed to ensure the proper use of contract vehicles and services and to ensure that clients and taxpayers receive the best value, and includes educating and training acquisition employees, aligning performance measures, publishing new contracting regulations and procedures, and validating the proper use of GSA contract vehicles and services. During this period we completed audit work requested by Administrator Perry, who asked us to conduct a nationwide review to determine the nature and breadth of procurement deficiencies within the multibillion dollar FTS CSC contracting program. The Chairman of the Senate Finance Committee had also requested that we provide continuing oversight of CSC operations to ensure that deficiencies are appropriately addressed. Our review of 332 task orders valued at \$4.6 billion awarded by the 11 CSCs documented that there were widespread weaknesses, such as inadequate competition, lack of support for fair and reasonable pricing, improper task order modifications, and unjustified time-and-materials contracts. However, there was also substantial evidence that senior GSA management's corrective measures were beginning to take hold. We issued individual audit reports on CSC contracting practices in each of GSA's 11 regions and summarized

Improper FTS  
contracting practices

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## Executive Summary

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and presented them in our “Compendium of Audits of the Federal Technology Service Regional Client Support Centers,” dated December 14, 2004. In cooperation with the Department of Defense (DoD) Office of Inspector General, we are conducting additional audit work designed to test the effectiveness of both GSA and DoD procurement improvements, including the joint “Get it Right” initiative, and respond to Congressional concerns regarding the CSCs’ compliance with the Federal Acquisition Regulation (FAR) and Defense procurement requirements. In these additional reviews, we are conducting comprehensive testing of management controls throughout the CSC program by reviewing 182 task orders valued at \$2 billion, including a random sample of new orders and a judgmental sample of modifications to existing orders. We plan to issue our final reports on this additional audit work by June 2005 (page 2).

### Acquisition of IT support services

We reviewed procurement practices for acquiring IT support services for the Public Buildings Service (PBS) in the National Capital Region. The scope of our review consisted of twelve task orders valued at \$23.1 million. We found an overreliance on the use of time-and-materials type task orders to acquire IT services. In addition, we noted that dependency on a single vendor creates a definite incumbent bias, compromising the integrity of the procurement process (page 4).

### Contract Management

### Emergency procurement action

The OIG received a complaint regarding contract administration in the Potomac Service Center, which handles tenant agency space needs in the National Capital Region. Our review centered on a task order for anthrax remediation services awarded to a vendor under its Federal Supply Service Multiple Award Schedule contract. The initial task order issued in May 2002 was valued at over \$900,000 and was to expire in July 2002; however, as of February 2005, GSA had paid the vendor \$3.7 million on this task order. While the need for anthrax remediation clearly met the FAR criteria for unusual and compelling urgency, essential procurement requirements were either unmet under this task order or not documented in the contract files. Additionally, as a lesson learned, our review notes that the vendor’s schedule contract was not the optimal contract type for ordering emergency services in an evolving situation. Given the potential for similar future emergency procurements, we recommended that the Agency task a team of program experts and procurement officials to create a template emergency acquisition plan (page 5).

### Information Technology

### IT Security Program

In our last semiannual report, we reported on our review of GSA’s IT Security Program under the Federal Information Security Management Act (FISMA). FISMA requires Federal agencies to develop, document, and implement an agency-wide IT Security Program to manage risks with its

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## Executive Summary

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computer systems. Overall, we found that GSA continues to strengthen its IT Security Program; however, some security weaknesses still persist. Our FISMA audit assessed GSA's IT Security Program based in part on how well established controls have been implemented for nine select systems across the Agency. This period, we issued nine restricted audit reports conveying sensitive security control weaknesses to management including detailed results of vulnerability scanning completed for each of the systems (page 6).

### STAR system

The System for Tracking and Administering Real Property (STAR) provides PBS a means to track and manage the government's real property assets. Our review assessed how well the STAR system was meeting management and user requirements and the effectiveness of the system's security controls. We found that recent organizational, business, and system changes have challenged PBS' ability to manage STAR in a manner consistent with the Agency's enterprise architecture goals for information technology. While PBS has taken steps to improve the collection and reporting of performance measures with the STAR business case, additional steps are needed to establish and achieve system-specific goals and measures aimed at ensuring long-term success for the system. In addition, we highlighted the importance of improving system security controls for STAR and developing a more comprehensive approach to monitoring risks with the system. We recommended that the PBS Commissioner work with the PBS Chief Information Officer to ensure that STAR provides: necessary business line management information through system enhancements; system-specific performance measures for identifying and monitoring progress with meeting established goals and system requirements; a complete system data dictionary designed to capture the comprehensive nature of information in STAR; and adequate security controls (page 6).

### Management Controls

### Construction prospectus funding

In recent years, concerns have been raised regarding cost overruns in PBS' construction program. In a management control review of construction prospectus funding controls, we found that PBS increased funding for five out of the six projects in our sample and reprogrammed funds for all of the projects. While management controls were effective in ensuring project costs did not exceed appropriations, cost overruns on the projects averaged more than 14 percent. PBS' new policy requiring regional offices to obligate up to 25 percent of their repair and alteration budgets as a first source for additional funds could have a major adverse impact on the repair and alteration program. Also, the reprogramming of funds from the repair and alteration and building operations accounts is reducing the funds available to meet the needs of these intended programs. Finally, we found that the Treasury Judgment Fund used for paying court judgments and settlement agreements may be absorbing some project-related costs. GSA has implemented initiatives to establish a more rigorous project management business process (page 8).

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## Executive Summary

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### Travel Charge Card

The GSA Travel Charge Card is a convenient method for Federal agencies and their employees to make payments for official government travel and travel-related expenses. GSA awarded its contract task order to Citibank. There are two types of accounts available under the contracts — individually billed and centrally billed. Our integrated audit approach focused on the controls over both the systems and the management of GSA's Centrally Billed Travel Charge Card Account (CBA) to ensure charges and related payments are for authorized travel only. Our limited review of transactions charged to the CBA did not disclose any significant irregularities in its use. However, we did identify areas for strengthening the control environment (page 8).

### Rent pricing

PBS has about 20,000 rent accounts for over 100 Federal agencies across the United States. The rent rate charged to the tenant agencies must approximate commercial charges for comparable space and services. Our audit focused on determining if the current pricing methodology is implemented consistently and in accordance with PBS' rent pricing policy as it relates to the basic pricing structure. Our review of the pricing method noted some areas where improvements could be made to strengthen the integrity of the rent data and increase the accuracy of billing information. We found varying degrees of support for changes to the shell rate in government-owned buildings. In addition, we found that PBS is not always recovering costs for improvements in leased space and, in some cases, not documenting its rationale for business decisions to not recover funds for other improvements. Furthermore, PBS' resolution of customer questions and customer satisfaction could be improved through more detailed information in the property files, rent bills, and STAR (page 9).

### Protection of Federal Facilities and Personnel

### Smart card technology

At the direction of OMB, GSA was asked to take the lead for adopting smart card technology within the Federal Government, to enable all employees to use one card for a wide range of purposes, including travel, small purchases, and building access. Our review to determine whether PBS is effectively implementing a smart card credential program for secure physical access to facilities managed by GSA revealed that PBS' effectiveness has been mixed. PBS issued a uniform smart card credential; however, implementation is hindered by the lack of a vision for incorporating the smart card credential as a component of agency-wide security. Also, responsibility for aspects of personal identification verification and building security is divided within the Agency. In addition, unless the building has a card reader, the smart card will simply function as a picture identification. As a result, inconsistent controls and the lack of a supporting infrastructure inhibit smart card credentials from delivering the convenient, yet secure, building access that the technology is capable of providing. Other aspects of the smart card initiative such as integrated security practices, interoperability, and procurement issues are also problematic (page 11).

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## Executive Summary

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### COOP plans

The Office of Emergency Management is responsible for ensuring that GSA has an effective program to continue to perform essential functions during and after an emergency. Within GSA, there are 26 individual continuity of operations (COOP) plans that represent each service, staff office, and region. Our audit focused on the regional plans, examining whether each region has designed a program that will allow the Agency to be prepared for, respond to, and recover from disasters. We found that the GSA regional offices have developed plans that are in compliance with Federal Emergency Management Agency guidance. However, some regions' plans showed a need for more complete identification of essential functions and the information systems that support those functions. We also found that the testing necessary to validate COOP effectiveness was inconsistently administered from region to region (page 12).

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

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

- The last of 16 individuals convicted for their involvement in a construction contractor kickback scheme was sentenced to three years probation with 200 hours of community service per year and ordered to pay restitution of \$100,000 for accepting bribes from a GSA contractor (page 14).
- Our investigation determined that an individual had used her positions as Director of the Nebraska State Agency for Surplus Property and as Fund Administrator for the National Association of State Agencies for Surplus Property to embezzle money to fund a personal gambling problem. She resigned from both positions and was sentenced to one year plus one day in prison, three years probation, and ordered to pay restitution in the amount of \$456,220 (page 14).
- A contract specialist with Unlimited Security Incorporated, a guard service, pled guilty to submitting false statements to the government. He was sentenced to three years probation and ordered to pay a fine of \$3,000 (page 15).
- A GSA employee pled guilty to possession of child pornography. He resigned from his position, was sentenced to 70 months incarceration followed by three years supervised release, and ordered to pay a \$2,500 fine (page 15).
- A joint investigation disclosed that a GSA contract guard (with assistance from his spouse) was impersonating an Immigration and Naturalization

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## *Executive Summary*

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Service official to extort money from individuals who were seeking legal immigration documents. The guard was found guilty of impersonating a Federal officer and is currently awaiting sentencing. His spouse pled guilty to conspiracy and impersonating a Federal officer; she was sentenced to 24 months in prison, two years supervisory release, and ordered to pay \$52,000 in restitution (page 15).

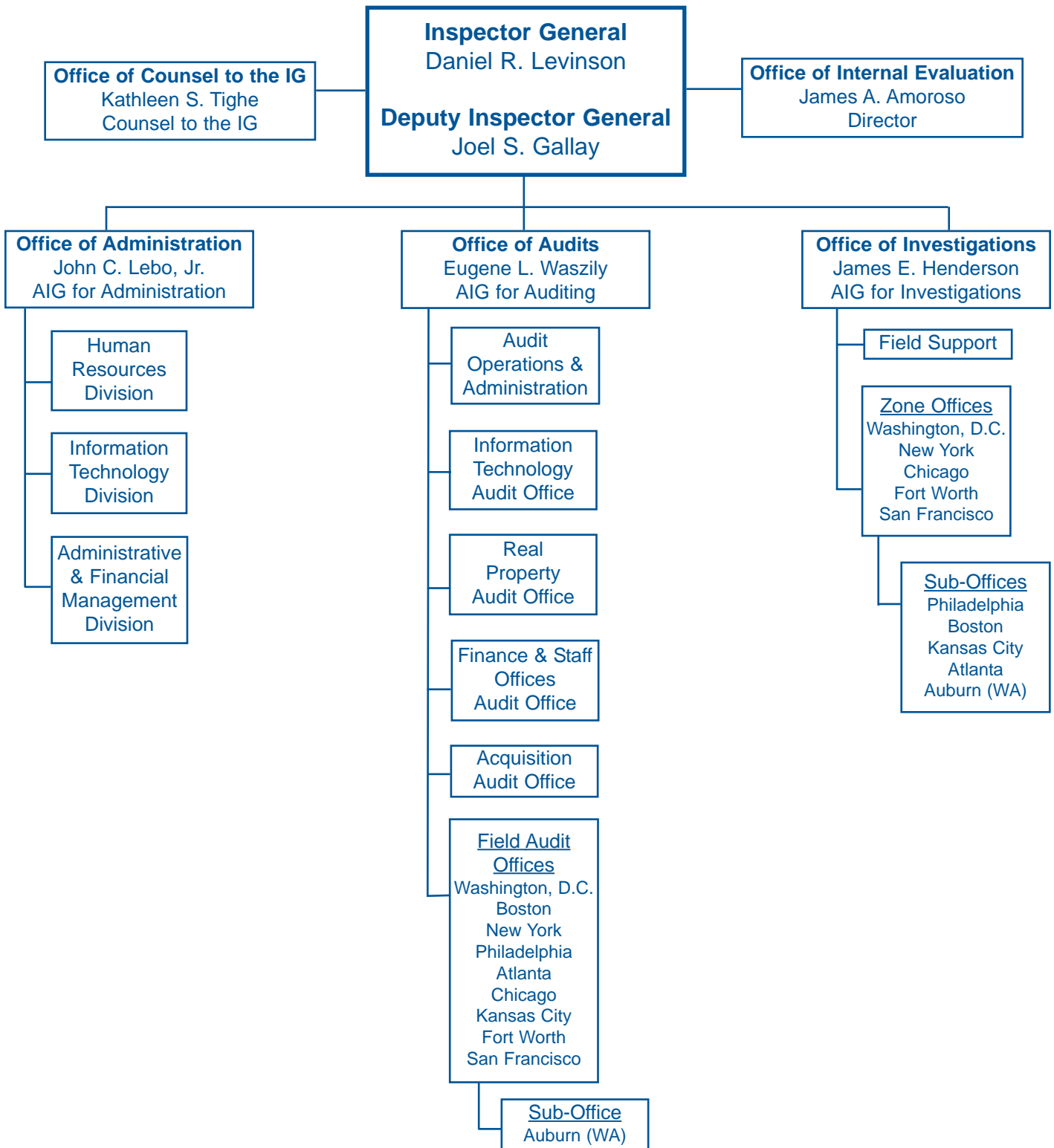
- A joint task force investigation found that a group of individuals used stolen government fleet charge cards and private sector fraudulent credit cards to steal fuel and resell it on the black market. The investigation led to the arrest of 46 individuals and the seizure of 44 vehicles, including two fuel tankers in the Miami, Florida area. Charges against these individuals included money laundering, fraud, theft, and unlawful transportation of fuel (page 15).
- Two additional fleet card abuse cases resulted in the sentencing of five individuals, with restitution totaling over \$43,000 (page 16).

