



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

Semiannual Report to the Congress

October 1, 2008 – March 31, 2009

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 |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| ACQUISITION PROGRAMS | GSA's procurement organization awards and administers government-wide contracts worth \$100 billion. With growing programs and shrinking numbers of qualified acquisition personnel, attention to important fundamentals such as ensuring competition, meaningful price analysis, and implementation of statutory and regulatory compliance-type requirements has diminished. | 2 |
| INFORMATION TECHNOLOGY | 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. | 4 |
| MANAGEMENT CONTROLS | Management controls have been streamlined, resulting in fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed. The need for strong internal controls underlies several of the other management challenges. | 6 |
| PROTECTION OF FEDERAL FACILITIES AND PERSONNEL | GSA is responsible for protecting the life and safety of employees and public visitors in Federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required. | No Reports This Period |
| HUMAN CAPITAL | GSA has an aging workforce and is facing significant loss of institutional knowledge due to retirements, including a loss of key management staff over the past year. Better recruitment and training programs are needed to develop the 21st century workforce. | No Reports This Period |
| FEDERAL BUILDINGS FUND | Faced with an aging, deteriorating inventory, GSA is challenged in making the best use of available funds to deliver high performance workplaces on schedule and within budget. | 10 |

Foreword

I am pleased to provide this report to the people of the United States and their elected representatives in Congress. The Office of Inspector General (OIG) at GSA has been working successfully to identify waste, fraud, and abuse in the programs and operations of GSA. For the period covered by this semiannual report (SAR), the OIG identified almost \$317 million as funds recommended for better use and questioned costs. The OIG issued 56 audit reports. We also made 141 case referrals for criminal prosecution, civil litigation, and administrative action—activities valuable in their own right, as well as for their deterrent effect. In this reporting period we achieved savings from management decisions on financial recommendations, and from civil settlements and investigative recoveries, totaling over \$661 million.

This reporting period, the GSA OIG formed a new Forensic Auditing Unit. Utilizing forensic auditing approaches enables Inspectors General to better focus their work, and provides them with a powerful technique for the identification of fraud, waste, and abuse and the successful prosecution of offenders. The approach is paying off. Forensic auditing is helping to bring together important skills across the OIG in concentrated ways, and is highlighting the value of increased teamwork in pursuit of our mandate to protect taxpayer dollars.

We continue to work with the Council of Inspectors General for Integrity and Efficiency, other OIGs, and law enforcement agencies. Throughout this reporting period, I continued to serve as the Vice Chair of the National Procurement Fraud Task Force. Legislative recommendations stemming from the Task Force's White Paper have been the subject of Senate hearings and have formed the basis for new legislation and regulations. A major change in the Federal Acquisition Regulation (FAR) requiring contractor reporting of crimes and overpayments was a result of legislative action based on the Task Force White Paper. GSA OIG was one of the first offices to develop a website for contractor reporting, which has served as a model for other agencies. The GSA OIG is involved heavily, as well, in coordinating its efforts with the new Recovery, Accountability, and Transparency Board, charged with overseeing the implementation and impact of the economic stimulus funding. GSA plays a pivotal role in Recovery Act efforts through both the Public Buildings Service and Federal Acquisition Service.

As we carry out all our duties, we endeavor to assist GSA to accomplish its important mission in an efficient manner and to observe all applicable requirements. The steady record of accomplishment of OIG employees continues to be a source of great pride. I commend our employees for their continued professionalism, dedication, and performance in fulfilling their oaths to uphold the law. I also wish to recognize the continued, strong support of the Congress, OMB, and employees throughout GSA for the efforts of the OIG.



*Brian D. Miller
Inspector General
March 31, 2009*

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

Summary of OIG Performance

October 1, 2008 – March 31, 2009

OIG Accomplishments

Total financial recommendations \$316,935,094

These include:

- Recommendations that funds be put to better use \$299,877,880
- Questioned costs \$17,057,214

Audit reports issued 56

Subjects referred for criminal prosecution,
civil litigation, & administrative action 225

Results Attained

Management decisions agreeing with audit
recommendations, civil settlements, and
court-ordered and investigative recoveries \$661,513,864

Indictments and informations on criminal referrals 61

Cases accepted for criminal prosecution 46

Cases accepted for civil action 14

Successful criminal prosecutions 55

Civil settlements 5

Contractors/individuals suspended and debarred 90

Employee actions taken on administrative referrals
involving GSA employees 19

Executive Summary

During this semiannual period, the OIG continued to direct its auditing and investigative resources toward what it has identified as the major management challenges facing GSA. The OIG conducted audit reviews and investigations to ensure the integrity of the Agency's financial statements, programs, and operations, and to ensure that the taxpayers' interests were being protected. The OIG also continued to initiate actions to prevent fraud, waste, and abuse, and to promote economy and efficiency throughout GSA.

The OIG's resources have been directed specifically toward conducting preaward, financial, and programmatic audits; management control assessments; contract reviews; investigations of fraud, abuse, and related actions by GSA employees and government contractors; and litigation support in civil fraud actions, enforcement actions, criminal prosecutions, contract claims, and administrative actions, all in an effort to maintain the integrity of GSA programs.

Management Challenges

The OIG continued to strive to provide the high level of quality in reviews and recommendations for which it is known, and which it believes necessary in order for GSA to continue leading the government in contracting and procurement. During this semiannual period, the focus has been on acquisition programs, information technology, management controls, the federal buildings fund, new initiatives, civil actions, and criminal actions. The following are significant audits and reviews that identify major issues facing GSA.

Acquisition Programs

Significant Preaward Reviews and Other Audits. The OIG's preaward review program provides information to contracting officers (COs) for use in negotiating contracts. This period, the OIG performed preaward reviews of 41 contracts with an estimated value of \$3.7 billion. We recommended that more than \$299 million be put to better use. During this reporting period, management decisions were made on 34 preaward reports, which recommended that over \$603 million be put to better use. Management agreed with 100 percent of the recommended savings (page 2).

Improvements in Response to Audit Recommendations for Small Business Acquisitions. While responsibility for implementing appropriate corrective action in response to audit report recommendations resides with Agency management, the OIG performs some reviews of whether appropriate corrective action has been taken. The Office of Audits reviewed management's corrective actions in response to recommendations regarding the Streamlined Technology Acquisition Resources for Services program through the Small Business Governmentwide Acquisition Center. While we noted some areas for improvement that could further strengthen controls already in place, in general, the Center has made significant positive changes to the controls of the program since the original report (page 3).

Executive Summary

Information Technology (IT)

Further Risk Management Needed in USAccess. GSA established USAccess in 2007 in response to the Homeland Security Presidential Directive 12 requirement of a mandatory, government-wide standard for secure and reliable forms of identification. We have begun reviewing USAccess to determine whether GSA has implemented the necessary security controls to manage the risks inherent in its only “high risk” system, and have issued an initial interim audit report. We found that the Federal Acquisition Service has implemented many of the security controls required by the Federal Information Security Management Act of 2002 and GSA’s IT Security Program. Risk management practices could be improved, however, by including control assessments for system web services in ongoing oversight. Further, improvements are needed to ensure that contractor staff is trained in its responsibilities for implementing GSA security policies and protecting sensitive information (page 4).

Management Controls

Financial Statement Audit and Related Reviews

Fiscal Year 2007 and 2008 Audits Reveal Accounting, Security Weaknesses. As in past years, GSA’s Financial Statement Audit was performed by an independent public accounting firm, with oversight, support work, and guidance provided by the OIG. The audit indicated that GSA lacks effective controls to ensure that budgetary transactions are properly processed to permit the timely preparation of financial statements in accordance with generally accepted accounting principles. The audit also identified security weaknesses across multiple systems, in the areas of segregation of duties, user and administrator logical access, and activity monitoring, which create significant vulnerabilities in financial data. Further, the audit found reportable instances in which GSA’s financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act (page 6).

GSA Office of the Chief Financial Officer Controls Over Performance Measures. Internal controls over GSA’s performance measure data are operating effectively (page 8).

Reports Regarding Agreed-Upon Accounting Procedures. The Office of Audits performed and provided to the independent public accounting firm reviews of GSA’s Fiscal Year 2008 environmental liabilities, legal loss contingencies, and internal controls over payroll (page 9).

Control Weaknesses in Financial Systems. Each year, we review the Agency’s Federal Managers’ Financial Integrity Act process to determine whether management adequately disclosed all known control weaknesses and non-conformities in the Agency’s programs, operations, and systems. We noted weaknesses in budgetary reporting, systems integration, and accounting for accounts payables and receivables. The independent financial audit also identified budgetary reporting and system security weaknesses (page 9).

Executive Summary

Federal Buildings Fund

Inefficiencies in Davis-Bacon Requirements and Real Property Leasing.

Rep. Eleanor Holmes Norton requested that the OIG examine the effect of the Davis-Bacon Act, which requires that laborers on Federal construction projects receive compensation comparable to that on non-Federal jobs in the same geographical areas; and the efficiency of the GSA National Capital Region's (NCR's) real property leasing process. The Office of Audits found that the vast majority of payroll records conform to Davis-Bacon Act requirements. However, the Act's reporting requirements are burdensome for the contractors. We determined that while NCR's internal quality assurance and compliance process steps are necessary to ensure accurate, legally sufficient, and appropriately funded leases, there were significant delays in verifying the accuracy of occupancy agreements (page 10).

New Initiatives

New Rule Requiring Contractor Disclosure. Effective December 12, 2008, the Federal Acquisition Regulation requires Federal contractors to disclose credible evidence of significant overpayments, and certain civil and criminal violations. The Office of Audits, Office of Investigations, and Office of Counsel to the Inspector General will work together on disclosures made to the Office of Inspector General. Each disclosure will be examined and a determination made as to what actions are warranted. During this reporting period we received three disclosures (page 12).

American Recovery and Reinvestment Act Oversight. The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides GSA with funding to renovate and repair Federal buildings to improve energy efficiency, construct land ports of entry, and acquire fuel-efficient vehicles. The oversight of GSA's implementation of the Recovery Act will require a full range of oversight activities including contract, financial, and internal audits as well as criminal investigations. Some historic management challenges could impact GSA's implementation of the Recovery Act, including construction program deficiencies relating to cost escalations, claims, and project delays, and difficulties in ensuring that financial statements are complete and accurate (page 13).

Promoting and Protecting Integrity

GSA is responsible for providing working space for one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property, and operates a government-wide 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. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil and other monetary recoveries totaled more than \$54.4 million.

Executive Summary

Significant Civil Actions and Criminal Investigations

Civil Settlements. Armor Holdings Products, LLC, agreed to pay the Government \$30 million to resolve allegations that it violated the False Claims Act by knowingly manufacturing and selling defective Zylon bullet-proof vests (page 15). AMEC Construction Management, Inc., agreed to pay almost \$12 million and forfeit over \$7 million to settle judgments that it had submitted falsified invoices and false documents, and received kickbacks from its bonding agent's commissions (page 16). Tifco Industries, Inc., paid the United States \$1.6 million, and Inter-Tel, Inc., paid \$1.3 million, each to settle claims that the companies falsely certified that their products were compliant with the Trade Agreements Act (pages 16, 17). American Systems Corporation agreed to pay the Government \$810,000 for inaccurately billing the government for services and products under a GSA contract (page 17).

Fraud and Theft of Government Property. A US Army specialist pled guilty to using Army funds to purchase at least \$98,000 in products which he sold for his own benefit (page 18). Two former employees of a government contractor and subcontractor were found guilty of conspiracy to defraud two other companies in securing sales under a GSA contract (page 19). A GSA supervisor pled guilty to theft of government funds and money laundering for submitting fraudulent refund vouchers for payments to a fictitious company (page 19). A Contracting Officer's Technical Representative pled guilty to wire fraud for authorizing payments to contractors for uncompleted work in exchange for subcontracting their work with companies in which he held a financial interest (page 20). A contractor pled guilty to fraudulently billing the Government using Voyager fleet card numbers he had obtained when he previously had performed services on the government vehicles (page 21).

Other Crimes. Two federal employees pled guilty to paying and accepting bribes, respectively, in exchange for the award of government contracts to a company one employee owned (page 17). A GSA contractor employee pled guilty to embezzlement of interstate and foreign shipments of heating oil and conspiracy to launder money; several other employees have been charged (page 21). GSA investigators also discovered two previously lost or stolen items of Works Progress Administration art for sale on the eBay auction website and were able to recover them (page 21).

GSA Voyager Fleet Charge Card Abuse. During this period, 20 individuals pled guilty, 24 individuals were indicted, and 18 individuals were arrested in connection with cases arising out of fleet charge card investigations. These cases involved thousands of dollars of fraudulent activities associated with this program (page 22).

Executive Summary

Suspension and Debarment – Highlights

During this reporting period, the OIG made 153 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 90 suspension and debarment actions based on current and previous OIG referrals (page 22).

Integrity Awareness – Highlights

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 60 briefings attended by 761 regional and Central Office employees (page 23).

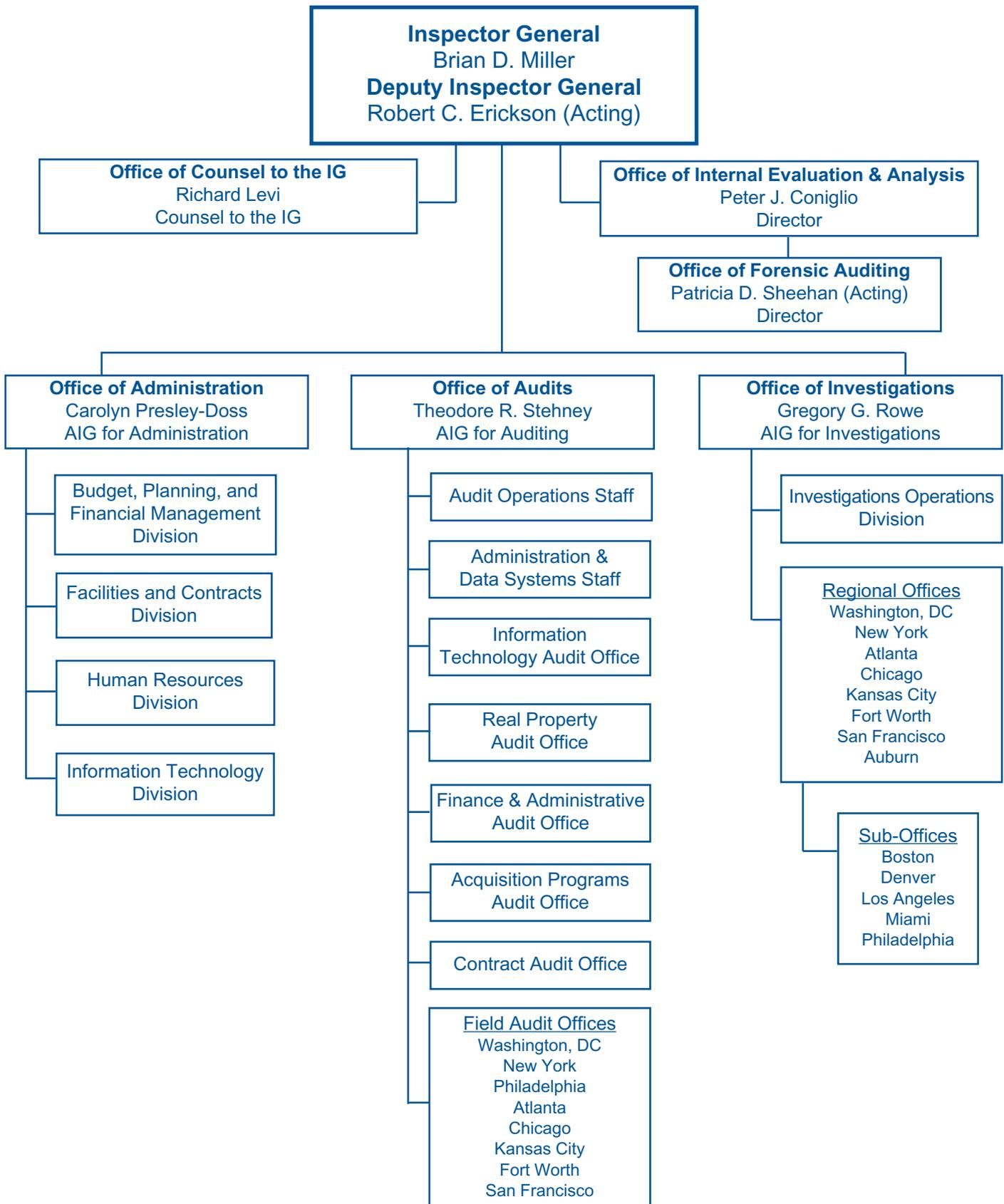
OIG Hotline – Highlights

During this reporting period, we received 1,305 Hotline contacts. Of these contacts, 230 Hotline cases were initiated. In 106 of these cases, referrals were made to GSA program officials for review and action as appropriate; 43 were referred to other Federal agencies for follow up; 55 were referred for OIG criminal/civil investigations or audits; and 26 did not warrant further review (page 23).