### ***Summary of Results***

The OIG made over \$392 million in financial recommendations to better use government funds; made 310 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 108 legislative and regulatory actions; and received 1,097 Hotline contacts. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$35 million. (See page v for a summary of this period's performance.)



# OIG Organization Chart





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## OIG Profile

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*The GSA OIG was established on October 1, 1978 as one of the original 12 OIGs created by the Inspector General Act of 1978. The OIG's five components work together to perform the missions mandated by Congress.*

### Organization

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

- **The Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program performance reviews, assessment of management controls, and financial and compliance audits. The office also conducts external reviews in support of GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions. The office additionally provides research, benchmarking, and other services to assist Agency managers in evaluating and improving their programs.
- **The Office of Investigations**, an investigative unit that manages a nationwide program to prevent and detect illegal and/or improper activities involving GSA programs, operations, and personnel.
- **The Office of Counsel**, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative/regulatory review and Congressional liaison functions.
- **The Office of Internal Evaluation**, a quality control staff that provides coverage of OIG operations primarily through management assessments and conducts internal investigations and reviews at the direction of the Inspector General.
- **The Office of Administration**, a professional staff which provides information technology, budgetary, administrative, personnel, and communications support and services to all OIG offices.

### Office Locations

The OIG is headquartered in Washington, D.C., at GSA's Central Office Building. Field audit and investigation offices are maintained in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, San Francisco, Auburn, and Washington, D.C. (A contact list of OIG offices and key officials is provided in Appendix VI.)

### Staffing and Budget

As of March 31, 2005, our on-board strength was 278 employees. The OIG's Fiscal Year (FY) 2005 budget is \$46.4 million.

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## Management Challenges

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

### **Procurement Activities**

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

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

In previous semiannual reports, we highlighted audits of inappropriate contracting practices at the Federal Technology Service's (FTS) Client Support Centers (CSCs). CSCs help customer agencies define their information technology (IT) requirements, identify sources of products or services, prepare contract task orders, and assist in managing projects, depending upon the level of support needed by the customer. In FY 2004, CSC procurements exceeded \$5.4 billion, with Department of Defense (DoD) customers representing about 85 percent of the business. Our prior audits identified numerous improper task order and contract awards in three GSA regions, including improper sole-source awards, misuse of small business contracts, allowing work outside the contract scope, improper order modifications, frequent inappropriate use of time-and-materials task orders, and not enforcing contract provisions. In our January 2004 report, we recommended that FTS: 1) perform a detailed analysis of the factors contributing to the problems identified, including an ineffective system of internal controls; 2) based on this analysis, determine what changes are needed in the structure, operations, and mission of the CSCs; and 3) develop additional performance measures that promote competition and other sound procurement practices.

***Prior FTS audits revealed significant procurement irregularities.***

***GSA has initiated a number of improvement actions.***

The FTS Commissioner concurred with our report recommendations and in a series of policy letters, memoranda, and other guidance initiated a number of improvement actions, including ensuring that the contracting officer receives at least three bids for orders exceeding \$100,000; requiring legal counsel review for all task orders exceeding \$5 million; using acquisition checklists to ensure all appropriate steps in the procurement process are completed; and developing a management plan for each CSC that provides for performing self-assessments of CSC operations and task orders to ensure controls are in place.

Further, in July 2004, the Administrator, in conjunction with DoD's Director of Defense Procurement and Acquisition Policy, launched the "Get it Right" initiative to ensure proper contracting practices, and that clients and taxpayers receive the best value. This initiative includes educating and

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## Management Challenges

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

training acquisition employees, aligning performance measures, publishing new contracting regulations and procedures, and validating the proper use of GSA contract vehicles and services.

•**FY 2004 Audit of FTS CSC Contract Practices.** During this period we completed audit work requested by Administrator Perry, who asked us to conduct a nationwide review to determine the nature and breadth of procurement deficiencies within the multibillion dollar FTS CSC contracting program. The Chairman of the Senate Finance Committee had also requested that we provide continuing oversight of CSC operations to ensure that deficiencies are appropriately addressed.

**Expanded audits find additional procurement deficiencies but also evidence of improvement due to recently implemented controls.**

We reviewed 227 task orders valued at \$3.2 billion that were awarded by the 11 CSCs in 2003, to determine whether the procurements were conducted in accordance with the Federal Acquisition Regulation (FAR) and the terms and conditions of the contracts utilized. We also analyzed 105 task orders valued at \$1.4 billion awarded in FY 2004, to review the implementation of enhanced management controls. The task orders reviewed were selected as a risk-based judgmental sample of orders exceeding \$100,000.

Our review of 2003 task orders identified numerous improper contracting practices, such as inadequate competition, lack of support for fair and reasonable pricing, improper task order modifications, and unjustified time-and-materials contracts. Our review of 2004 task orders generally indicated some improvement from recently enhanced management controls put in place in the CSCs, although in some regions we found several of the same issues identified in our review of 2003 procurements. However, we recognize that our review of 2004 task orders was conducted during the time the CSCs were still in the process of implementing enhanced management controls in response to our prior audit findings. We issued individual audit reports on CSC contracting practices in each of GSA's 11 regions and summarized and presented them in our "Compendium of Audits of the Federal Technology Service Regional Client Support Centers," dated December 14, 2004.

In our January 2004 audit report on three CSCs, we recommended that FTS develop a broad-based improvement strategy that focuses on the structure, operations, and mission of the CSCs as well as the control environment, which the FTS Commissioner concurred with and undertook corrective actions. Based on those comprehensive recommendations, no further overall recommendations were deemed necessary in our audit report this period.

•**Additional Audits Directed in FY 2005 Legislation.** As directed in the Ronald W. Reagan National Defense Authorization Act for FY 2005, we

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## Management Challenges

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**Joint GSA IG and DoD IG testing of CSC controls underway.**

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

are conducting additional audit work in cooperation with the DoD Office of Inspector General, designed to test the effectiveness of both GSA and DoD procurement improvements, including the joint “Get it Right” initiative, and respond to Congressional concerns regarding the CSCs’ compliance with the FAR and Defense procurement requirements. In accordance with the Act, we are determining whether each CSC is compliant with procurement regulations, not compliant, or not compliant but making significant progress. In these additional reviews, we are conducting a comprehensive testing of management controls throughout the CSC program by reviewing 182 task orders valued at \$2 billion, including a random sample of new orders and a judgmental sample of modifications to existing orders. We plan to issue our final reports on this additional audit work by June 2005.

### **Acquisition of Regional IT Support Services**

We reviewed procurement practices for acquiring IT support services for the Public Buildings Service (PBS) in the National Capital Region to determine if the regional practices: 1) comply with the FAR; 2) promote competition; 3) achieve an appropriate balance of performance risk sharing; 4) produce acceptable contractor performance; 5) guard against personal services contracts; and 6) support IT risk management.

**Dependency on a single vendor compromises the integrity of the procurement process.**

The scope of our review consisted of twelve task orders valued at \$23.1 million. We found an overreliance on the use of time-and-materials type task orders to acquire IT services in the region. As a procurement type, time-and-materials contracts are not well suited to address the substantial and continuing need for large-scale IT service and support and are generally disfavored without proper justification. Secondly, we noted that 10 out of 12 task orders, worth \$21.5 million, were issued to one vendor. Dependency on a single vendor creates a definite incumbent bias, compromising the integrity of the procurement process. Task order statements of work favored the incumbent, thus limiting competition. PBS has not sought additional discounts or other means to reduce costs nor has it developed a means to formally measure the vendor’s performance. The vendor has no incentive to control costs or increase operational efficiencies. All the risk for successful completion of the work is borne by PBS.

The Regional Administrator agreed with the substance of our findings and welcomed our assistance as the region moves forward to address the findings.

### **Contract Management**

*GSA increasingly accomplishes its mission by using contractors to provide client services and products. Its multibillion dollar acquisition programs have*

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## Management Challenges

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

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

### **Emergency Procurement Action**

The OIG received a complaint regarding contract administration in the Potomac Service Center, which handles tenant agency space needs in the National Capital Region. The complaint alleged that: 1) non-authorized procurement actions occurred without the benefit of a contract, task order, scope of work, independent government estimate, or funding; 2) pricing of non-schedule items was not negotiated; 3) the number of procurement staff was insufficient; and 4) management did not support procurement regulations. In response to these allegations, we initiated a review of Potomac Service Center contract administration. Initially, we reviewed seven task orders to assess the allegations, but upon learning that the Agency had undertaken its own internal procurement review and was in the process of taking corrective actions, we refocused our audit efforts toward a more in-depth review of one of the seven task orders.

Our review centered on a task order for anthrax remediation services awarded to a vendor under its Federal Supply Service Multiple Award Schedule contract. GSA issued the task order to the vendor to remediate the anthrax-contaminated facility that handled the mail for the Executive Office of the President and other government agencies after the remediation effort grew too large for a previous contractor to complete. The task order issued in May 2002 was valued at over \$900,000 and was to expire in July 2002. However, work continued into June 2004, and as of February 2005, GSA had paid the vendor \$3.7 million on this task order.

While the need for anthrax remediation clearly met the FAR criteria for unusual and compelling urgency, essential procurement requirements were either unmet under this task order or not documented in the contract files. Among the deficiencies we noted were payment in excess of task order value; no price reasonableness determination for non-schedule items; payment for work beyond the defined period of performance; undated, multiple revisions to the statement of work; and required documentation absent from contract files. Additionally, as a lesson learned, our review notes that the vendor's schedule contract was not the optimal contract type for ordering emergency services in an evolving situation.

Given the potential for similar future emergency procurements, we recommended that the Agency task a team of program experts and

***Anthrax  
remediation  
provides lessons  
learned for future  
emergency  
procurements.***



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## Management Challenges

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

procurement officials to create a template emergency acquisition plan. Such emergency planning should consider contract type, funding options, documentation requirements, project cost management, and vendor cost reporting responsibilities.

### **Information Technology**

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

### **Computer System Security Assessments**

In our last semiannual report, we reported on our review of GSA's IT Security Program under the Federal Information Security Management Act (FISMA). FISMA requires Federal agencies to develop, document, and implement an agency-wide IT Security Program to manage risks with its computer systems. Overall, we found that GSA continues to strengthen its IT Security Program, but security weaknesses persist regarding the Agency's systems inventory, contractor background checks, security of contractor-provided system solutions, implementation of the system certification and accreditation process, and system specific processes for identifying and correcting known security weaknesses. Our FISMA audit assessed GSA's IT Security Program based in part on how well established controls have been implemented for nine select systems across the Agency. This period, we issued nine restricted audit reports detailing our technical security vulnerability findings to the GSA Chief Information Officer (CIO) and system owners for their reference in correcting identified security weaknesses. These reports convey sensitive security control weaknesses to management, including detailed results of vulnerability scanning completed for each of the systems. Technical security control weaknesses varied for each of these systems. Security officials informed us that they would perform the necessary actions to mitigate the major vulnerabilities we identified.

### **Improvements Needed in Management, Operational, and Technical Controls for PBS' STAR System**

The System for Tracking and Administering Real Property (STAR) provides PBS a means to track and manage the government's real property assets. This mission-critical system provides PBS realty specialists and portfolio managers the capability to input and update business data and direct access to data supporting the management of space and customer billing records. The real property inventory managed through STAR consists of over

***GSA continues to strengthen its IT Security Program, but security weaknesses persist.***

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## Management Challenges

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**Management data and security controls for STAR system need to be improved.**

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

8,700 buildings and 340 million square feet of office and warehouse space for which Federal agencies pay approximately \$6 billion per year in rent. The system also supports the security function in the Federal Protective Service mega-centers, bills other Federal agencies for rent, provides management information for GSA and other Federal managers, and exchanges data with other systems through the PBS Data Gateway System. The objective of our March 2005 review was to assess: 1) how well the STAR system is meeting management and user requirements; and 2) the effectiveness of the system's security controls.

We found that recent organizational, business, and system changes have challenged PBS' ability to manage STAR in a manner consistent with the Agency's enterprise architecture goals for information technology. While PBS has taken steps to improve the collection and reporting of performance measures, additional measures need to be established and monitored to ensure management and user requirements are met. Our analysis found that key information needed to meet PBS requirements was missing for significant portions of the system's data dictionary, including "rules" for data content, other names used for data, and information on where and how data is distributed. Completion of a comprehensive data dictionary for STAR is needed to better leverage use of the system across the organization. We also identified weaknesses in system security controls for STAR, including incomplete background checks for contractors supporting the system; insufficient audit trails to support investigations should normal system operations be disrupted; risks in system interfaces; and a more comprehensive approach needed for monitoring risks with the system.

Overall, strengthening management, operational, and technical controls for STAR will better enable PBS to ensure long-term success for the system by providing the information needed to effectively manage its real property assets. Specifically, we recommended that the PBS Commissioner work with the PBS Chief Information Officer to ensure that STAR provides: necessary business line management information through system enhancements that are consistent with enterprise architecture goals; system-specific performance measures for identifying and monitoring progress in meeting established goals and system requirements; a complete system data dictionary designed to capture the comprehensive nature of information in STAR; and adequate security controls. The Commissioner generally concurred with our recommendations.

### **Management Controls**

*Multiple management controls and extensive supervisory reviews have been replaced, through streamlining efforts, by fewer and broader controls, making it essential that the remaining control processes be emphasized and consistently followed. Streamlined processes have helped GSA achieve its*

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## Management Challenges

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

*goal of serving customers more quickly and efficiently; however, the Agency is exposed to the risk of mismanagement and abuse if program officials do not ensure the faithful application of existing safeguards.*

### **Construction Prospectus Funding**

In recent years, concerns have been raised regarding cost overruns in PBS' construction program. Various reports and studies have identified factors that impact on construction costs including prospectus funding controls, project administration, and source selection. Under Congressional authority, PBS can escalate the cost of a construction project exceeding the prospectus threshold (\$2.36 million) by up to 10 percent, given available savings from other projects. PBS can also reprogram additional funds from another source with Congressional approval.

The OIG initiated a review of construction prospectus funding controls within PBS and on six new courthouse construction projects. We found that PBS increased funding for five out of the six projects in our sample and reprogrammed funds for all of the projects. While management controls were effective in ensuring project costs did not exceed appropriations, cost overruns on the projects averaged more than 14 percent. We identified that potential funding for escalations may not be available in the future due to limited project savings. In addition, a new PBS policy requiring regional offices to obligate up to 25 percent of their repair and alteration budgets as a first source of additional funds for escalation needs could have a major impact on the repair and alteration program. The reprogramming of funds from the repair and alteration and building operations accounts are significantly reducing the funds available to meet the needs of these intended programs, which are already facing funding constraints. We also found that the Treasury Judgment Fund used for paying court judgments and settlement agreements may be absorbing some project-related costs. On three projects, the lack of resolution of many legitimate project costs related to change orders and government-caused work delays resulted in \$32 million in costs being paid by the Judgment Fund, expenses that we believe should have been assignable to the construction projects' budgets.

The Commissioner responded that PBS has implemented several initiatives to create a more rigorous project management business process. We believe these efforts must continue to ensure that new construction projects do not adversely impact the needs of other programs.

### **Review of Management Controls Over GSA's Centrally Billed Travel Card Account**

The GSA Travel Charge Card is a convenient method for Federal agencies and their employees to make payments for official government travel and travel-related expenses. Agencies can contract for travel card services with

**Projects did not exceed appropriation amounts, but cost overruns were common.**

**Diverting funding for new construction overruns could significantly impair the repair and alteration program.**



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## Management Challenges

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

any one of the five banks holding contracts under the program. GSA awarded its contract task order to Citibank. There are two types of accounts available under the contracts — individually billed and centrally billed. Individually billed cards are issued to employees to pay for official travel expenses, and the government reimburses employees who are responsible for then paying the Bank. Centrally billed accounts are paid directly by the government to the Bank. In GSA, most airline and rail tickets and fees are centrally billed. Our integrated audit approach focused on the controls over both the systems and the management of GSA's Centrally Billed Travel Charge Card Account (CBA) to ensure charges and related payments are for authorized travel only.

Currently, GSA employees use either a manual process or FedDesk–Travel and Miscellaneous Reimbursement System (TMR) and FedTrip to request travel arrangements and reimbursement for travel-related expenses. However, with the December 2004 award of eTravel Service (eTS) to CW Government Travel, travel planning and administration will be made through the eTS provider. eTS integrates travel planning and cost estimating; travel authorization; reservations; fulfillment services; filing, processing, and approving official travel claims; travel reimbursement data; and reporting and data exchange. The base period for the CW Government Travel task order runs through November 11, 2006, with three option periods extending until November 11, 2013.

Our limited review of transactions charged to the CBA did not disclose any significant irregularities in the use of the CBA. However, we did identify areas for strengthening the control environment in our December 29, 2004 report. The Chief Financial Officer concurred with our findings and the need for additional controls. Implementation of the recommendations will be incorporated into the eTravel Service.

### **Rent Pricing**

PBS has about 20,000 rent accounts for over 100 Federal agencies across the United States. The rent rate PBS charges its tenant agencies must approximate commercial charges for comparable space and services. To establish this rate in government-owned space, PBS uses an appraisal, while leased space is priced as a pass-through of the lease contract rent plus a PBS fee so that leased space will be essentially revenue-neutral. The primary component of the rent rate structure is the shell rent, which is generally the base building cost exclusive of operating expenses, tenant improvements, security, and other charges.

Our audit focused on determining if the current pricing methodology is implemented consistently and in accordance with PBS' rent pricing policy as it relates to the basic pricing structure. We found that PBS does not

***No significant irregularities found in centrally-billed travel account, but controls could be strengthened.***

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## Management Challenges

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

consistently meet the obligations to charge commercially comparable rent rates. While tenant shell rent rates are generally established in accordance with PBS' rent pricing policy, we noted some areas where improvements could be made to strengthen the integrity of the rent data and increase the accuracy of billing information.

We found varying degrees of support for changes to the shell rate in government-owned buildings. For example, adjustments to appraiser recommended shell rates were not consistently supported in the official files, escalations to rates for new tenancies which commenced after the initial appraisal were not always documented, and lower special rates were developed for office space used as storage space. Additionally, some rates were not posted to the national database for appraisal-based rent rates, which is the basis for rent billings.

In addition, PBS is not always recovering costs for improvements in leased space and, in some cases, not documenting its rationale for business decisions to not recover funds for other improvements. In limited circumstances, PBS will fund building improvements in leased space and recover the cost by amortizing the expense over the lease term and charging the tenant. In the projects sampled, we identified almost \$700,000 that should have been billed to tenant agencies but was not. Also, individual PBS regional offices made business decisions not to bill customers for improvements that totaled approximately \$5.4 million, the majority of which was for security enhancements. The rationale for the business decision not to bill the customer was not always formally captured. Additional monitoring of the financial performance of the leased portfolio, better use of the STAR remarks section, and improved file documentation would alleviate this problem. Furthermore, PBS' resolution of customer questions and customer satisfaction could also be improved through more detailed information in the property files, rent bills, and STAR.

In our December 29, 2004 report to the PBS Commissioner, we recommended taking steps to ensure that PBS' rent pricing strategy is effectively implemented by:

- Including sufficient documentation in regional files to support the source of rent rates for owned properties.
- Including guidance for developing special case rates.
- Billing the tenant appropriately for GSA funded leasehold improvements.
- Populating more fields in STAR to promote accurate and timely research into billing questions by customers.

***Tenant agencies not billed for \$700,000 of leasehold improvements.***

***PBS did not provide clear rationale for waiving charges for \$5.4 million in security enhancements.***

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## Management Challenges

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

The PBS Commissioner generally concurred with the report recommendations.

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

*Providing a safe, healthful, and secure environment for over 1 million workers and the visitors to over 8,700 owned and leased Federal facilities nationwide is a major multifaceted responsibility of GSA. The increased risks from terrorism have greatly expanded the range of vulnerabilities traditionally faced by building operations personnel. In March 2003, the Federal Protective Service (FPS) was transferred from GSA to the Department of Homeland Security (DHS). While FPS is no longer part of GSA, the Agency has a continual need to closely interact with security personnel due to GSA's mission of housing Federal agencies. GSA and FPS/DHS operate under a Memorandum of Agreement for obtaining services such as basic security for buildings, contract guards, law enforcement, background suitability determinations for contractors (including child care center personnel), pre-lease security checks, occupant emergency plan support, and continuity of operations support. Ensuring that Federal employees have a secure work environment and that building assets are adequately safeguarded must remain a primary concern of GSA.*

### **Building Access through Smart Cards**

Smart card technology can provide secure and accurate identity verification with the convenience of a small plastic card, making it ideal for electronic commerce, access to information systems, and physical access to facilities. At the direction of OMB, GSA was asked to take the lead for adopting smart card technology within the Federal Government, to enable all employees to use one card for a wide range of purposes, including travel, small purchases, and building access. Although GSA has provided guidance and procurement vehicles for agencies to implement smart cards, it has made only limited progress in implementing smart card technology for its own programs and facilities.

The objective of our review was to determine whether PBS is effectively implementing a smart card credential program for secure physical access to facilities managed by GSA. We found that PBS' effectiveness in implementing an agency-wide credential using smart card technology has been mixed. In May 2004, PBS began issuing a uniform smart card credential; however, this implementation was hindered by the lack of a vision for incorporating the smart card credential as a component of agency-wide security. Responsibility for aspects of personal identification verification and building security is divided within the Agency. As a result, a card could be issued to an employee who has not undergone a background check. Also, unless the building has a card reader, the smart card will simply function as a picture identification. Inconsistent controls and the lack of a supporting

**Lack of supporting infrastructure inhibits smart card implementation.**

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## **Management Challenges**

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

infrastructure inhibit smart card credentials from delivering the convenient, yet secure, building access that the technology is capable of providing.

Other aspects of the smart card initiative such as integrated security practices, interoperability, and procurement issues are also problematic. For example, the smart card contract included only a limited number of stations to capture data for the cards. Regional offices were encouraged to buy additional stations using the GSA Multiple Award Schedule, although at that time, the stations were not actually on the schedule, a deficiency that was corrected during the audit.

PBS' efforts will be impacted by two initiatives — a new Presidential directive on identification standards for Federal employees and contractors and an FPS project that will oversee smart card access to buildings and facilities. At the time of our January 14, 2005 audit report, the new standard resulting from the Presidential directive was in development; it was issued on February 25, 2005.

In our report we recommended that PBS: 1) coordinate with other Agency officials in the development of the vision, goals, and scope for GSA's smart card implementation; 2) use the vision, goals, and scope to reassess the smart card credential requirements and determine the estimated funding needs; 3) establish a physical security function within PBS to coordinate such efforts as the smart card initiatives; 4) reevaluate and improve the management controls; and 5) ensure smart card credential and physical access system procurements comply with acquisition regulations.

In his response to the report, the PBS Commissioner concurred with the report recommendations.

### **GSA's Continuity of Operations Program**

Since January 2003, overall responsibility for emergency preparedness in GSA has resided in the Office of Emergency Management (OEM). One function of this office is to ensure that GSA has an effective program to continue to perform or rapidly restore essential functions or operations during and after an emergency. Within GSA, there are 26 individual continuity of operations (COOP) plans that represent each service, staff office, and region. Our audit focused exclusively on the regional plans, examining whether each region has designed a program that will allow the Agency to be prepared for, respond to, and recover from disasters resulting from natural, human, or technological events. Given GSA's decentralized operating environment, the regional COOP plans are critical, as these embody the core of GSA's essential functions.

Overall, the GSA regional offices have developed plans that are in compliance with Federal Emergency Management Agency guidance and,

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## *Management Challenges*

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***Regional COOP plans do not always identify essential functions or systems, nor undergo consistent testing.***

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

with refinement, will be effective. However, some regions' plans showed a need for more complete identification of essential functions and the information systems that support those functions. In addition, we found that the testing necessary to validate COOP effectiveness was inconsistently administered from region to region. All COOP elements should be subjected to testing, to the extent practicable, and held to a common standard. Finally, we observed that while GSA is actively constructing viable Continuity of Operations Programs in each of its 11 regions, it has accomplished this without the benefit of effective centralized authority.

In our February 10, 2005 report, we recommended that the Acting Chief of Staff ensure that the OEM has the expertise and resources sufficient to direct emergency preparedness in GSA. The Acting Chief of Staff agreed with the recommendations as listed in the report.

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## Promoting and Protecting Integrity

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*GSA is responsible for providing working space for almost one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a governmentwide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations, and that the taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions.*

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

#### **Former GSA Employee Sentenced for Bribery**

A multiyear investigation has culminated with the sentencing of the last of 16 individuals convicted for their involvement in bribery and kickback schemes in connection with GSA maintenance and construction projects at various Federal buildings. On March 11, 2005, a former GSA building management specialist was sentenced to three years probation with 200 hours of community service per year and ordered to pay restitution of \$100,000 for accepting bribes from a GSA contractor.

#### **Federal Surplus Property Program Director Pleads Guilty to Embezzlement**

An investigation disclosed that an individual had been embezzling money to fund a personal gambling problem. She used her positions as Director of the Nebraska State Agency for Surplus Property (NE SASP) and as Fund Administrator for the National Association of State Agencies for Surplus Property (NASASP) to embezzle funds.

As the Director of the NE SASP, she acted as an agent for GSA in distributing surplus property to donee agencies, such as cities, counties, and state offices. The donee agencies were required to pay a service charge to participate in the program.

As the Fund Administrator of NASASP, she collected dues and service fees from its members and was responsible for depositing the funds in a local bank account for which she established and had access to.

An investigation revealed that she misused money from October 1996 through April 2004 by embezzling NE SASP services fees and membership dues. In addition, she billed and received money for nonexistent products from the state of Nebraska. She embezzled \$415,718 from the NE SASP and \$40,502 from the NASASP, by diverting the money into her NASASP account, and then withdrawing this money by writing checks. She falsified both NE SASP and NASASP records to cover-up the embezzlement.

**Director of state surplus property agency guilty of embezzlement; sentenced to one year in prison and ordered to pay \$456,220 in restitution.**



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## Promoting and Protecting Integrity

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**Employee of GSA contractor pleads guilty to falsifying security inspection reports.**

She pled guilty in U.S. District Court and was sentenced to one year plus one day imprisonment, three years probation, and ordered to pay restitution in the amount of \$456,220. She has resigned her positions.

### **Contractor Pleads Guilty to Submitting False Statements**

GSA contracted with Unlimited Security Incorporated (USI), to conduct site inspections in accordance with the requirements of a GSA security guard contract. The inspections were to include a review of the officers' attendance, appearance, knowledge of post orders, certifications, and training. The investigation found that USI was not conducting post inspections as required by its GSA contract; furthermore, fraudulent data was used to complete post inspections reports.

On December 6, 2004, a former USI contract specialist pled guilty in U.S. District Court for submitting false statements to the government. He was sentenced to three years probation and ordered to pay a fine of \$3,000.

### **GSA Employee Incarcerated for Possessing Child Pornography**

A joint investigation by the OIG and a local law enforcement agency led to the arrest of a GSA employee who pled guilty to possession of child pornography. He subsequently agreed to resign from his position. On February 28, 2005, he was sentenced in U.S. District Court to 70 months incarceration followed by three years supervised release and ordered to pay a fine of \$2,500.