Summary of Results

The OIG made over \$299 million in financial recommendations to better use government funds; made 225 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed numerous legislative and regulatory actions; issued 15 subpoenas; and received 1,305 Hotline contacts. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$661 million.

OIG Organization Chart



OIG Profile

Organization

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.

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

- The Office of Audits, an evaluative organization staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program performance reviews, assessment of management controls, and financial and compliance audits. The office conducts external reviews in support of GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions. The office also provides research, benchmarking, and other services to assist Agency managers in evaluating and improving their programs.
- The Office of Investigations, an investigative organization that conducts a nationwide program to prevent, detect, and investigate 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 and regulatory review.
- The Office of Internal Evaluation and Analysis, a multidisciplinary staff that manages operational reviews of the OIG components, performs special projects for the Inspector General, including research and analysis; provides advice to the Inspector General; and conducts internal affairs reviews and investigations. It houses the Office of Forensic Auditing, an independent team that combines auditing and investigative techniques to utilize innovative detection strategies, assess fraudulent situations, and produce evidence meeting the standards required by criminal courts.
- The Office of Administration, a professional staff that provides information technology, budgetary, administrative, personnel, and communications support and services to all OIG offices.

Office Locations

The OIG is headquartered in Washington, DC, at GSA's Central Office Building. Field offices are maintained in Atlanta, Boston, Chicago, Denver, Fort Worth, Kansas City, Los Angeles, Miami, New York, Philadelphia, San Francisco, Auburn, WA, and Washington, DC. (A contact list of OIG offices and key officials is provided in Appendix VIII.)

Staffing and Budget

As of March 31, 2009, our on-board staffing level was 291 employees. The OIG's FY 2009 budget is \$58.1 million, which includes \$3.25 million in reimbursable authority and \$800,000 in funds appropriated under the American Recovery and Reinvestment Act of 2009.

Management Challenges

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.

Acquisition Programs

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.

Significant Preaward Reviews and Other Audits

The OIG's preaward review program provides information to contracting officers (COs) 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 COs, 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 41 contracts with an estimated value of \$3.7 billion. We recommended that more than \$299 million of funds be put to better use. Four of the more significant Multiple Award Schedule (MAS) contracts we viewed had projected government-wide sales totaling \$1.7 billion. The review findings recommended that \$228 million in funds be put to better use. The reviews disclosed that these vendors offered prices and discounts to GSA that were not as favorable as the prices and discounts other customers received from these vendors. For example, one vendor for products did not disclose all of its customers or its best discounts, and did not provide complete information about rebates and other concessions it offers commercial customers. Another product vendor disclosed incomplete and inaccurate information about discounts, volume pricing, rebates, and prompt payment terms. In another instance, although GSA is the vendor's largest customer, its commercial customers generally receive better pricing. Finally, one vendor for services did not provide current information and granted lower labor rates to healthcare and non-Federal government customers.

There are more than 16,500 contracts with over \$36 billion in business annually under GSA's procurement programs. 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 the Federal Acquisition Service (FAS) contract program revenue, 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 evaluate contractors' compliance with

Management Challenges

Acquisition Programs (continued)

pricing, billing, contract terms, and periodic program evaluations to assess the efficiency, economy, and effectiveness of contracting activities. We now allocate about 50 percent of our resources to contract reviews. During this reporting period, management decisions were made on 34 preaward reports, which recommended that over \$603 million of funds be put to better use. Management agreed with all of the recommended savings.

Implementation Review of Award for Streamlined Technology Acquisition Resources for Services (STARS) Governmentwide Acquisition Contract (GWAC), Report Number A050213/Q/6/P07001, Dated December 27, 2006

Report Number A090024, dated March 31, 2009

While responsibility for implementing appropriate corrective action as the result of audit report recommendations resides with Agency management, the OIG performs some reviews to determine whether appropriate corrective action as stated in the proposed action plan has been taken by management. The scope of the review is limited to an examination of management's actions in response to the recommendations, but includes appropriate testing to ensure that reported conditions have been corrected by the actions taken.

We performed an implementation review of management's corrective actions taken in response to five recommendations included in the audit report of the Federal Acquisition Service's (FAS's) administration of the 8(a)¹ Streamlined Technology Acquisition Resources for Services (STARS) Governmentwide Acquisition Contract (GWAC) through the Small Business Governmentwide Acquisition Center (Center). The original audit report, issued December 27, 2006, presented the results of a review to determine if the Center's existing controls over the administration of the STARS contracts were adequate to provide reasonable assurance that the contracts were properly utilized. Management's action plan addressed the report's recommendations and identified specific steps to be completed with the assistance of the Center to improve the controls and oversight of the 8(a) STARS program. During the review process, management responded that the Center had implemented all audit recommendations.

¹ Section 8(a) of the Small Business Act (15 U.S.C. 637(a)) established a program that authorizes the Small Business Administration (SBA) to enter into all types of contracts under the Federal Acquisition Regulation Part 19.8 with other agencies and subcontracts for performing those contracts to firms eligible for program participation. The SBA's contractors referred to as "8(a) contractors" are small businesses concerns which are unconditionally owned and controlled by one or more socially and economically disadvantaged individuals.

Management Challenges

Acquisition Programs (continued)

FAS's STARS GWAC is a small, disadvantaged 8(a) business set-aside contract for technology solutions enabling customer agencies to fulfill their information technology (IT) services and services-based solutions requirements, and at the same time receive credit toward socioeconomic goals through utilizing small businesses that are 8(a) certified. In turn, the program encourages small businesses to develop, and strives to provide them an opportunity to become "best in class" technology providers. On behalf of customer agencies, delegated ordering contracting officers can procure a variety of IT services and associated products from 8(a) STARS vendors in eight functional areas.

The audit report's recommendations focused on the Center's need to: (1) clarify the contract language regarding limitations on other direct costs; (2) address out of scope task orders; (3) focus on reviewing the highest risk task orders; (4) develop a standardized statement of work review process; and, (5) develop a standardized procedure for reviews of subcontracting reports.

Based on our review, we determined that the Center has taken appropriate corrective actions as stated in the action plan in response to the original report's recommendations to mitigate risk and enhance the integrity of the 8(a) STARS program. While the Center has implemented management controls to satisfy the objective of this review, we noted areas for improvement that could be utilized to further strengthen controls already in place. Overall, we found that the Center has made significant positive changes to the controls of the program since the original report, and commend its efforts to manage the program risks.

Information Technology

GSA is in the process of replacing or upgrading a number of its legacy 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.

FY 2009 Office of Inspector General Information Technology Security Audit of USAccess, GSA's Homeland Security Presidential Directive 12 System

Report Number A080173/Q/TIP09001, dated March 26, 2009

To fulfill the Homeland Security Presidential Directive 12 (HSPD-12) requirement for a mandatory, government-wide standard for secure and reliable forms of identification, GSA established USAccess in 2007. USAccess is an operational system maintained for GSA by a Federal contractor and houses biographic and biometric information necessary to verify the identities of Federal

Management Challenges

Information Technology (continued)

employees and contractors. This system enables GSA to produce identification cards for Federal employees and contractors, allowing physical access to Federal buildings and logical access to information systems. This GSA internal system solution provides enrollment, Personal Identity Verification (PIV) card issuance, card production, public key infrastructure (digital certification), and scheduling services for over 60 Federal agencies. It is the only system managed by the Agency designated as “high risk.”

The objective of our audit was to determine if GSA had implemented management, operational, and technical security controls to effectively manage risks inherent in a “high risk” system, in accordance with the Federal Information Security Management Act of 2002 (FISMA) and GSA’s IT Security Program. This interim audit report of information security for USAccess was conducted as the first phase under an ongoing, broader-scope audit of the implementation of HSPD-12 in GSA that was initiated in 2008.