### **Security Guard Convicted for Impersonating INS Official**

A joint investigation by the OIG, Department of Justice OIG, and the New York City Police Department was initiated when it was reported that a GSA contract security guard was impersonating an Immigration and Naturalization Service (INS) official. The investigation disclosed that the guard (with assistance from his spouse) posed as an INS officer in order to extort money from immigrants seeking status documents such as green cards, work authorizations, and citizenship papers (documents which, of course, were never provided). He was indicted by a Federal grand jury on charges of conspiracy and impersonation of a Federal officer, but fled to the Dominican Republic. The U.S. Marshals Service extradited him back to the United States where he was found guilty in U.S. District Court of impersonating a Federal officer. He is currently awaiting sentencing.

His spouse pled guilty to conspiracy and impersonating a Federal officer. She was sentenced to 24 months in prison, two years supervisory release, and ordered to pay \$52,000 in restitution.

### **Fleet Charge Card Investigations**

The GSA OIG has an ongoing proactive investigative project to identify and investigate fraud associated with the misuse of GSA-issued fleet charge cards. During this period, the OIG participated in a task force with the

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## *Promoting and Protecting Integrity*

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***Forty-six arrested  
as Operation Gas  
Leak plugs fuel  
pilfering.***

Miami-Dade Police Department, the Florida Department of Environmental Protection, the U.S. Department of Transportation, and the U.S. Postal Service OIG in an operation known as “Gas Leak,” in an effort to counter an increase of various illegal and dangerous schemes involving the sale of stolen fuel. Operation Gas Leak is an extension of a previous operation in the South Florida area involving black market fuel purchased using stolen charge cards within the past two years.

The investigation found that a group of individuals used stolen government fleet charge cards and private sector fraudulent credit cards to steal fuel by pumping gas into personal vehicles equipped with large, homemade tanks. The fuel was then transported to a fuel dumpsite in the northwestern section of Miami-Dade County, Florida and transferred into fuel tankers. The stolen fuel was delivered to various gas stations that were a part of the scheme and resold to consumers. These modified vehicles transporting hundreds of gallons of fuel in unapproved containers posed a serious risk to the public. By conservative figures, it was estimated that more than \$1 million of gas was stolen in a six month period.

The investigation led to the arrest of 46 individuals and the seizure of 44 vehicles, including two fuel tankers, in the Miami, Florida area. Charges against these individuals included money laundering, fraud, dealing in stolen property, grand theft, unlawful transportation of fuel, and other offenses. The individuals will also be charged with violation of the Florida Racketeer Influenced and Corrupt Organizations Act.

Two other fleet card abuse cases resulted in the sentencing of five individuals. In the first instance, an investigation by the OIG determined that an American Red Cross (Red Cross) employee and his friend were using a fleet card that had been assigned to a vehicle leased to the Red Cross to purchase gas for their friends in exchange for cash. The employee pled guilty to theft, and his employment was terminated. He was sentenced to two years probation, 150 hours of community service, and ordered to pay restitution in the amount of \$16,122. His friend pled guilty to theft of government property and was sentenced to 15 months incarceration.

In the second instance, a joint investigation by the OIG, the Army Criminal Investigations Division, and the Virginia State Police determined that four individuals were using two fleet cards assigned to the Army to purchase gas for their personal vehicles and for miscellaneous products, which they converted to their own use. Two of the four individuals pled guilty to conspiracy and were sentenced to three years probation and ordered to pay restitution in the amount of \$12,716 each. Another individual pled guilty to conspiracy to making false statements and was sentenced to one year probation and ordered to pay restitution in the amount of \$2,173. The fourth individual is awaiting sentencing.



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## *Promoting and Protecting Integrity*

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### *Integrity Awareness*

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees' roles in helping to ensure the integrity of Agency operations.

This period, we presented 11 briefings attended by 166 regional employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

### *Hotline*

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. We also developed and use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 1,097 Hotline contacts. Of these contacts, 140 Hotline cases were initiated. In 62 of these cases, referrals were made to GSA program officials for review and action as appropriate, 20 cases were referred to other Federal agencies for follow up, 29 were referred for OIG criminal/civil investigations or audits, and 29 did not warrant further review.

### *Significant Preaward Reviews and Other Audits*

The OIG's preaward review program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward reviews distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward reviews of 53 contracts with an estimated value of \$4.3 billion. The reports contained over \$392 million in cost avoidances.

***Preaward reviews of 53 contracts identify over \$392 million in cost avoidances.***

The Office of Management and Budget (OMB) has long recognized the increasing dollar value of GSA's contract activities and our limited resources in providing commensurate audit coverage. Through FSS and FTS contract program revenues, OMB officials have provided us additional financial support to increase our work in this area. These funds enabled us to hire additional staff to support expanded contract review activities including, primarily, an increase in preaward contract reviews, as well as more contract performance reviews that test contractors' compliance with pricing, billing, and terms of their contracts, and periodic program evaluations to assess the

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## *Promoting and Protecting Integrity*

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efficiency, economy, and effectiveness of contracting activities. With these added resources, we are planning to substantially increase the number of preaward reviews in FY 2006.

Four of the more significant Multiple Award Schedule contracts we reviewed had projected governmentwide sales totaling \$2.5 billion. The review findings recommended that over \$300 million in funds be put to better use. The reviews disclosed that these vendors offered labor rates to GSA that were not as favorable as the rates other customers receive from these vendors.

We also reviewed various claims for increased costs. Two of the more significant projects reviewed contained proposed amounts totaling \$12.9 million, and our reviews of the claims recommended adjustments of over \$6.9 million. Our review of a subcontractor on one construction project found that the claimed amounts were either overstated or not supported by the company's records. In another review of increased costs due to alleged delays, we adjusted various costs because the claimed amounts were not based on actual costs and included some costs not allowed by the contract.

### ***Federal Managers' Financial Integrity Act Review***

The Federal Managers' Financial Integrity Act (FMFIA), Section 2, requires GSA management to provide assurance to the President and the Congress that Agency resources are protected from fraud, waste, mismanagement, and misappropriation. FMFIA, Section 4 relates to the CFO's disclosure of nonconformances with Federal financial management system policies and standards. The assurance statements of the Regional Administrators and Heads of Services and Staff Offices are used by the Agency's Management Control Oversight Council as a basis for developing the Administrator's assurance statement.

Each year, we review the Agency's FMFIA process to determine whether management adequately disclosed all known control weaknesses and nonconformances in the Agency's programs, operations, and management systems. For FY 2004, we found that the Agency's weaknesses generally fell into four categories — FTS contracting practices, PBS' construction in progress, GSA's budgetary reporting processes, and implementation of FTS' new GSA Preferred system.

In addition, we reviewed the status of prior year weaknesses and nonconformances. Although IT systems development, implementation, and change controls continue to be an issue of concern for the Agency, we noted that significant improvements have been made in areas such as reconciliation and monitoring controls and agency-wide network and application security controls.

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

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### ***Office of the Chief Financial Officer Transformation***

The GSA Office of the Chief Financial Officer (OCFO) continues to improve operations to meet its obligations under the Chief Financial Officer's Act of 1990. To carry out this process, the OCFO issued a comprehensive five-year plan covering Fiscal Years 2003–2007 with the following goals: 1) to deliver world class financial management services to GSA and external customers; 2) to produce timely and accurate internal and external financial analysis and reporting; and 3) to provide reliable financial management systems and innovative solutions. The objective of our review was to assess the status of goal three since, according to the plan, this must be accomplished in order to achieve goals one and two.

Our review noted that the OCFO is attempting to accomplish a significant number of concurrent initiatives in order to fully implement the CFO Act, and that the OCFO has a positive relationship with other GSA offices, but other factors could impact future OCFO efforts. Critical to the achievement of OCFO goals is the full implementation of Pegasys, GSA's new financial management system, and related activities. We reported on additional steps needed to complete four key financial management system initiatives — asset management, cost allocation, accounts receivable/billings, and system integrity — that, if accomplished, represent significant progress toward achieving the goal of reliable financial management systems. The OCFO has a targeted end date of September 30, 2005 to complete all of these initiatives, and several related tasks have already been completed. GSA continues to spend money operating both Pegasys and NEAR (the old system being replaced by Pegasys), to maintain required functionality, and expects to do so through FY 2005.

Based on our review, we offered several suggestions to improve future five-year plans, such as annually updating the plans, including identification of external factors that would impact on accomplishment of the goals, and analyzing recommendations from the draft Pegasys Post-Implementation Review Report provided by a contractor as part of the independent verification and validation services for Pegasys.

### ***FTS Working Capital/Reserve Fund Levels***

FTS recovers costs for its IT and telecommunications services provided to Federal agencies through use of the IT Fund and fees established annually. The IT Fund is a full-cost recovery revolving fund, and the Fund's capital reserve provides financing for capital investments and program costs which are one-time or nonrecurring in nature, allowing for more stable fees for services. In FY 2003, FTS revenues were over \$8.7 billion. About 96 percent of revenues was paid to vendors for services provided, with the remaining 4 percent covering FTS' administrative and overhead expenses. FY 2004 revenues fell about 3 percent, marking the first time in 10 years that revenue has not increased.

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## *Promoting and Protecting Integrity*

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The legislation that established the IT Fund provides some guidance relating to minimum balances required and grants the Administrator authority “. . . to enter into multiyear contracts for the provision of information technology hardware, software, or services for periods not in excess of five years, if funds are available and adequate for payment of the costs of such contract for the first fiscal year and any costs of cancellation or termination . . . .” However, maximum levels have not been defined for the reserves that comprise FTS’ IT Fund.

Developing maximum reserve levels would ensure that there are sufficient IT funds available to meet mission needs without maintaining excess amounts and burdening customer agencies with additional fees. At the end of FY 2004, the IT Fund balance totaled \$214 million, and depending on the resolution of the classification of two other accounts, may have been as high as \$317 million. If FTS adopts a business model to determine maximum fund levels such as the one discussed in our report, \$39 to \$142 million could be available for return to the Treasury.

Based on our research of United States Tax Court decisions, we provided a model that FTS can use to assess the maximum levels of reserves required in the IT Fund. While FTS’ net operating results fluctuated between positive as well as negative amounts over the last five years, ranging between a positive \$31 million in 2004 and a negative \$57 million in 2001, we believe FTS’ use of a dynamic business evaluative process, such as one based on Tax Court decisions, would both maintain reserve fund levels at needed amounts and stabilize FTS fees. This assumes that FTS manages its receivables aggressively to minimize its operating cycle and related working capital needs, resulting in the maintenance of cash balances sufficient for business needs.

The Acting FTS Commissioner generally concurred with our recommendation in principle, pending the planned merger of the General Fund and the IT Fund.

### ***Transfer of Funds for Federal Protective Service Operations***

In an effort to assist GSA’s independent public accounting firm in the completion of GSA’s FY 2004 Financial Statement Audit, we reviewed the transfer of funds from GSA to the Department of Homeland Security (DHS), directed by Congress to cover the costs of Federal Protective Service (FPS) operations.

Our review found that in accordance with the DHS Appropriations Act of 2004, GSA transferred \$424,211,000 to DHS for FPS operations. We also reviewed the revenue collections reported for the Federal Buildings Fund for FY 2004, and determined that the amount GSA collected for security services as a portion of rent did not exceed the amount transferred to DHS, in accordance with the Act.

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

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### ***Financial Statement Audit and Related Reports***

With the passage of the Chief Financial Officer's Act of 1990, Congress and the Office of Management and Budget (OMB) have established a framework for financial audits and reviews designed to enhance the Federal Government's financial management and reporting practices. Summarized below are the results of our financial and financial-related reviews.

As in past years, the Financial Statement Audit was performed by an independent public accounting firm, PricewaterhouseCoopers (PwC), with oversight, support work, and guidance provided by the OIG. The firm issued unqualified opinions on the Agency's FY 2003 and 2004 financial statements. However, in its consideration of the GSA's internal controls over financial reporting, the firm identified six reportable conditions concerning the Agency's need to:

- Improve development, implementation, and change controls over GSA's financial applications.
- Strengthen the Federal Supply Service's application security controls.
- Improve controls over transferring substantially complete construction in process projects within PBS.
- Improve contracting practices in the FTS' Office of Information Technology Solutions.
- Develop and implement policies and procedures to reconcile intragovernmental activity and balances with GSA's non-fiduciary trading partners.
- Improve GSA's budgetary reporting process.

PwC also reported on four violations of compliance with laws and regulations. One violation concerned instances in which FTS officials breached government procurement laws and regulations. The remaining three instances of noncompliance were violations of the Anti-Deficiency Act, including two instances in which the IT Fund was used for non-IT purposes, and one instance in which a temporary cash shortfall occurred in the Working Capital Fund.

### **Testing Controls Over Performance Measures**

The OIG conducted the portion of GSA's FY 2004 Financial Statement Audit related to internal controls over performance measures. Our report noted that the internal controls designed by the OCFO over GSA's performance measure data are operating effectively. Although we had identified significant internal control weaknesses in the past, the results of our testing indicated that the OCFO has taken a number of steps to ensure the adequacy of the internal controls over GSA's performance measure data.

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## *Promoting and Protecting Integrity*

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### **Evaluation of Specific Performance Measures**

As part of the Financial Statement Audit process and in accordance with OMB Bulletin No. 01-02, the OIG also performed an assessment of internal controls over the existence and completeness of the data supporting the Office of Citizen Services and Communications' (OCSC) Performance Measure: "Tax Dollars Saved as a Result of Agencies Sharing FirstGov Technologies." In our review of the OCSC performance measure, we found that there is a low risk that the internal controls would not provide reasonable assurance that the data supporting the performance measure exist and are complete.

### **Agreed-Upon Procedures Reviews**

In support of the Financial Statement Audit, we performed agreed-upon procedures reviews over GSA's FY 2004 environmental liabilities and legal loss contingencies.



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## Governmentwide Policy Activities

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

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

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

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

- The Assistant Inspector General (AIG) for Auditing represents all civilian government agencies on the Cost Accounting Standards Board, an independent board within OMB's Office of Federal Procurement Policy, which promulgates, amends, and revises Cost Accounting Standards designed to achieve uniformity and consistency in cost accounting practices by individual government contractors.
- The AIG for Investigations serves as the Chair of the Assistant Inspectors General for Investigations Subcommittee. This subcommittee reports to the President's Council on Integrity and Efficiency (PCIE) Investigative Committee. The subcommittee deals with investigative issues that affect all OIG Offices of Investigations, such as peer review and coordinated assistance to the Department of Justice.
- OIG audit representatives participate in the Federal Audit Executive Council's IT Security Committee to develop approaches and techniques for conducting IT security audits under the Federal Information Security Management Act. Audit representatives also participate in the PCIE IT Roundtable to discuss various methodologies and best practices for conducting IT audits.
- Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the PricewaterhouseCoopers TeamMate Users Group to discuss concerns and new challenges facing TeamMate users. TeamMate is an automated audit workpaper management system designed to make the audit process more efficient.
- The Special Assistant to the AIG for Auditing represents GSA on the White House Commission on the National Moment of Remembrance. The

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## Governmentwide Policy Activities

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Commission was established to enhance the legacy of Memorial Day as a day to honor those who have sacrificed their lives for the principles of freedom and liberty. Major initiatives included listing Commission activities on Federal, state, and local government Web sites, and seeking the participation of Federal employees, retirees, and benefit recipients.

- The Inspector General (IG) serves on the Human Resources and Legislation Committees of the PCIE. The Human Resources Committee fosters educational opportunities for members of the IG community and assists in ensuring the professional development of OIG personnel. The Legislation Committee develops, coordinates, and represents to Congress official PCIE positions on particular legislative issues.
- The IG has served as Editor-in-Chief of *The Journal of Public Inquiry*, a semiannual publication of the Federal IG community.

### Legislation and Regulations

During this reporting period, the OIG reviewed 87 legislative matters and 21 proposed regulations and directives. The OIG specifically commented on the following legislative and other items:

- *Recodification of Title 41, H.R. 4320.* We provided a comment on the bill that was intended to recodify Title 41 without substantive change. We pointed out that Section 8701 of the bill deleted the current definition of “person” contained in the Anti-Kickback Act. We noted that the definition is useful to the enforcement of the Act and recommended that it be retained in any recodification.
- *Draft Acquisition Letter on Contract Support Items.* We provided comments to the Federal Supply Service (FSS) on the most recent draft of an Acquisition Letter related to contract support items (CSIs), or other direct costs (ODCs). We first recommended that the definition and coverage of CSIs be revised to incorporate more examples of types of CSIs and how they are expected to be priced. We also advised that, to avoid cost duplication, the letter direct contracting officers to obtain from vendors a list or description of costs that the vendor typically charges directly to commercial customers and that are not included in the Multiple Award Schedule (MAS) labor rate. We also suggested that the language of the draft letter be expanded to ensure that contracting officers also consider other indirect cost elements, in addition to profit, in ensuring that those elements are not included in the MAS labor rates.



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## Professional Assistance Services

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

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

Our direct participation with the Agency on task forces, committees, and working groups allows us to contribute our expertise and advice, while improving our own familiarity with the Agency's rapidly changing systems. We also benefit by expanding our new initiatives within the Federal community. We nevertheless maintain our ability to independently audit and review programs. Our participation on the task forces is typically as a non-voting advisory member. We maintain a strict policy of excluding staff members who have served on developmental task forces from subsequent audits of the same subject areas.

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

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

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## Professional Assistance Services

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- **Multiple Award Schedule Working Group.** The Multiple Award Schedule (MAS) Working Group was established as a result of an OIG report released in August 2001 relating to MAS contracting pricing practices. The MAS Working Group is primarily comprised of members of the Federal Supply Service (FSS) and the OIG, with representation also from the Office of General Counsel and the Office of Acquisition Policy. The Working Group meets regularly and serves as a standing forum for discussion and resolution of issues or concerns having to do with MAS contracting. It has served as an effective institutionalized communications channel for both broad policy issues and discrete issues having to do with particular contracts or reviews.

The Working Group has had several areas of focus, including preaward contract reviews and MAS negotiations issues. The Working Group has developed guidance to MAS contracting officers (COs) regarding the performance and use of preaward MAS contract reviews. Further, the Working Group has reinvigorated the process by which FSS and the OIG collaboratively select and commence preaward reviews of vendors, and has built into this process specific mechanisms for COs to request reviews of particular vendors. The Working Group has also focused on issuing guidance to COs regarding negotiations objectives and discrete negotiations issues for MAS contract awards. The Working Group also provided some input to FSS in its efforts to upgrade or enhance pricing performance measures on MAS contracts.

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

## Statistical Summary of OIG Accomplishments

### **Audit Reports Issued**

The OIG issued 98 audit reports during this reporting period. The 98 reports contained financial recommendations totaling \$393,448,641 including \$392,872,817 in recommendations that funds be put to better use and \$575,824 in questioned costs. Due to GSA's mission of negotiating contracts for governmentwide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other Federal agencies.

### **Management Decisions on Audit Reports**

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of March 31, 2005. There were no reports more than six months old awaiting management decisions as of March 31, 2005. Table 1 does not include 4 reports issued to other agencies this period. Table 1 also does not include 6 reports excluded from the management decision process because they pertain to ongoing investigations.

**Table 1. Management Decisions on OIG Audits**

	No. of Reports	Reports with Financial Recommendations	Total Financial Recommendations
For which no management decision had been made as of 10/1/04			
Less than six months old	38	26	\$ 80,874,074
Six or more months old	1	1	1,601,178
Reports issued this period	<u>94</u>	<u>41</u>	<u>393,448,641</u>
<b>TOTAL</b>	<b>133</b>	<b>68</b>	<b>\$475,923,893</b>
For which a management decision was made during the reporting period			
Issued prior periods	39	27	\$ 82,475,252
Issued current period	<u>53</u>	<u>10</u>	<u>8,138,793</u>
<b>TOTAL</b>	<b>92</b>	<b>37</b>	<b>\$ 90,614,045</b>
For which no management decision had been made as of 3/31/05			
Less than six months old	41	31	\$385,309,848
Six or more months old	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>41</b>	<b>31</b>	<b>\$385,309,848</b>

## Statistical Summary of OIG Accomplishments

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

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

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

	No. of Reports	Financial Recommendations
For which no management decision had been made as of 10/1/04		
Less than six months old	25	\$ 80,856,047
Six or more months old	1	1,601,178
Reports issued this period	37	392,872,817
<b>TOTAL</b>	<b>63</b>	<b>\$475,330,042</b>
For which a management decision was made during the reporting period		
Reports issued before 10/1/04	26	\$ 82,457,225
Reports issued in the current period	9	7,970,117
<b>TOTAL</b>	<b>35</b>	<b>\$ 90,427,342*</b>
For which no management decision had been made as of 3/31/05		
Less than six months old	28	\$384,902,700
Six or more months old	0	0
<b>TOTAL</b>	<b>28</b>	<b>\$384,902,700</b>

\*Management agreed with \$34,375,900. •

## Statistical Summary of OIG Accomplishments

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

	No. of Reports	Questioned Costs
For which no management decision had been made as of 10/1/04		
Less than six months old	1	\$ 18,027
Six or more months old	0	0
Reports issued this period	4	575,824
<b>TOTAL</b>	<b>5</b>	<b>\$593,851</b>
For which a management decision was made during the reporting period		
Reports issued before 10/1/04	1	\$ 18,027
Reports issued in the current period	1	168,676
<b>TOTAL</b>	<b>2</b>	<b>\$186,703*</b>
For which no management decision had been made as of 3/31/05		
Less than six months old	3	\$407,148
Six or more months old	0	0
<b>TOTAL</b>	<b>3</b>	<b>\$407,148</b>

*\*Management agreed with the total.*

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## Statistical Summary of OIG Accomplishments

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### ***Investigative Workload***

The OIG opened 133 investigative cases and closed 112 cases during this period. In addition, the OIG received and evaluated 41 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

### ***Referrals***

The OIG makes criminal referrals to the Department of Justice or other authorities for prosecutive consideration and civil referrals to the Civil Division of the Department of Justice or U.S. Attorneys for possible litigation. The OIG also makes administrative referrals to GSA officials on certain cases disclosing wrongdoing on the part of GSA employees, contractors, or private individuals doing business with the government.

**Table 4. Summary of OIG Referrals**

<b>Type of Referral</b>	<b>Cases</b>	<b>Subjects</b>
Criminal	50	120
Civil	8	14
Administrative	72	176
<b>TOTAL</b>	<b>130</b>	<b>310</b>

In addition, the OIG made 22 referrals to GSA officials for information purposes only.

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

Based on these and prior referrals, 25 cases (69 subjects) were accepted for criminal prosecution and 5 cases (8 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 40 indictments/informations and 20 successful prosecutions. OIG civil referrals resulted in 2 case settlements. Based on OIG administrative referrals, management debarred 24 contractors/individuals, suspended 16 contractors/individuals, and took 16 personnel actions against employees.

## Statistical Summary of OIG Accomplishments

### **Monetary Results**

Table 5 presents the amounts of fines, penalties, settlements, judgments, and restitutions payable to the U.S. Government as a result of criminal and civil actions arising from OIG referrals.

**Table 5. Criminal and Civil Recoveries**

	Criminal	Civil
Fines and Penalties	\$ 22,780	\$ —
Settlements and Judgments		23,000
Restitutions	740,261	—
<b>TOTAL</b>	<b>\$763,041</b>	<b>\$23,000</b>

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

**Table 6. Other Monetary Results**

Administrative Recoveries	\$522,928
Recovered Property	32,904
Investigative Savings	—
<b>TOTAL</b>	<b>\$555,832</b>





# ***APPENDICES***



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## Appendix I—Significant Audits from Prior Reports

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

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

### Review of the Special Order Program

*Period First Reported: April 1, 2004 to September 30, 2004*

The regional review of the Special Order Program concluded that order processing can be streamlined. The report contained five recommendations; two have been implemented.

One remaining recommendation involves removing National Stock Numbers (NSNs) from Multiple Award Schedule contracts. It is scheduled for completion on January 15, 2006. Another recommendation involves establishing a policy to deactivate NSNs with no ordering activity for the prior three years. No action plan was provided for this recommendation. Concurrence must be received from recorded users of the NSNs before any deletions can be made. The third recommendation involves evaluating inefficiencies of using outside labor to input information. No action plan was provided for this recommendation. Evaluation has been completed.

### Western Distribution Center Relocation Project

*Period First Reported: April 1, 2004 to September 30, 2004*

The review assessed whether the projection of costs and savings to relocate and modernize the Western Distribution Center was accomplished within anticipated costs. The report contained two recommendations; they have not been implemented.

The recommendations involve ensuring more accurate and complete data on future projects and analyzing and validating proposals for future capital projects before making any commitments. No further action is required on the recommendations at this time because milestones have not yet been determined.

### Review of Agency Liaison Division

*Period First Reported: April 1, 2004 to September 30, 2004*

The review evaluated the Agency Liaison Division. The report contained four recommendations; three have been implemented.

The remaining recommendation requires the Division to identify and relate activity costs with the time spent to carry out its services. It is scheduled for completion on October 15, 2005.

### Review of FedBizOpps

*Period First Reported: April 1, 2004 to September 30, 2004*

The review involved an online survey of FedBizOpps users to gather information on user satisfaction to assess the effectiveness of FedBizOpps. The report contained four recommendations; they have not been implemented.

The recommendations involve developing a process to solicit input from vendors on system enhancements, evaluating enhancements to FedBizOpps based on vendor input, ensuring that background checks are completed, and ensuring that memoranda of agreements are in place for FedBizOpps users. Three recommendations are scheduled for completion between July 15 and August 15, 2005. One recommendation is awaiting an extension request.

### Employee Awards Program

*Period First Reported: April 1, 2004 to September 30, 2004*

The review evaluated management controls of the Employee Awards Program. The report contained five recommendations; four have been implemented.

The remaining recommendation, which requires implementation of a management tool to review the justification and nature of awards being made by approving officials, is scheduled for completion on January 15, 2006.

### GSA's Information Technology Security Program

*Period First Reported: April 1, 2004 to September 30, 2004*

The review of security controls established with GSA's IT Security Program identified areas where

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## Appendix I—Significant Audits from Prior Reports

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improvements are needed. The report contained four recommendations; three have been implemented.

The remaining recommendation involves incorporating controls to ensure operations of contractors' system and data are monitored and completing testing and evaluations. It is scheduled for completion on August 15, 2005.

### **Wireless Telecommunications Services**

*Period First Reported: April 1, 2004 to September 30, 2004*

The review evaluated GSA's management of the efficiency and costs of wireless telecommunications services. The report contained two recommendations; they have not been implemented.

The recommendations require developing plans aimed at reducing wireless phones' cost per minute and incorporating guidance in current policy aimed at reducing wireless cost per minute. They are scheduled for completion between June 15 and July 15, 2005.

### **Review of E-Authentication**

*Period First Reported: April 1, 2004 to September 30, 2004*

A review of FTS E-Authentication, one of the E-Gov initiatives, identified areas where improvements are needed. The report contained four recommendations; one has been implemented.

The remaining recommendations involve developing a business model with funding methodology for FY 2006 and beyond, merging components of the E-Authentication initiative into an agency implementation guide, and notifying E-Gov initiatives that result from E-Authentication that have not yet been incorporated into the technical architecture and identify risks. They are scheduled for completion between July 15 and December 15, 2005.

### **The Portfolio Restructuring Initiative**

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

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

One remaining recommendation involves maximizing revenue by pricing to reflect the underlying demand. A revised action plan has been approved and is awaiting concurrence. The other recommendation requires considering suggestions for direction and refinement of the restructuring initiative. It is scheduled for completion on October 15, 2005.