The Federal Acquisition Service (FAS) has implemented many security controls for the USAccess system that are required by FISMA and GSA’s IT Security Program. Security officials are also taking actions to enhance the security posture of USAccess by performing more detailed technical control tests, consolidating databases, and enhancing system backup procedures. Risk management practices, however, could be improved by including control assessments for system web services in ongoing monitoring and oversight processes. For example, we found that security controls for important Internet-based technologies used by USAccess were not being assessed as part of monitoring activities. Additionally, a third party software application, while not connected to USAccess or processing system data, had been implemented in the USAccess environment without an assessment to determine whether the application met GSA’s IT’s security policy. Further, improvements are needed in operational controls to ensure that appropriate contractor staffs are trained in their roles and responsibilities for implementing GSA security policies and procedures and for protecting sensitive information. FAS can also better prepare for the system’s continuity of operations by performing a comprehensive test of the IT contingency plan that includes the disaster recovery backup facility. Finally, we found a need to strengthen technical controls for USAccess databases, websites, and operating systems to ensure the protection of sensitive data.

We recommended that the Commissioner of the Federal Acquisition Service take actions to:

- Strengthen management controls related to system certification and accreditation and oversight of third party-provided applications by:
 - o Ensuring that tests performed as part of continuous monitoring activities include all system web services;

Management Challenges

Information Technology (continued)

- o Including requirements for contractors to provide adequate details related to security assessment methodologies and results in future statements of work and task orders for certification and accreditation; and,
- o Evaluating the risk associated with using the TimeTrade commercial-off-the-shelf application within the USAccess infrastructure, and ensuring that the application meets GSA's IT security requirements.
- Enhance the operational readiness of USAccess by:
 - o Performing a comprehensive test of the IT contingency plan, to include the disaster recovery site and other organizations with which USAccess has system interconnections; and,
 - o Providing contractors with security responsibilities with annual GSA security awareness and privacy training, and role-based training for IT contingency planning and incident response purposes.
- Improve technical controls to protect sensitive system information and maintain the security of USAccess by:
 - o Working with vendors to ensure that security patches are tested and implemented in a timely manner;
 - o Performing comprehensive testing of all USAccess web applications to ensure that these applications are securely configured;
 - o Assessing the need to migrate USAccess websites from the current dotcom (.com) domain to a dotgov (.gov) domain; and,
 - o Strengthening change management processes to ensure that system updates do not result in the introduction of security vulnerabilities.

The Federal Acquisition Service Commissioner concurred with our findings and 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 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.

Financial Statement Audit and Related Reviews

Audit of the General Services Administration's Fiscal Year 2008 and 2007 Financial Statements

Report Number A080108IB/FIF09004, dated December 18, 2008

With the passage of the Chief Financial Officer's Act of 1990, Congress and OMB have established a framework for financial audits and reviews designed

Management Challenges

Management Controls (continued)

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, GSA's Financial Statement Audit was performed by an independent public accounting firm (IPA), with oversight, support work, and guidance provided by the OIG. The firm issued an unqualified opinion on the balance sheets of GSA, the Federal Buildings Fund (FBF), and the Acquisition Services Fund (ASF), as of September 30, 2008 and 2007, and the related consolidated and individual statements of net cost, changes in net position, the combined and individual statements of budgetary resources for the years then ended, and the Office of Inspector General's Report on Internal Controls over Performance Measures.

As a result of the audit, the IPA identified a material weakness relating to financial management systems, internal controls, and financial reporting. Since fiscal year 2004, the IPA has reported in its Report on Internal Control significant deficiencies surrounding the GSA's financial management systems and processes, and substantial transaction errors resulting from insufficient controls related to reporting of budgetary accounts and balances. During fiscal year 2008, similar issues persist as GSA continues to lack effective controls over its accounting and business processes to ensure budgetary transactions are properly recorded, processed, and summarized to permit the timely preparation of financial statements in accordance with generally accepted accounting principles. Moreover, while preparing fiscal year 2008 financial statements, GSA recorded more than 344 top-side adjustments, each representing multiple accounting transactions with an aggregate value of more than \$5.5 billion, in order to produce its financial statements.

In addition to the material weakness, the IPA identified one significant deficiency concerning Information Technology controls. Specifically, during FY 2008, the IPA identified individual security weaknesses across multiple systems that, when aggregated, constitute three common cross-cutting themes – segregation of duties, user and administrator logical access, and activity monitoring. These control deficiencies create significant risks and vulnerabilities to financial data and GSA systems. Furthermore, the IPA found reportable instances of non-compliance in which GSA's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act.

The material weakness deficiencies emphasize Agency management's need to:

- Implement agency-wide procedures requiring full commitment to a sound budgetary accounting process that is in accordance with Federal accounting standards;

Management Challenges

Management Controls (continued)

- Expand upon the implementation of OMB Circular A-123, Appendix A to address root causes of budgetary reporting control weaknesses;
- Utilize the Office of the Chief Financial Officer (OCFO) to serve as the primary coordinator;
- Continue to implement an integrated financial management system for use by program offices to promote consistency and reliability of financial information;
- Fully utilize the functionalities of Pegasys to perform complete budgetary transaction processing and financial reporting in compliance with Federal financial reporting requirements; and,
- For the financial statement preparation process, (a) minimize the number of top-side adjustments at period end by instituting a process to ensure that regional program offices record valid transactions timely, and (b) enhance the documentation requirement related to top-side adjustments to help facilitate the review and monitoring process.

Further, to address the reportable condition deficiencies, GSA's Office of the Chief Information Officer should revisit the design of existing processes around segregation of duties, account management, and logging and monitoring, and institute agency-wide corrective action, specifically:

- Develop and implement robust segregation of duties policies that can prevent future incompatible duties issues across multiple systems, reducing the risk that persons will be granted roles that allow them to perform multiple critical transactions that could result in erroneous or fraudulent activity;
- Coordinate an implementation plan to strengthen the OCFO Accounts Payable system's general and application security controls;
- Develop and implement an agency-wide policy and procedure that establishes a standard user account request, authorization, creation, and removal process. Additionally, separated, inactive, and shared user accounts should be continually monitored and removed as necessary; and,
- Perform an agency-wide review of GSA monitoring controls over significant financial systems and develop/implement new procedures, or improve upon existing procedures to define events to be monitored, procedures for following up on suspicious events, and documentation of log reviews.

Report on Internal Controls Over Performance Measures

Report Number A090022IF/F09002, dated November 7, 2008

The OIG conducted the portion of GSA's FY 2008 Financial Statement Audit related to internal controls over performance measures. The report noted that

Management Challenges

Management Controls (continued)

the internal controls designed by the OCFO over GSA's performance measure data are operating effectively. Specifically, we found that, in accordance with GSA Policy, the OCFO performed and documented the required review of Agency performance measure data, and that the conclusions therein were adequately supported.

Reports on Applying Agreed-Upon Procedures

Re: FY 2008 Environmental Liabilities

Report Number A080108/SIF/S09001, dated November 4, 2008

Re: FY 2008 Loss Contingencies

Report Number A080108/SIF/S09002, dated November 14, 2008

Re: FY 2008 Internal Controls over Payroll

Report Number A080093/BIF/F09001, dated October 14, 2008

In support of GSA's Financial Statement Audit, we performed agreed-upon procedures reviews over GSA's Fiscal Year 2008 environmental liabilities, legal loss contingencies, and internal controls over payroll.

We reconciled the Office of General Counsel's environmental liability letter and supporting spreadsheets to the Public Buildings Service's summary schedules based on documents prepared by regional offices. In our review of legal loss contingencies, we tested 100 percent of claims for \$10 million or more to determine the Agency's planned response to the litigation and, if a possible loss was perceived, whether Office of General Counsel personnel could provide explanations of the estimates. Additionally, we also verified procedures for payroll functions and tested automated payroll system data files for individual employees to determine whether key internal controls are working as intended.

We provided the relevant information on the procedures we performed to the independent public accounting firm during October and November, 2008.

Limited Audit of the Fiscal Year 2008 Federal Managers' Financial Integrity Act Section 2 and Section 4 Assurance Statements

Report Number A080118/AIF/F09003, dated November 14, 2008

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 Chief Financial Officer's disclosure of nonconformance with Federal financial management system policies and standards.