### **Oversight of Leases**

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

The review examined PBS' management and administration of leases in several regions. The report contained three recommendations; two have been implemented.

The remaining recommendation involves strengthening the accuracy and sufficiency of lease information. It is scheduled for completion on June 15, 2005.

### **FSS Acquisition Workforce Qualifications**

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

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

The remaining recommendation involves creating and implementing quality control procedures for inputting and maintaining data within the system and establishing and ensuring that the system tracks all OFPP workforce qualifications. It is scheduled for completion on June 15, 2005.

### **Improper Contracting Practices**

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

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

The remaining recommendation involves determining what changes are needed to align policies and procedures with laws, regulations, and GSA's values. It is scheduled for completion on May 15, 2005.

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## Appendix I—Significant Audits from Prior Reports

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

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

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

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

### **GSA.gov**

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

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

The remaining recommendation involves developing and implementing direction and guidance for all GSA Offices consistent with best practices on their Web pages. It is scheduled for completion on May 15, 2005.

### **Consolidation of Distribution Centers**

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

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

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

### **Billing and Payment Systems**

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

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

The remaining recommendation involves incorporating estimated cost data for planning workflow before and during the RWA process. It is scheduled for completion on October 15, 2005.

### **Operating Equipment Inventories**

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

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

The remaining recommendation involves identifying the responsibility for maintenance programs to contractors. It is scheduled for completion on May 15, 2005.

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
<i>(Note: Because some audits pertain to contract award or actions that have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)</i>				
<b>PBS Internal Audits</b>				
12/29/04	A040104	Audit of PBS Rent Pricing		
01/14/05	A040111	Audit of Building Access Through Smart Cards		
02/08/05	A040174	Review of PBS Acquisition of Labor Hour Information Technology Services in the National Capital Region		
02/10/05	A030266	Audit of Prospectus Funding as a Management Control		
03/30/05	A040089	Limited Review of Contract Administration Task Order Number P1102MA0249		
03/31/05	A040159	Improvements Needed in Management, Operational, and Technical Controls for PBS' STAR System		
<b>PBS Contract Audits</b>				
10/12/04	A040190	Review of a Claim: Petersen Geller Spurge, Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)		
10/18/04	A040238	Attestation Review of Architect and Engineering Design Services Contract: Westlake Reed Leskosky, Consultant to Richard Fleischman Architects, Inc., Contract Number GS-05P-03-GBC-0096		
10/20/04	A040195	Preaward Review of Architect and Engineering Design Services Proposal: GGA.Ehrenkrantz Eckstut & Kuhn Architects, Solicitation Number GS-11P-03-MKC-0004		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
10/28/04	A040161	Preaward Audit of a Claim: Artex Systems Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)		
10/28/04	A040237	Attestation Review of Architect and Engineering Design Services Contract: Olin Partnership, Ltd., Consultant to Richard Fleischman Architects, Inc., Contract Number GS-05P-03-GBC-0096		
11/18/04	A040263	Review of Forward Pricing Rates: Bovis Lend Lease LMB, Inc., Contract Number GS-02P-99-DTC-0006(N)		
12/09/04	A040235	Attestation Engagement Review of Claim for Increased Costs: Vee See Construction Company, Inc., Contract Number GS-05P-00-GAC-0044		
12/22/04	A050081	Review of A/E Services Contract: Davis Brody Bond, LLP, Solicitation Number GS-02P-04-DTC-0023(N)		
12/23/04	A050072	Review of A/E Services Contract: Flack + Kurtz, Inc., Consultant to Beyer, Blinder, Belle, Architects & Planners, LLP, Solicitation Number GS-02P-04-DTC-0023(N)		
12/30/04	A040254	Attestation Engagement Review of Claim for Increased Costs: Mitchell Enterprises, Inc., Contract Number GS-07P-00-UJC-0007		
12/30/04	A050083	Attestation Engagement Review of Claim for Increased Costs: LDI Metalworks, Inc., Subcontractor to Mitchell Enterprises, Inc., Contract Number GS-07P-00-UJC-0007		
01/04/05	A050071	Review of A/E Services Contract: Beyer Blinder Belle Architects & Planners, LLP, Solicitation Number GS-02P-04-DTC-0023(N)		



## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
01/20/05	A050034	Review of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Solicitation Number GS-02P-04-DTC-0028(N)		
01/25/05	A040244	Preaward Review of Architect and Engineering Design Services Proposal: JVP Engineers, PC, Solicitation Number GS-11P-03-MKC-0004		
01/25/05	A040245	Preaward Review of Architect and Engineering Design Services Proposal: JVP Engineers, PC, Solicitation Number GS-11P-03-MKC-0004		
01/28/05	A050087	Review of A/E Services Contract: Richard Dattner & Partners Architects PC, Solicitation Number GS-02P-04-DTC-0031		
03/11/05	A050097	Review of Construction Management Services Contract: Bovis Lend Lease, Inc., Solicitation Number GS-02P-04-DTC-0048(N)		
03/15/05	A040178	Preaward Review of Change Order Proposal: Abide International, Inc., Construction Manager for Renovation & Alteration Work on the 300 North Los Angeles Street Federal Building, Los Angeles, California, Contract Number GS-09P-96-KTC-0017		
03/17/05	A050117	Preaward Review of Change Order Proposal: Dick/Morganti, a Joint-Venture, Modification (Instruction Bulletin) Number 11, Contract Number GS-09P-02-KTC-0002		
03/25/05	A050094	Review of a Claim for Increased Costs: Absher Construction Company, Seattle U.S. Courthouse, Contract Number GS-10P-01-LTC-0011		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/28/05	A050104	Review of Construction Management Services Contract: Imperial Construction Group, Inc., Solicitation Number GS-02P-04-DTC-0048(N)		
03/28/05	A050114	Review of Construction Management Services Contract: Gilbane Building Company, Solicitation Number GS-02P-04-DTC-0047(N)		
03/31/05	A050091	Review of A/E Services Contract: Richard McElhiney Architect LLC, Solicitation Number GS-02P-04-DTC-0031		
<b><i>FSS Internal Audits</i></b>				
03/07/05	A040139	Review of Funding and Management Controls over the Integrated Acquisition Environment, Federal Asset Sales and E-Travel E-Gov Initiatives		
<b><i>FSS Contract Audits</i></b>				
10/14/04	A040192	Preaward Review of Multiple Award Schedule Contract Extension: US Investigations Services, Professional Services Division, Incorporated, Contract Number GS-07F-0385J		
10/20/04	A040247	Attestation Review of Multiple Award Schedule Contract: MTC Technologies, Inc., Contract Number GS-23F-0041K		
10/21/04	A040187	Preaward Review of Multiple Award Schedule Contract Extension, October 1, 2004 Through September 30, 2009: CDI Marine Company, Contract Number GS-23F-0016K		
10/26/04	A040206	Preaward Review of Multiple Award Schedule Contract Extension: McNeely Pigott and Fox, Contract Number GS-23F-0072K, January 1, 2005 - December 31, 2009		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
10/26/04	A040228	Preaward Attestation Engagement Review of Multiple Award Schedule Contract Extension: Northrop Grumman Information Technology, Contract Number GS-23F-0008K		
10/29/04	A040211	Preaward Review of Multiple Award Schedule Contract Extension: Allsteel Inc., Contract Number GS-28F-0010J		
11/01/04	A040248	Sales Data Analysis for Multiple Award Schedule Contract: Motorola, Incorporated, Contract Number GS-35F-0004L for the Period August 1, 2003 Through July 31, 2004		
11/03/04	A040221	Preaward Review of Multiple Award Schedule Contract Extension: Firearms Training Systems, Incorporated, Contract Number GS-02F-0414D		
11/10/04	A030200	Preaward Review of Multiple Award Schedule Contract: Skillsoft Public Limited Company, Contract Number GS-35F-0099J		
11/16/04	A040243	Preaward Review of Multiple Award Schedule Contract Extension: Everest VIT Inc., Contract Number GS-24F-1308C		
11/17/04	A040218	Preaward Review of Multiple Award Schedule Contract Extension: Capitol Furniture Distributing Co., Inc., Contract Number GS-21F-0001K		
11/18/04	A050001	Preaward Review of Multiple Award Schedule Contract Extension: Gensym Corporation, Contract Number GS-35F-0190K		
11/23/04	A040150	Preaward Review of Multiple Award Schedule Contract Extension: Austin Info Systems, Inc., Contract Number GS-35F-0559J		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
11/24/04	A040182	Review of Multiple Award Schedule Contract Number GS-35F-0346J for the Period April 1, 1999 Through February 29, 2004: Softmart Incorporated		\$82,338
12/06/04	A040242	Preaward Review of Multiple Award Schedule Contract Extension: Olympus America, Inc., Contract Number GS-24F-1292C		
12/15/04	A040232	Preaward Review of Multiple Award Schedule Contract: Electronic Data Systems Corporation, Contract Number GS-35F-0323J		
12/15/04	A040258	Preaward Review of Multiple Award Schedule Contract Extension: Jones & Stokes Associates, Incorporated, Contract Number GS-10F-0087K		
12/17/04	A040217	Preaward Review of Multiple Award Schedule Contract Extension: BAE Systems Applied Technologies Inc., Contract Number GS-23F-0005K		
12/21/04	A040253	Preaward Review of Multiple Award Schedule Contract Extension: Ortho-Clinical Diagnostics, Contract Number GS-24F-1243C		
01/05/05	A040212	Preaward Review of Multiple Award Schedule Contract Extension: ManTech Advanced Systems International, Inc., Contract Number GS-23F-0122J		
01/20/05	A040241	Preaward Review of Multiple Award Schedule Contract Extension: Nikon Instruments, Inc., Contract Number GS-24F-1333C		
01/21/05	A040229	Preaward Review of Multiple Award Schedule Contract Extension: DigitalNet Government Solutions, LLC, Contract Number GS-35F-0045K		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
01/25/05	A030050	Review of Multiple Award Schedule Contract Number GS-07F-0127L for the Period February 1, 2001 Through June 30, 2002: InPro Corporation		\$256,736
01/31/05	A050056	Preaward Review of Multiple Award Schedule Contract Extension, January 31, 2005 Through January 30, 2010: Tybrin Corporation, Contract Number GS-23F-0109K		
02/02/05	A050041	Preaward Review of Multiple Award Schedule Contract Extension: Mine Safety Appliances Company, Contract Number GS-07F-0099K		
02/03/05	A040203	Preaward Review of Multiple Award Schedule Contract: Anteon Corporation, Contract Number GS-23F-0076K		
02/03/05	A050060	Preaward Review of Multiple Award Schedule Contract Extension: Van Ru Credit Corporation, Contract Number GS-23F-0204K		
02/15/05	A030242	Review of Multiple Award Schedule Contract: Northrop Grumman Information Technology, Inc., Contract Number GS-35F-4340D		
03/11/05	A050090	Preaward Review of Multiple Award Schedule Contract Extension: McDowell Research Corporation, Contract Number GS-07F-0236K		
03/14/05	A050065	Review of Multiple Award Schedule Contract Number GS-07F-0293K for the Interim Period January 1 to June 30, 2004: CAL Inc.		
03/17/05	A050103	Preaward Review of Multiple Award Schedule Contract Extension: Television Equipment Associates, Inc., Contract Number GS-07F-0277K		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/18/05	A050058	Preaward Review of Multiple Award Schedule Contract Extension: Kendro Laboratory Products, Contract Number GS-24F-1289C		
03/29/05	A050061	Preaward Review of Multiple Award Schedule Contract Extension: Laurel Consulting Group, Inc., Contract Number GS-23F-0158K		
<b><i>FTS Internal Audits</i></b>				
12/09/04	A040096	Audit of Federal Technology Service's Client Support Center, New England Region		
12/09/04	A040117	Audit of Federal Technology Service's Client Support Center, Great Lakes Region		
12/09/04	A040123	Audit of Federal Technology Service's Client Support Center, Northeast and Caribbean Region		
12/09/04	A040191	Audit of Federal Technology Service's Client Support Center, Northwest/Arctic Region		
12/09/04	A040191	Audit of Federal Technology Service's Controls and Testing of Those Controls for the Heartland Region		
12/09/04	A030205	Audit of Federal Technology Service's Client Support Center, Pacific Rim Region		
12/09/04	A040130	Audit of Federal Technology Service's Client Support Center, Rocky Mountain Region		
12/09/04	A040102	Audit of Federal Technology Service's Client Support Center, National Capital Region		
12/09/04	A040126	Audit of Federal Technology Service's Client Support Center, Mid-Atlantic Region		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
12/09/04	A040191	Audit of Federal Technology Service's Controls and Testing of Those Controls for the Southeast Sunbelt Region Client Support Center		
12/10/04	A040097	Audit of Federal Technology Service's Client Support Center, Greater Southwest Region		
03/28/05	A040132	Audit of FTS Working Capital/Reserve Fund Levels		
<b><i>FTS Contract Audits</i></b>				
11/01/04	A040231	Postaward Review of Presubscribed Interexchange Carrier Charges: Sprint Communications Company, L.P., Contract Number GS00T99NSC0002		\$168,676
01/04/05	A040255	Review of Information Systems Support, Inc.'s Billings for Task Order Number GS10TR-00EBF-2546 Under GSA Contract Number GS-06K-97-BND-0710		\$68,074
<b><i>Other Internal Audits</i></b>				
11/01/04	A030245	Review of the Planned Transformation of the GSA Office of the Chief Financial Officer		
11/08/04	A040226	Report on Internal Controls Over Performance Measures		
11/15/04	A040239	Limited Audit of the Fiscal Year 2004 Federal Managers' Financial Integrity Act Section 2 and Section 4 Assurance Statements		
12/07/04	A040109	PricewaterhouseCoopers LLP Fiscal Year 2004 Information Technology Management Letter		
12/15/04	A040226	Audit of the Office of Citizen Services and Communications' Performance Measure: "Tax Dollars Saved as a Result of Agencies Sharing FirstGov Technologies"		



## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
12/29/04	A040172	Review of Management Controls Over GSA's Centrally Billed Travel Card Account		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of the Comprehensive Human Resources Integrated System		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of Pegasys		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of GSA Advantage!		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of the Region 6 PBS LAN		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of the Region 6 FTS LAN		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of the Region 6 FSS LAN		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of the Region 6 CFO LAN		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of the Federal Procurement Data System - Next Generation		
01/11/05	A040179	FY 2004 Office of Inspector General Information Security Review of the System for Tracking and Administering Real Property		
02/10/05	A030160	Audit of GSA's Continuity of Operations Program		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
02/11/05	A040113	Report on the Transfer of Funds to the Department of Homeland Security for Federal Protective Service Operations		
<b><i>Non-GSA Internal Audits</i></b>				
11/08/04	A040109	Report on Applying Agreed-Upon Procedures Re: FY 2004 Environmental Liabilities		
11/09/04	A040109	Report on Applying Agreed-Upon Procedures Re: FY 2004 Loss Contingencies		
<b><i>Non-GSA Contract Audits</i></b>				
11/02/04	A040256	Preaward Attestation Engagement Review of Del Amo Reimbursement Request: Shell Oil Company		
03/24/05	A050082	Preaward Review of Del Amo Reimbursement Request: Shell Oil Company		

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

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Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), 5 U.S.C. App. 3, § 5 note, this appendix identifies those audit reports where final actions remain open 12 months after the report issuance date. The GSA Office of the Chief Financial Officer, Office of the Controller, furnished the following information.

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)
06/27/97	A71811	Audit of Claim for Increased Costs, Miscellaneous Subcontractors to: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/11/97	A71803	Audit of Claim for Increased Costs: Nicholson Construction Company, Contract Number GS06P94GYC0037
07/22/97	A71804	Audit of Claim for Increased Costs: Rodio/ICOS St. Louis Joint Venture, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/31/97	A71820	Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
08/05/97	A73617	Refund From The Committee For Purchase From People Who Are Blind Or Severely Disabled, Agreement Number GS-02F-61511
11/26/97	A22536	Postaward Audit of Multiple Award Schedule Contract: Ingres Corporation, Contract Number GS00K89AGS5589
02/05/98	A80609	Preaward Audit of a Delay Claim: The Woodworks Architectural Millwork, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
03/19/98	A81515	Audit of Claim for Increased Costs: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-0017
05/27/98	A42146	Postaward Audit of Multiple Award Schedule Contract: Haworth, Incorporated, Contract Number GS-00F-07010
06/17/98	A82441	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010
09/04/98	A990302	Postaward Audit of Multiple Award Schedule Contract: Westinghouse Furniture Systems, Contract Number GS-00F-76574
09/22/98	A80931	Preaward Review of Multiple Award Schedule Contract For The Extension Period April 1, 1999 Through March 31, 2004: Computer Associates International, Inc., Contract Number GS-35F-5169H

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

Date of Report	Audit Number	Title
10/13/98	A80636	Preaward Audit of a Claim: Structural Preservation Systems, Inc., Contract Number GS-02P-96-DTC-0033
02/05/99	A995113	Preaward Audit of Supplemental Architect and Engineering Services Contract: Van Deusen & Associates, Solicitation Number GS-02P-98-PLD-0029(N)
03/24/99	A995128	Preaward Audit of Cost or Pricing Data: Sachs Electric Company, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P95GZC0501
06/08/99	A995192	Limited Postaward Audit of Multiple Award Schedule Contract for the Period April 1, 1997 Through February 28, 1999: Danka Office Imaging Company, Contract Number GS-26F-1018B
06/15/99	A42113	Postaward Audit of Multiple Award Schedule Contract: Herman Miller Inc., Contract Number GS-00F-07000
06/24/99	A995231	Audit of Small Business Subcontracting Plan: Rael Automatic Sprinkler Company, GS-02P-95-DTC-0041(N)
07/07/99	A995249	Audit of Small Business Subcontracting Plan: L. Martone and Sons, Inc., Contract Number GS-02P-95-DTC-0041(N)
10/13/99	A995262	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract GS-02P-95-DTC-0014(N)
10/26/99	A995278	Preaward Audit of a Claim: Midlantic Erectors, Inc., Subcontractor to Metropolitan Steel Industries, Inc., Contract Number GS-02P-95-DTC-0014(N)
11/04/99	A995272	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)
11/10/99	A995271	Preaward Audit of Architect and Engineering Services Contract: HLW International LLP, Contract Number GS-02P-93-CUC-0062
03/29/00	A81830	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Period March 8, 1991 Through February 29, 1996
03/29/00	A995122	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Interim Period March 1, 1996 Through April 30, 1998
04/25/00	A000975	Preaward Audit of Multiple Award Schedule Contract: Day Runner, Incorporated, Contract Number GS-14F-0193D
06/01/00	A000971	Audit of Claims for Increased Costs: Midwest Curtainwalls, Inc., The Federal Triangle Project

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

Date of Report	Audit Number	Title
07/19/00	A000940	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
08/24/00	A000941	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/17/00	A001024	Preaward Audit of a Claim: Cannon Fabrication Corp., Second-Tier Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/30/00	A000942	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
01/10/01	A001021	Postaward Audit of Multiple Award Schedule Contract: Merant, Inc. for the Interim Period March 26, 1999 Through September 30, 2000, Contract Number GS-35F-0322J
01/29/01	A000909	Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
02/08/01	A010089	Audit of a Claim for Increased Costs: Palafox Street Associates, L.P., Federal Courthouse, Pensacola, FL, Lease Number GS-04B-35055
03/20/01	A001119	Audit of Forward Pricing Rates: J.A. Jones-GMO, LLC, Contract Number GS-02P-99-DTC-0006 & GS-02P-98-DTC-0088
03/29/01	A010169	Preaward Audit of Cost Plus Fixed Fee IDIQ Proposal: RS Information Systems, Inc., Solicitation Number GSC-TFMGD-00-3006
04/30/01	A010127	Audit of Billings under Contract Number GS06P99GZC0315: DKW Construction, Inc.
05/11/01	A010128	Preaward Audit of a Change Order Proposal: D.A.G. Floors, Inc., Subcontractor to J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/23/01	A010160	Preaward Audit of Cost or Pricing Data: John Milner Associates, Inc., Solicitation Number 2PCB-CM-010174
05/31/01	A010118	Preaward Audit of a Claim for Increased Costs: Amelco Construction, Roybal Federal Building & Courthouse, Los Angeles, California, Contract Number GS-09P-98-KTC-0020
07/31/01	A001055	Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
08/14/01	A010222	Preaward Audit of Architect and Engineering Proposal: Perkins and Will, Inc., Solicitation Number GS-09P-00-KTC-0088

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

Date of Report	Audit Number	Title
09/17/01	A010221	Preaward Audit of Multiple Award Schedule Contract: Konica Business Technologies, Inc., Solicitation Number FCGE-C100-0001-B
09/26/01	A010253	Price Adjustments on Multiple Award Schedule Contract: TransUnion Corporation, Contract Number GS-22F-9602D for the Interim Period November 1, 2001 Through April 30, 2005
10/18/01	A63630	Postaward Audit of Multiple Award Schedule Contract: The Presidio Corporation, Contract Number GS00K-95-AGS-6170, Contract Period April 1, 1995 through March 31, 1996
10/31/01	A010265	Preaward Audit of Architect and Engineering Services Contract; HNTB District of Columbia Architecture, P.C., Solicitation Number GS-11P-00-MQC-0041
12/18/01	A001123	Postaward Audit of Multiple Award Schedule Contract: Rose Talbert Paint Company, Contract Number GS-10F-48584, for the Period May 9, 1988 through April 30, 1991
01/11/02	A010281	Preaward Audit of a Claim for Increased Costs: Lawson Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
01/17/02	A010247	Preaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Solicitation Number FCGE-C1-00-0001-B
02/20/02	A010138	Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/03/02	A010263	Preaward Audit of a Claim: Island ADC, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/11/02	A60648	Postaward Audit of Multiple Award Schedule Contract: Gaylord Bros., Contract Numbers GS-00F-3918A & GS-00F-3919A
04/18/02	A010248	Preaward Audit of a Claim: LBL Skysystems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/26/02	A010262	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/30/02	A020101	Preaward Audit of a Claim, Additional Change Items: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
05/16/02	A020115	Limited Scope Audit of a Termination Claim: Patriot Group Contractors, Inc., Contract Number GS-11P-99-MAC-0006
05/17/02	A020125	Audit of Acceleration Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
05/17/02	A020134	Audit of Delay Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/29/02	A020109	Preaward Audit of a Claim: Schindler Elevator Corporation, Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
05/29/02	A020124	Preaward Audit of a Claim for Increased Costs: Res-Com Insulation, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
06/06/02	A020132	Audit of Claim for Increased Costs: Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/06/02	A020141	Audit of Claim for Increased Costs: The Albert M. Higley Co., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/06/02	A020142	Audit of Claim for Increased Costs: Mohawk Re-Bar Services, Inc., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/12/02	A020097	Preaward Audit of a Claim for Increased Costs: Artisans G & H Fixtures, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
06/27/02	A010239	Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
07/16/02	A020191	Preaward Audit of Supplemental Architect and Engineering Contract: McMullan & Associates, Inc., Solicitation Number GS-11P-01-YTD-0319
07/30/02	A020086	Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems North, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
08/07/02	A020173	Preaward Audit of a CQM Proposal: CCJN & Company, Architects & Planners, P.C., Requisition/Procurement Request Number 2PMC-U-02-CQM
09/04/02	A020180	Preaward Audit of Architect and Engineering Services Contract: Adtek Engineering, Inc., Solicitation Number GS-11P-01-YTD-0319
09/24/02	A020196	Preaward Audit of Architect and Engineering Services Contract: BEI Structural Engineers, Inc., Solicitation Number GS-11P-01-YTD-0319
09/26/02	A020201	Preaward Audit of a Claim: Almar Plumbing and Heating Corp., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/02/02	A020178	Preaward Audit of Multiple Award Schedule Contract Modification: Motorola, Inc., GSA Contract Number GS-35F-0004L



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

Date of Report	Audit Number	Title
10/02/02	A020200	Audit of Termination Claim: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-017
11/14/02	A020223	Preaward Audit of a Claim: Fine Painting Co., Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
11/20/02	A010279	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
11/22/02	A020224	Preaward Audit of a Claim for Increased Costs: Commonwealth Electric Company, Subcontractor to Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
12/23/02	A020176	Preaward Audit of a Claim for Increased Costs: Vetro, Inc., Contract Number GS-09P-97-KTC-0008
01/03/03	A020242	Preaward Audit of Cost and Pricing Data: Stronghold Engineering, Inc., Solicitation Number GS-09P-02-KTC-0069
01/07/03	A020192	Preaward Audit of a Claim for Increased Costs: Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
01/22/03	A020233	Preaward Audit of a Claim for Increased Costs: Sun Mechanical Contracting, Inc., Subcontractor to Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
01/30/03	A020248	Audit of Claim for Increased Costs: Doan/Lake Erie LLC, Contract Number GS-05P-99-GBC-0012
02/06/03	A995169	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Viking Acoustical Corporation, Contract Number GS-00F-5004A
02/07/03	A020238	Preaward Audit of a Claim for Increased Costs: Standard Drywall, Inc., Subcontractor to Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
02/12/03	A030081	Preaward Audit of a Claim for Increased Costs: Hardrock Concrete Placement Company, Inc., Subcontractor to Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008
02/20/03	A020217	Preaward Audit of Sole Source Contract: NEEKO Construction, Inc., Solicitation Number GS-11P-02-ZGC-0218 "NEG" 8(A)
03/14/03	A020197	Preaward Audit of a Claim: Rael Automatic Sprinkler Co., Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
03/20/03	A020251	Audit of Claim for Increased Costs: The Cleveland Marble Mosaic Company, Contract Number GS-05P-99-GBC-0043
03/21/03	A020133	Preaward Audit of a Claim for Increased Costs: Cosco Fire Protection, Inc., Subcontractor to Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
03/25/03	A030140	Limited Scope Review of Termination Claim: Science Applications International Corporation, Contract Number GS-35F-4461G, Task Order Number T0002SJ0159
05/02/03	A030106	Preaward Audit of a Claim for Increased Costs: George Foss Company, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
05/06/03	A030142	Preaward Audit of Construction Management Services Contract: Gilbane Building Company, Solicitation Number GS-02P-02-DTC-0031N
05/19/03	A030092	Preaward Audit of a Termination Settlement Proposal: L&H Construction Co., Inc., Contract Number GS-02P-99-DTC-0013
05/29/03	A020230	Preaward Audit of a Claim for Increased Costs: C.E. Toland & Son, Subcontractor to Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
05/29/03	A030088	Preaward Audit of a Termination Settlement Proposal: Imperial Construction Group, Inc., Contract Number GS-02P-01-PCU-0036
06/02/03	A030138	Audit of Claim for Increased Costs: Hunt Construction Group, Inc., Contract Number GS-05P-96-GBC-0015
07/02/03	A030163	Preaward Audit of Multiple Award Schedule Contract Extension: Information Network Systems, Inc., Contract Number GS-35F-5002H
08/08/03	A030177	Review of Incurred Costs: Jacobs Facilities, Inc., Contract Number GS-11P-98-MYD-0015
08/15/03	A030222	Preaward Audit of Architect and Engineering Services Contract: The Lukmire Partnership, Inc., Solicitation Number GS-11P-02-MAD-0177
08/28/03	A030199	Audit of Claim for Increased Costs: Dick Corporation, Contract Number GS-05P-97-GBC-0011
09/23/03	A030236	Preaward Audit of Architect and Engineering Services Contract: Atkinson Koven Feinberg Engineers, LLP, Consultant to Perkins Eastman Architects, PC, Solicitation Number GS-02P-03-DTD-0008(N)
09/29/03	A030152	Preaward Audit of a Claim: J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
09/30/03	A030264	Preaward Audit of Cost and Pricing Data: Kelly's Cleaning Services, Inc., Solicitation Number GS-02P-03-PIC-0028
10/01/03	A030229	Preaward Audit of Multiple Award Schedule Contract Extension: Viecore FSD, Inc., Contract Number GS-35F-0072J
10/09/03	A030247	Preaward Audit of Architect and Engineering Design Services Contract: Syska Hennessy Group, Inc., Solicitation Number GS11P02MKC0057
10/09/03	A030248	Preaward Audit of Architect and Engineering Design Services Contract: STUDIOS Architecture, Solicitation Number GS11P02MKC0057
10/09/03	A030250	Preaward Audit of Architect and Engineering Design Services Contract: Thorton-Tomasetti-Cutts LLC, Solicitation Number GS11P02MKC0057
10/09/03	A030244	Preaward Audit of Architect and Engineering Design Services Contract: Shalom Baranes Associates, Solicitation Number GS11P02MKC0057
10/16/03	A030225	Preaward Audit of Claim: AMEC Construction Management, Inc., Contract Number GS-11P96MKC0015
10/29/03	A030156	Preaward Audit of Multiple Award Schedule Contract: R.S. Information Systems, Inc., Solicitation Number FCIS-JB-980001-B
10/29/03	A030181	Limited Scope Postaward Audit of Multiple Award Schedule Contract: R.S. Information Systems, Inc., Contract Number GS-35F-5355H
11/04/03	A030261	Preaward Audit of Architect and Engineering Services Contract: Perkins Eastman Architects, P.C., Solicitation Number GS-02P-03-DTD-0008(N)
11/20/03	A040054	Preaward Audit of Multiple Award Schedule Contract: The Public Strategies Group, Inc., Contract Number GS-10F-0023J
12/05/03	A030241	Audit of Claim for Increased Costs: BPI Mechanical, Inc., Subcontractor to AMEC Construction Management, Inc., Contract Number GS-11P-96-MKC-0015
12/12/03	A040087	Preaward Audit of Architect and Engineering Services Contract: Holabird and Root, LLC, Contract Number GS11P03MKC0037
12/17/03	A030168	Preaward Audit of Multiple Award Schedule Contract: Dynamic Systems, Inc., Solicitation Number FCIS-JB-980001B
12/17/03	A040001	Preaward Audit of Multiple Award Schedule Contract: Concord Communications, Incorporated, Solicitation Number FCIS-JB-980001B
12/31/03	A030172	Preaward Audit of a Claim: Cord Contracting Co., Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)