Management Challenges

Management Controls (continued)

GSA's Management Control and Oversight Council uses assurance statement questionnaires submitted by Regional Administrators and Heads of Services and Staff Offices 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 non-conformances in the Agency's programs, operations, and systems. In reviewing the FMFIA assurance statement questionnaires submitted by management for FY 2008, we noted weaknesses reported in the following areas: budgetary reporting, systems integration, and accounting for payables and receivables. The independent public accounting firm auditing GSA's financial statements also identified budgetary reporting weaknesses regarding unfilled customer orders and undelivered customer orders, as well as system security weaknesses relating to segregation of duties, account management, and activity monitoring.

Federal Buildings Fund

As the landlord for the civilian Federal government, GSA is being challenged to provide quality space to agencies using an aging, deteriorating inventory of buildings. GSA needs a comprehensive strategy to enable an evaluation of its building projects nationwide to make the best use of available funds to deliver high performance workplaces on schedule and within budget.

Response to Congressional Request

Eleanor Holmes Norton, Chairwoman for the Subcommittee on Economic Development, Public Buildings and Emergency Management, within the Committee on Transportation and Infrastructure, asked the GSA Office of Inspector General to research two issues pertaining to improving the efficiency of the GSA National Capital Region's (NCR's) construction and lease processes. The issues we examined were the effect of the Davis-Bacon Act on construction projects and identifying violations of the Act and the leasing process, specifically the steps and procedures between the lease contract award and the execution of the lease that may reduce efficiency or add additional time to the process.

The Davis-Bacon Act requires that the laborers and mechanics working on Federal construction projects receive compensation comparable to the prevailing wages for similar jobs in the same geographic areas. The wage determinations are based on periodic surveys of construction project workers conducted by the Department of Labor. Department of Labor regulations require contractors to submit a weekly copy of all payrolls to the Federal agency contracting for or financing the construction project, accompanied by a signed "Statement of Compliance" indicating that the payrolls are correct and complete and that each laborer or mechanic has been paid not less than

Management Challenges

Federal Buildings Fund (continued)

the proper Davis-Bacon prevailing wage for the work performed. The Department of Labor estimated that completing a weekly payroll report for each employee requires approximately 56 minutes.

In order to determine the effect the Act has on the performance of construction projects, and to identify violations of the Act, we met with staff from the GSA Public Buildings Service (PBS) that have responsibility for construction projects in NCR, and examined Davis-Bacon reporting for projects that were ongoing during August and September 2008. We reviewed weekly payroll records for all contractors and subcontractors for the eight major construction projects underway during the August/September 2008 time period.

Our review of weekly payroll records found that, in the vast majority of reports received, the reports conform to Department of Labor standards for Davis-Bacon Act reporting, and no violations of the Act were found. However, we did find that the Act's reporting requirements are burdensome for the contractors. The contractors and subcontractors must take significant time to produce and report each week the payroll contingencies for each employee, and the prime contractor has the additional burden of managing, monitoring, and enforcing compliant reporting on the subcontractors that work for it.

We also assessed the efficiency of NCR's leasing process, identifying the steps and procedures that occur between lease award and execution. Specifically, we reviewed applicable regulations, policies, and procedures; examined lease file documentation for a sample of 50 leases; and reviewed corresponding related documentation for the sample leases. We also met with PBS officials and surveyed PBS employees involved in the lease process to obtain insight into the rationale behind each step in the process and to identify possible impediments to timely lease execution. This process allowed us to highlight those steps and procedures that reduce efficiency and/or add unnecessary time to processing timeframes for the leases in our sample.

We determined that while NCR's internal quality assurance and compliance process steps are necessary to ensure accurate, legally sufficient, and appropriately funded leases, there were significant delays in verifying the accuracy of the occupancy agreement to the lease documents. We found, doing a limited scope analysis due to the availability of data, that the average internal process time for the sampled leases was 79 calendar days. Lease execution dates were also impacted by unique issues such as tenant agency delays, legal considerations, and obtaining required supporting lease documents from the lessor. For example, unresolved issues for one lease resulted in a timeframe of 268 days, while a sensitive, high profile project was accomplished in just 3 days. NCR recognizes the inefficiencies in the process and is considering remedial actions.

Management Challenges

New Initiatives

The Government has seen significant changes over the last six months. Specifically, the OIG is directly involved in two initiatives impacting GSA's Federal Acquisition Service and Public Buildings Service. In response to recent legislative actions regarding a new Federal Acquisition Regulation (FAR) rule that requires government contractors to disclose to agencies' OIGs credible evidence of violations of Federal criminal law under U.S.C. Title 18 or the civil False Claims Act, we initiated a website for contractor self-reporting, and internal procedures for evaluating such disclosures. In addition, the American Recovery and Reinvestment Act of 2009 (Recovery Act) will require a full range of OIG oversight activities including contract, financial, and internal audits, as well as criminal investigations, as GSA makes use of its Recovery Act funding to renovate and repair Federal buildings, construct land ports of entry, and acquire fuel-efficient vehicles.

New FAR Rule for Contractor Disclosure

Effective December 12, 2008, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) agreed on a final rule amending the FAR to amplify the requirements for a contractor code of business ethics and conduct, an internal control system, and disclosure to the Government of certain violations of criminal law, violations of the civil False Claims Act, and significant overpayments. The final rule implements the *Close the Contractor Fraud Loophole Act*, Public Law 110–252, Title VI, Chapter 1.

Under the rule, a contractor must timely disclose to the relevant agency's Office of Inspector General, in connection with the award, performance, or closeout of a Government contract performed by the contractor or a subcontract awarded thereunder, credible evidence of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code, or a violation of the civil False Claims Act. The rule provides for the suspension or debarment of a contractor for knowing failure by a principal to timely disclose, in writing, such violations. The statute defines a covered contract to mean "any contract in an amount greater than \$5,000,000 and more than 120 days in duration." The final rule also provides that the contractor's internal control system shall be established within 90 days after contract award, unless the contracting officer establishes a longer time period (see FAR 52.203–13(c)). The internal control system is not required for small businesses or commercial item contracts. GSA contractors may make the required disclosures through the GSA OIG website.

The revision to the FAR is a reversal of long-standing policies of voluntary disclosure. The Justice Department and the National Procurement Fraud Task Force have said that contractors have largely ignored voluntary disclosure policies for the past decade. It is anticipated that this rule will encourage contractors to institute vigorous processes for identifying and reporting internal criminal allegations and quickly reviewing the merits of those claims.

Management Challenges

New Initiatives (continued)

The GSA Office of Inspector General has developed a website for contractor self-reporting and internal procedures for processing, evaluating, and acting on the disclosures made by contractors. The Office of Audits, Office of Investigations, and Office of Counsel to the Inspector General will work together on disclosures made to the OIG. Each disclosure will be examined and a determination made as to what actions are warranted. During this reporting period we received three disclosures.

In cases involving substantial overpayments, the contractor's disclosure can be made to either the OIG or the GSA contracting officer. The Office of Audits is working with the GSA Federal Acquisition Service to insure disclosures made to GSA contracting officers are forwarded to the OIG. The OIG will work closely with the GSA contracting officers and the Federal Acquisition Service to insure these disclosures are reviewed fully.

Oversight of GSA's Implementation of the American Recovery and Reinvestment Act

The Recovery Act was enacted to create jobs and stimulate the economy through a variety of measures that modernize the Nation's infrastructure and improve energy independence. The Recovery Act provides GSA with funding to renovate and repair Federal buildings to improve energy efficiency, construct land ports of entry (LPOE) and acquire fuel-efficient vehicles. Specifically, the Recovery Act provides \$5.55 billion to the Federal Buildings Fund, of which \$750 million will be used for Federal buildings and Courthouses, \$300 million for LPOEs, and \$4.5 billion for measures necessary to convert Federal buildings to High-Performance Green Buildings. The Recovery Act requires that \$5 billion of these funds be obligated by September 30, 2010, the remainder to be available until September 30, 2011.

Additionally, the Recovery Act provides \$300 million to improve the fuel efficiency of GSA's fleet, which will remain available until September 30, 2011. A spending plan, an inventory of the Federal fleet, and a strategy to substantially increase energy efficiency are required within 90 days of enactment. The language requires quarterly reports on obligations beginning June 30, 2009.

The Recovery Act also provides \$7 million to the GSA OIG for oversight activities, to be available until September 30, 2013.

OIG Oversight

The Recovery Act presents heightened risk for GSA. When organizations face large workload increases combined with short deadlines, the fast pace and pressure can often undermine the organization's management controls and thus create an environment that provides more opportunities for fraud, waste, and abuse to occur.

Management Challenges

New Initiatives (continued)

The Recovery Act provides GSA with its largest amount of construction funding ever, and the proposed timeframes to award the funding create the need to develop and award contracts quickly. This is a major undertaking, as GSA typically receives approximately \$1.3 billion of construction funds per year and its resources for managing the projects and awarding and administering the contracts is geared toward this lower funding level. In addition, the \$300 million for fuel-efficient vehicles must be incorporated into a business process that is usually driven by fulfilling customer needs as they arise rather than stockpiling vehicles until they are needed.

Historically, GSA has confronted a number of challenges that could impact its implementation of the Recovery Act. Specifically, in the construction program, the OIG has noted deficiencies relating to cost escalations, claims, and project delays, which result in additional costs to the projects as well as lost rental revenue. In the area of financial reporting, we have noted, via the independent public accounting firm's financial statement audit, GSA's challenges in ensuring that the financial statements are complete and accurate. For example, the FY 2007 financial statements failed to report \$276 million of building-related contractual obligations, including one construction contract for \$188 million, as well as \$220 million of contractual obligations for vehicle purchases. Both contracting and performance irregularities have potential to occur in this environment.

The oversight of GSA's implementation of the Recovery Act will require a full range of oversight activities including contract, financial, and internal audits, as well as criminal investigations, over the long term. As part of its core oversight activities, the GSA OIG performs internal audits that evaluate GSA functions and programs for economy, efficiency, and effectiveness; contract audits of proposals as well as high value contract modifications and claims under PBS construction contracts; and investigations of criminal activities that impact GSA programs. In addition, due to the nature of construction, the need for oversight will extend beyond the funding period until the projects are completed and claims have been settled.

Promoting and Protecting Integrity

GSA is responsible for providing working space for one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a government-wide 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. During this period, criminal, civil, and other monetary recoveries totaled more than \$54.4 million.

Significant Civil Actions and Criminal Investigations

Armor Holdings Products LLC Agrees to Pay \$30 Million for the Sale of Defective Zylon Bullet-Proof Vests

On October 6, 2008, Armor Holdings Products LLC agreed to pay the Government \$30 million to resolve allegations that it violated the False Claims Act by knowingly manufacturing and selling defective Zylon bullet-proof vests. The Government alleged that Armor Holdings manufactured and sold Zylon bullet-proof vests despite possessing information showing that the Zylon materials degraded quickly over time and were not suitable for ballistic use. The Armor Holdings vests were purchased by the Federal Government, and by various state, local, and tribal law enforcement agencies that were partially reimbursed by the United States under the Justice Department's Bulletproof Vest Partnership program.

The investigation found that Armor Holdings' Zylon vests contained either woven Zylon or a Zylon laminate insert called Z Shield. The Zylon fiber used in both types of vests was manufactured by Toyobo Co. Ltd. In July 2007, the Government sued Toyobo for its manufacture and sale of Zylon to U.S.-based body armor manufacturers. The Z Shield insert containing Zylon was manufactured by Honeywell Corporation. In June 2008, the Government sued Honeywell for its manufacture and sale of Z Shield to Armor Holdings.

This settlement is part of a larger investigation of the body armor industry's use of Zylon in body armor. As part of the agreement, Armor Holdings has pledged its cooperation in the government's ongoing investigation. The Government previously settled with three other participants in the Zylon body armor industry for more than \$16 million.

This settlement with Armor Holdings is the result of an ongoing investigation by the Justice Department's Civil Division, the U.S. Attorney's Office for the District of Columbia, the GSA OIG, the Department of Homeland Security OIG, the Treasury Inspector General for Tax Administration, the Defense

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

Criminal Investigative Service, the U.S. Army Criminal Investigation Command, the Air Force Office of Special Investigations, the Department of Energy OIG, the U.S. Agency for International Development OIG, the Federal Bureau of Investigation, and the Defense Contracting Audit Agency.

AMEC Construction Management Inc. Agrees to \$11.7 Million Civil Settlement

On January 29, 2009, AMEC Construction Management Inc. (AMEC), formerly known as Morse Diesel International, Inc. (MDI), agreed to pay GSA \$11,710,335 and forfeit \$7,329,921, for a total of \$19,040,256. The \$11,710,335 consisted of \$8,010,335 for fraud counterclaims and \$3,700,000 for re-procurement costs.

AMEC/MDI was awarded four GSA Federal construction contracts for construction relative to Federal Courthouses in St. Louis, MO, San Francisco, CA, and Sacramento, CA. A joint audit and investigation of AMEC found that AMEC provided falsified invoices, which allowed AMEC to receive payments for work that had not been accomplished both in Missouri and California. It was found that MDI front-loaded over 2 million dollars in contract value using falsified invoices, false documents and false statements. AMEC pled guilty for presenting a false bond claim in the St. Louis Courthouse construction and was sentenced on December 12, 2000. AMEC later pled guilty on December 4, 2001 for false claims in California and was sentenced on March 19, 2002.

During civil proceedings it was also discovered that AMEC was getting a kickback from its bonding agent's commissions. On July 15, 2005, the Court issued an opinion granting summary judgment on the Government's claim for violation of the Anti-Kickback Act. On January 26, 2007, the Court issued an opinion granting summary judgment on GSA's claim under the Special Plea in Fraud and the False Claims Act for the false bond documents submitted for payment. On October 31, 2007 and November 16, 2007, the Court issued a decision assessing penalties and damages against AMEC for violation of the False Claims and Anti-Kickback Acts. Subsequently, AMEC and the Government entered into negotiations to resolve amicably the claims of both parties relating to these matters.

Pursuant to this settlement agreement, moneys held by GSA in retainage owed to AMEC were forfeited in the amount of \$10,560,140, resulting in a cost recovery. AMEC also forfeited all pending claims against GSA for the above projects, resulting in approximately \$83.5 million dollars in cost avoidance.

Tifco Industries, Inc., Agrees to Pay \$1.6 Million to Resolve Allegations Involving Sales of Prohibited Goods

On January 27, 2009, Tifco Industries, Inc. (TIFCO), entered into a civil settlement agreement with the Government to resolve allegations of violations

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

of the False Claims Act. Specifically, it was alleged that TIFCO sold and delivered products to the Government under a GSA contract that did not comply with Trade Agreements Act (TAA) regulations and/or certifications within the contract, in violation of the False Claims Act. TIFCO agreed to pay the Government \$1,624,385 to resolve these allegations.

This investigation was initiated when it was reported that TIFCO delivered “Modular Emergency Response Kits” (MERKS) that were not officially ordered by Army staff. Pursuant to this contract with GSA, TIFCO sold MERKS to the U.S. Army for delivery at Fort Gordon, Georgia that were from non-designated countries of origin, in violation of the TAA, which bars the procurement of goods from non-designated countries by the U.S. and its agencies. The investigation and subsequent physical inspections determined that the MERKS contained items not included on the TIFCO GSA contract and items that were manufactured in China and Taiwan.

Inter-Tel, Inc. Civil Settlement

On February 17, 2009, Mitel, Inc. (formerly Inter-Tel, Inc. (INTERTEL)) signed a civil settlement agreement with the U.S. Department of Justice (DOJ), wherein it agreed to pay \$1.3 million to resolve allegations that the company violated the False Claims Act by selling office products manufactured in non-TAA compliant countries to the Government. The investigation revealed that INTERTEL sold products from China under their Multiple Award Schedule with GSA. This constituted a violation of the TAA. During the investigation, a voluntary disclosure of TAA problems uncovered at INTERTEL was made to GSA’s Counsel to the Inspector General. This disclosure listed products manufactured in China and sold to the Government.

American Systems Corporation Agrees to Pay \$810,000 to Government

A civil investigation was initiated when it was alleged that Business Plus Corporation (BPC) and LEAD Industries, Inc. (LEAD), may have submitted false claims to GSA for the installation of computer work stations at the U.S. Army Armament Research, Development & Engineering Center, located at the Picatinny Arsenal in New Jersey. In 2002, American Systems Corporation (ASC) purchased BPC. The investigation disclosed that under the direction of BPC, LEAD had its employees create invoices that claimed that LEAD had installed computer workstations when in reality it had only performed general construction work, rather than any of the IT-related tasks listed under its contract. On March 11, 2009, ASC agreed by civil settlement to pay the Government \$810,000 for inaccurately billing for services and products under a GSA contract.