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

Date of Report	Audit Number	Title
12/31/03	A030215	Preaward Audit of a Claim: A&L Construction Corporation, Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
01/12/04	A040067	Audit of Claim for Increased Costs: C.J. Coakley Co., Inc., Subcontractor to AMEC Construction Management, Inc., Contract Number GS-11P-96-MKC-0015
01/12/04	A040098	Preaward Audit of Supplemental Architect and Engineering Services Contract: Gonzalez Hasbrouck, Inc., Solicitation Number GS-05P-03-GBD-0072
01/13/04	A030265	Interim Audit of Multiple Award Schedule Contract: BearingPoint, LLC, Contract GS-23F-9796H
01/15/04	A030155	Preaward Audit of a Claim: LBL Skysystems, Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
01/16/04	A030234	Preaward Audit of a Claim: KSW Mechanical Services, Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
01/29/04	A030223	Preaward Audit of Claim: John J. Kirlin, Inc., Subcontractor to AMEC Construction Management, Inc., Contract Number GS-11P96MKC0015
02/03/04	A040119	Attestation Review of Supplemental Architect and Engineering Services Contract: Julie Snow Architects, Inc., Solicitation Number GS-05P-03-GBD-0072
02/25/04	A040049	Attestation Review of Preaward Multiple Award Schedule Contract: EG&G Technical Services, Inc., Contract Number GS-35F-5927H
03/01/04	A030259	Preaward Audit of a Claim: Airflex Industrial Inc., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
03/02/04	A040004	Preaward Attestation Engagement Review of Multiple Award Schedule Contract Extension: Black Box Corporation, Contract Number GS-35F-0158J
03/05/04	A040129	Preaward Audit of Architect/Engineering Proposal: Weinstein Architects and Urban Designers, Solicitation Number GS-10P-04-LTC-0009
03/09/04	A040162	Price Adjustments on Multiple Award Schedule Contract: Nova Solutions, Inc., Contract Number GS-29F-0173G, for the Interim Period April 1, 2004 Through September 30, 2006
03/09/04	A030186	Postaward Audit of Multiple Award Schedule Contract: Nova Solutions, Inc., Contract Number GS-29F-0173G, for the Contract Period December 12, 1996 Through October 31, 2003
03/12/04	A040082	Preaward Attestation Engagement Review of Multiple Award Schedule Contract Extension: ITT Industries, Inc., Advanced Engineering & Sciences Division, Contract Number GS-35F-0109J

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
03/16/04	A040107	Attestation Review of Architect and Engineering Services Contract: DBI Architects, P.C., Contract Number GS11P02ZGD0206
03/19/04	A040105	Attestation Engagement Review of Multiple Award Schedule Contract: Rhombic Systems, Inc., Contract Number GS-35F-0461J
03/23/04	A030191	Preaward Audit of a Claim: Five Star Electric Corp., Subcontractor to J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006(N)
03/24/04	A040128	Preaward Attestation Review of Multiple Award Schedule Contract: 3H Technology, LLC, Solicitation Number FCIS-JB-980001B
03/31/04	A030230	Preaward Attestation Review of a Claim: Singleton Electric Company, Inc., a Subcontractor to AMEC Construction Management, Inc., Contract Number GS-11P-96-MKC-0015

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Projected Final Action Date</b>
<b><i>Internal Audits</i></b>			
03/27/01	A000968	Review of Operating Equipment Inventories: Public Buildings Service, New England Region	05/15/05
05/29/01	A001012	PricewaterhouseCoopers LLP Fiscal Year 2000 Interim and Year-End Management Letters	10/15/05
02/07/02	A010187	EDP Management Letter FY 2001 Financial Statement Audit	06/15/05
05/10/02	A010187	Audit of the General Services Administration's Fiscal Years 2001 and 2000 Financial Statements	10/15/05
09/30/02	A020056	Audit of Controls Over Reimbursable Work Authorizations Billing Practices in the Greater Southwest Region	06/15/05
03/18/03	A020161	Audit of the Consolidation of Distribution Center Operations: Impact on Shipment Costs & Delivery Times	06/15/05
03/18/03	A020163	Audit of the General Services Administration's Fiscal Years 2002 and 2001 Financial Statements	Open
12/19/03	A030110	PricewaterhouseCoopers, LLP Fiscal Year 2003 EDP Management Letter	Suspended
12/31/03	A030080	Review of PBS Portfolio Restructuring Initiative	10/15/05
01/08/04	A020144	Audit of Federal Technology Service's Client Support Centers	05/15/05
02/10/04	A030104	Audit of PBS Lease Oversight Practices	06/15/05
03/15/04	A020203	Review of GSA's Process for Establishing Lodging Per Diems	10/15/05
03/25/04	A030147	Audit of FSS's Acquisition Workforce Qualifications	06/15/05
03/30/04	A020246	Audit of the GSA.gov Web Portal	04/15/05
03/31/04	A030110	Audit of the General Services Administration's Fiscal Years 2003 and 2002 Financial Statements	10/15/05



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## Appendix IV—Delinquent Debts

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

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

During the period October 1, 2004 through March 31, 2005, the following activities were undertaken by GSA in an effort to improve debt collection and reduce the amount of debt written off as uncollectible.

- From October 1, 2004 to March 31, 2005, the GSA Finance Centers referred approximately \$1.5 million of delinquent non-Federal claims to the U.S. Treasury Department (Treasury) for cross-servicing collection activities. Collections on non-Federal claims exceeded \$69.4 million. Administrative offsets have resulted in additional collections of \$9.1 million. GSA also collects non-Federal claims using Pre-Authorized Debits (PADs). From October 1, 2004 to March 31, 2005, 78 PADs totaling \$100,533 were processed.
- To comply with the Debt Collection Improvement Act of 1996, GSA transmits delinquent claims each month to the Treasury Financial Management Service (FMS) for collection cross-servicing.
- Persistent claims coordination between regional contracting officers, Treasury, and our Finance Centers continues to strengthen our claims collection efforts. These efforts include exchanging necessary information to further the collection process, such as clarifying the status and circumstances which initiated the claim, notification of bankruptcy actions, and obtaining additional documentation to support the claim.
- In accordance with OMB Circular A-129, we continue to write off uncollected claims aged over two years old. However, written-off claims due from debtors for which Treasury has a taxpayer identification number or social security number remain in Treasury's Off-set Program (TOP) for up to ten years and can be collected.

- The Profit Recovery Group, through a contract arrangement with GSA, continues to actively review and pursue overpayments in conjunction within our PBS and FTS Accounts Payable Division associates.
- Treasury debt collection contractors are using the Administrative Wage Garnishment (AWG) tool to collect GSA claims; however, the debtors are filing AWG hearing requests with GSA's Board of Contract Appeals. Because the Board had decided against GSA on several of these AWG appeals, a conference call with judges from GSA's Board of Contract Appeals, GSA attorneys and representatives from the Fleet Accident Center, Personal Property Sales (PPS) and the National Payroll Center located in the Heartland Finance Center was held on March 16, 2005 to discuss AWGs associated with GSA claims submitted by Treasury for collection.

The call helped clarify:

1. What steps should be taken to improve use of the AWG tool by Treasury collection contractors.
2. Who at GSA should respond to the Board for the AWG hearings.
3. Which GSA Counsel office should represent GSA in the hearings.
4. What documentation and/or chronology of events leading to the debt is needed to substantiate the debt.
5. Legal statements to certify GSA is allowed to recover the money owed.
6. PPS contracting officers' responsibility to give the debtors their rights under the Contract Disputes Act before liquidated damage claims are submitted for collection.



## Appendix IV—Delinquent Debts

Clarification of the above should improve GSA's ability to substantiate its claims and its right to collect them. It will also help Board judges meet strict time frames for rendering decisions and reduce time and resources spent on pursuing debts when it is not cost beneficial to do so.

- As of March 7, 2005, the District of Columbia (DC) Government owed GSA \$423,996 for 38 supply bills over two years old. This is an increase from the \$347,228 they owed as of September 30, 2004. A spreadsheet of all outstanding supply bills is sent monthly to the DC Chief Financial Officer (CFO)
- On March 15, 2005, we received the first payment from the U.S. District Court for a credit card fraud case against an individual. The total amount of restitution to be paid to GSA is \$12,617. The Department of Justice Financial Litigation Unit will notify the debtor's parole officer if there is any failure to pay.

offices. These old bills were not being paid because either GSA no longer has the supporting backup, or the DC Government no longer has the funding. We have not written these bills off because the DC CFO has agreed to request funding to pay GSA for these bills.

### Non-Federal Accounts Receivable

	As of October 1, 2004	As of March 31, 2005	Difference*
Total Amounts Due GSA	\$12,205,959	\$90,519,793	\$78,313,834
Amounts Delinquent	\$7,729,531	\$76,277,959	\$68,548,428
Total Amount Written Off as Uncollectible Between 10/1/04 and 3/31/05	\$460,526		

*\*The large increase in the differences between October 1, 2004 and March 31, 2005 is due to using incorrect amounts in previous reports from the Greater Southwest Finance Center.*

## Appendix V—Reporting Requirements

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

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

Requirement	Page
<b>Inspector General Act</b>	
Section 4(a)(2) – Review of Legislation and Regulations .....	24
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies. ....	2, 14
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies .....	2, 14
Section 5(a)(3) – Prior Recommendations Not Yet Implemented .....	35
Section 5(a)(4) – Matters Referred to Prosecutive Authorities. ....	30
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused. ....	None
Section 5(a)(6) – List of Audit Reports .....	38
Section 5(a)(7) – Summary of Each Particularly Significant Report .....	2, 14
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs .....	29
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use .....	28
Section 5(a)(11) – Description and Explanation for Any Significant Revised Management Decision .....	None
Section 5(a)(12) – Information on Any Significant Management Decisions with Which the Inspector General Disagrees .....	None
<b>Senate Report No. 96-829</b>	
Resolution of Audits .....	27
Delinquent Debts .....	60
<b>National Defense Authorization Act, Public Law 104-106, 5 U.S.C. App. 3, § 5 note</b> .....	49

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## Appendix VI—OIG Offices and Key Officials

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### Office of the Inspector General

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

### Office of Counsel to the Inspector General

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

### Office of Internal Evaluation

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

### Office of Audits

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

### Programmatic Audit Office Deputy Assistant Inspectors General for Auditing (DAIGs)

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

### Regional Inspectors General for Auditing (RIGAs)

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

## Appendix VI—OIG Offices and Key Officials

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

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

### Office of Investigations

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

### Regional Inspectors General for Investigations (RIGIs)

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

### Office of Administration

Assistant IG for Administration, John C. Lebo, Jr. (JP)	(202) 501-2319
Human Resources Division, Director Vacant (JPH)	(202) 501-0360
Information Technology Division, Director Margaret A. Hamilton (JPM)	(202) 501-3134
Administrative and Financial Management Division, Director Marta M. Viera (JPF)	(202) 501-2887

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## *Notes*

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Washington, DC 20405

or access the Web: [www.gsa.gov/fraudnet](http://www.gsa.gov/fraudnet)

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