Government Employee Pleads Guilty to Bribery

An investigation was initiated when it was discovered that approximately \$84,000 had been charged on a government purchase card of a GSA

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

employee, who had been absent from work for several months on annual and sick leave. These charges were submitted by the owner of the Money's Refrigeration and Daniel Construction companies. The owner of these companies was a Department of Treasury employee.

A U.S. Tax Court employee, who was in charge of awarding construction contracts at the U.S. Tax Court, Washington, D.C., became a cooperating witness (CW) when he was arrested in connection with this investigation. He agreed to record telephone conversations and meetings with the Treasury employee concerning the award of construction projects at the U.S. Tax Court.

The investigation found that the Treasury employee submitted two inflated proposals on behalf of one of his companies, Daniel Construction, for the renovation of office space at the U.S. Tax Court, and the CW awarded both contracts to him in exchange for \$55,000 in bribe payments. On October 6, 2008, the Treasury employee pled guilty to bribery and on February 5, 2009, he was sentenced to 2 1/2 years of incarceration; 3 years of supervised release; fined \$7,500; and ordered to pay \$2,250 in restitution to the Department of Treasury. He was also ordered to pay asset forfeiture in the amount of \$95,000.

On August 14, 2008, the U.S. Tax Court employee pled guilty to conspiracy, and on March 5, 2009, was sentenced to 1 1/2 years incarceration, 3 years supervised release, and ordered to pay restitution in the amount of \$24,143.

Army Specialist Pleads Guilty to Theft of Government Property

An investigation was initiated when it was reported that unauthorized purchases were made by an Army specialist using the GSA Advantage System. The investigation found that the specialist, while at Fort Campbell, Kentucky, was purchasing numerous government items, to include over 45 laptop computers (worth over \$98,564), from the GSA Advantage System with his unit's Department of Defense Account Activity Code. Once the items were ordered, the employee entered the GSA Advantage System, from his personal Yahoo email account, to divert the shipping address from the Army to various locations, including his home address.

A search of the specialist's residence led to the seizure of numerous Advantage items which had been purchased with Army funds. He admitted he used Army money to purchase products which he sold for his own personal benefit. On September 22, 2008, he signed a plea agreement and was sentenced to four months confinement and a reduction to E-1, and ordered to pay a fine in the amount of \$7,250.

Significant Civil Actions and Criminal Investigations (continued)

GSA Supervisor Pleads Guilty to Theft of Government Funds, Embezzlement, and Money Laundering

On February 24, 2009, Michael T. Harrington, a GSA Supervisory Accountant, pled guilty to one felony count of theft of government funds/embezzlement and one felony count of money laundering. Harrington declined a formal plea agreement with the stipulation that the government dismiss two additional counts of money laundering.

The GSA OIG's Midwest Regional Investigations Office was contacted by the Internal Revenue Service (IRS) Criminal Investigations Division, which found that Harrington had deposited high dollar U.S. Treasury Checks made payable to "MWR Fund" into a private bank account. The OIG's investigation was later joined by the IRS. A records search uncovered 13 payments from May 2006 through May 2008 totaling \$593,549.44 to the MWR Fund from GSA.

The investigation revealed that in April 2006, Harrington had started a fictitious company called MWR Fund and acquired a post office box for it. Harrington then used his position as a GSA Supervisory Accountant to create, sign, and submit thirteen fraudulent refund vouchers to the Payable Division within GSA Finance, causing U.S. Treasury checks to be dispensed to his fictitious company. During interviews, Harrington admitted to taking the money in order to gamble and to pay off debts and loans incurred as a result of gambling. The Office of Forensic Auditing also performed a complementary review of whether similar schemes had resulted in additional losses.

General Manager and Sales Representative Sentenced for Conspiracy to Defraud

An investigation was initiated when it was reported that a former sales representative of Raytheon/JPS, of Marlboro, MD, and a former general manager of AK Specialty Vehicles (AKSV), of Sanford, FL, participated in a conspiracy scheme to defraud AKSV, Raytheon/JPS, and Advanced Vehicle Systems LLC, a subcontractor of AKSV.

The investigation disclosed that the former sales representative and the former general manager participated in a conspiracy beginning in September 2003 and continuing through July 2005 to commit wire fraud against Fisher Scientific International LLC (Fisher Scientific) and Advanced Vehicle Systems LLC, and agreed to make or receive approximately \$415,000 in secret kickback payments on the sale of emergency vehicles from Raytheon/JPS to the government of the U.S. Virgin Islands. It was found that they submitted fraudulent invoices and used various bank accounts in Florida, Illinois, and Puerto Rico to conduct the kickback scheme. The kickbacks occurred under Raytheon/JPS's GSA contract. AKSV was a Raytheon/JPS subcontractor.

On October 1, 2008, the former sales representative and a former general manager were each found guilty by a Federal Jury of conspiracy to defraud.

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

On January 30, 2009, the former sales representative, was sentenced to 1 year and 6 months of incarceration, 3 years of supervised release, and ordered to pay restitution in the amount of \$249,421 (to be paid jointly with the former general manager). The former general manager was sentenced to 1 year and 6 months of home confinement except for employment, 60 days of intermittent confinement on the weekends, 3 years of supervised release, 4 years probation, and 400 hours of community service, and ordered to pay restitution in the amount of \$249,421 (to be paid jointly with the former sales representative).

The investigation also found that a former sales representative with Fisher Scientific conspired to receive kickback payments totaling approximately \$25,000 in exchange for his assistance in facilitating the sale of emergency vehicles to the government of the U.S. Virgin Islands. He agreed to receive these kickback payments after it was determined that Fisher Scientific would not participate in the sale of the emergency vehicles to the government of the U.S. Virgin Islands. The kickbacks occurred under Raytheon/JPS's GSA contract. On February 4, 2009, he was sentenced for conspiracy to commit wire fraud to 1 year of supervised release and 50 hours of community service, and ordered to pay restitution in the amount of \$11,051.

Army Employee Pleads Guilty to Making False Statements

An investigation was initiated when the U.S. Army Criminal Investigation Command reported that the Chief, Quality Assurance, Contracting Officer's Technical Representative (COTR), US Army, Rosslyn, Virginia, was conspiring with others to make false official statements authorizing payments to contractors for uncompleted work. As the COTR, he was responsible for overseeing the performance and completion of Information Technology service contracts provided to the Army through GSA. He directed prime contractors to subcontract their work with two companies in which he held a financial interest. In September 29, 2006, he pled guilty to wire fraud and was sentenced to 2 years of incarceration and 3 years supervised probation, and ordered to pay restitution in the amount of \$150,049.

One of the two companies used by the COTR as a sub-contractor was Network Systems Research and Analysis (NSRA), which was owned by a former employee of the Defense Logistics Agency (DLA). The former DLA employee never disclosed NSRA on her financial disclosure statement and it was found that she formed NSRA so that both she and the COTR would financially benefit when he approved payment on NSRA invoices for contracts on which he served as COTR.

After pleading guilty to making false statements, on November 14, 2008, the former DLA employee was sentenced to 2 years of probation and ordered to pay a fine in the amount of \$10,000.

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

GSA Contractor Pleads Guilty to Conspiracy to Launder Money

A joint investigation with the IRS, FBI, and Department of Labor was initiated on oil transport companies in the Long Island and Brooklyn area when it was suspected that fuel oil was being stolen and customers were being charged for fuel not received. Six oil transport company executives were arrested for diverting more than \$75 million in heating oil from customers for over 15 years. Several of the oil companies were GSA contractors who delivered oil to various federal facilities and were involved in this fraudulent scheme.

The owners of T&S Trucking Company were indicted by a Federal Grand Jury for embezzlement of interstate and foreign shipments of heating oil and conspiracy to launder money. The owners were charged with stealing tens of millions of gallons of heating oil from customers in the New York City metropolitan area, reselling the stolen oil, and laundering the proceeds from the sales. On December 5, 2008, an office manager of T&S pled guilty to conspiracy to launder money.

Owner of a Mobile Vehicle Car Wash Sentenced for Theft of Government Property

An investigation was initiated when a GSA transportation operations officer alleged that Executive Mobile Detailing (EMD) was not performing the services (car washes or oil changes) that were being billed to the Government using Voyager fleet cards. Interviews of the vehicle operators and coordinators regarding the billings from EMD revealed the charges were not valid and they had not seen anyone from EMD in months.

The investigation disclosed that the owner of EMD fraudulently billed the Government using Voyager fleet card numbers he had obtained when he previously had performed services on the government vehicles. On September 10, 2008, the owner of EMD pled guilty to theft of government property and was sentenced to 3 years of probation and ordered to pay restitution in the amount of \$16,448.

Works Progress Administration Artworks Recovered

GSA is the custodian of the Works Progress Administration (WPA) works of art. The WPA fine arts specialists have coordinated with the Department of Justice and the FBI to develop a list of lost and stolen WPA artwork. Fine arts dealers are required to check this database prior to the sale of any work of art. The OIG continues its proactive investigation by monitoring art sales to identify government-owned art. During this reporting period, 2 items were recovered.

In the first instance, through a search of eBay auctions for art commissioned by the WPA, investigators recognized an auction for a Leonard Jungwirth sculpture. The Fine Arts Program (FAP) Office, Office of the Chief Architect,

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

GSA/Public Buildings Service believed the sculpture to be an authentic WPA-produced sculpture. The seller was apprised of the WPA recovery efforts, agreed to terminate the auction. The value of the sculpture is estimated at \$5,000. After final cataloging and appraisal, the sculpture was loaned by the FAP to Michigan State University (MSU) for permanent display. Jungwirth was a prominent artist of the WPA era who created MSU's mascot, Sparty the Spartan.

In a second instance, a search of eBay's website disclosed a painting being offered for sale by JOETHEPICKER, NYC, NY, as being a WPA painting. The eBay listing titled the painting "WILLIAM HAZELTON LISTED WPA PAINTING ROCKPORT WPA LABEL." Investigators located documentation relating to the artist and painting through record searches at the National Archives. After reviewing the documentation, the FAP Office determined that the painting was a legitimate WPA painting and on March 6, 2009, the seller of the painting reluctantly surrendered the WPA painting, titled "Flowers" by William Hazelton, to the GSA OIG.

GSA Voyager Fleet Charge Card Abuse

The GSA OIG has an ongoing proactive investigative project to identify and investigate fraud associated with the misuse of GSA-issued Voyager Fleet charge cards. During this period, 20 individuals pled guilty, 24 individuals were indicted, and 18 individuals were arrested in connection with cases arising out of fleet charge card investigations. These cases involved thousands of dollars of fraudulent activities associated with this program.

Suspension and Debarment Initiative

GSA has a responsibility to ascertain whether the people or companies it does business with are eligible to participate in federally-assisted programs and procurements, and that they are not considered "excluded parties." Excluded parties are individuals and companies debarred, suspended, proposed for debarment, or declared ineligible to receive contracts by a Federal agency. The Federal Acquisition Regulation authorizes an agency to suspend or debar individuals or companies for the commission of any offense indicating a lack of business integrity or business honesty that directly affects the present responsibility of a government contractor or subcontractor. The OIG has made it a priority to process and forward referrals to GSA, so GSA can timely ensure that the government does not award contracts to individuals or companies that lack business integrity or honesty.

During this reporting period, the OIG made 153 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 90 suspension and debarment actions based on current and previous OIG referrals.

Promoting and Protecting Integrity

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 60 briefings attended by 761 regional and Central Office 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 use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 1,305 Hotline contacts. Of these contacts, 230 Hotline cases were initiated. In 106 of these cases, referrals were made to GSA program officials for review and action as appropriate, 43 were referred to other Federal agencies for follow up, 55 were referred for OIG criminal/civil investigations or audits, and 26 did not warrant further review.

Governmentwide Policy Activities

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 affect governmentwide issues in areas such as procurement, property management, travel, and government management and information technology systems.

Internal Evaluations

- **Operational Assessments.** The OIG Office of Internal Evaluation and Analysis (JE) conducts Operational Assessments of OIG field offices and other OIG components. These assessments are intended to monitor compliance and uniformity among the various OIG regional audit and investigative offices. The assessments are conducted on a scheduled basis, open to modification.

JE uses an electronic Self-Assessment Questionnaire that requires responses from field office managers and line personnel. The Questionnaire gathers data on wide variety of operational mandates, including: significant audits and closed cases; audit and investigative procedures; audit and case file documentation; auditor and special agent training and professional development; personnel issues; liaison relationships; and, for OIG investigative operations, equipment, firearms, and maintenance of evidence.

JE follows-up the responses to the Questionnaire with an on-site visit to the regional audit and investigative field offices. During the on-site visit, the JE operational assessment team conducts in-person interviews with all OIG regional personnel, plus GSA regional personnel if available. JE also attempts to interview any other regional personnel from other agencies, such as U.S. Attorney Office personnel, who have regular contact with the OIG regional offices.

In addition, JE reviews each office's time and attendance record-keeping, and other related administrative tasks. It also makes an in-person inspection of the Evidence Room and the firearms locker that are maintained by, and under the control of, each OIG investigative field office.

- **Office of Forensic Auditing.** The OIG Office of Forensic Auditing (JEFA) has been established and is housed within JE. It is an independent, multi-disciplinary team devoted to the identification, assessment, and prosecution of crimes against GSA. JEFA concentrates on procurement and contract fraud.

Governmentwide Policy Activities

Internal Evaluations (continued)

JEFA utilizes innovative strategies that enhance the traditional OIG audit and investigative practices and procedures to detect fraudulent activities, assess situations when a fraud has taken place, and produce evidence meeting the standards required by criminal courts.

During the period from October 1, 2008 to March 31, 2009, JEFA concentrated its efforts on securing adequate staffing and resources to support a unit composed of auditors, management and program analysts, and investigators. The unit initiated several investigations of major potential fraudulent activities involving construction and other key procurement areas. It also performed a complementary analysis of the extent of employee embezzlement losses in GSA finance centers, in conjunction with an investigation of embezzlement by a GSA supervisor. It is expected that JEFA will refer potential matters to the Department of Justice for its determination whether any warrant prosecution or other action.

- **Statistical Support for OIG Audits and Investigations.** During the first half of FY 2009, JE continued to provide assistance in scientific sampling and database analysis to the OIG auditors and investigators. JE has applied statistical methods to such varied areas of concern as purchase card usage, fleet vehicle use and charge card use, leased office space for Federal employees, procurement fraud, suspension and debarment databases, and wage rates on construction projects.

Working with the Office of Audits, JE prepared a study of Davis-Bacon Act issues, based upon a large-scale sampling of payroll records and forwarded the study to the Congress at a Member's request.

In addition, JE has undertaken statistical review of contracting tools, such as the wage pricing tool and database. JE also provided assistance to the audit staff in the design of a questionnaire for a sample of vendors participating in the MAS program. Finally, JE prepared an article examining fleet usage and submitted it to the *Journal of Public Inquiry*.

Interagency Committees and Working Groups

We participated in a number of interagency committees and working groups that address cross-cutting and governmentwide issues:

- **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The IG is a member of several CIGIE committees including the Homeland Security Roundtable, the Human Resources Committee, and the Investigations Committee. The Homeland Security focus of the Roundtable was a springboard for a review of the Federal Government's practices during the Gulf Coast Hurricane Recovery.

Governmentwide Policy Activities

Interagency Committees and Working Groups (continued)

The mission of the Human Resources Committee is to provide educational opportunities for members of the CIGIE communities and to assist in ensuring the development of competent personnel. The purpose of the Investigations Committee is to advise the Inspector General community on issues involving investigative functions, establish investigative guidelines, and promote best practices.

- o **CIGIE Federal Audit Executive Council (FAEC) Information Technology (IT) Committee.** The Committee is responsible for leading discussion and reaching consensus among all of the OIGs regarding a myriad of IT issues. Our Information Technology Audit Office provides both administrative and technical support for the CIGIE and the FAEC, through the IT Committee for FAEC. The IT Committee consists of over 55 members who represent approximately 15 Agencies from across the Federal IG community. The IT Audit Office's leadership role includes planning, hosting, and documenting bimonthly IT Committee meetings as well as spearheading government-wide projects and fast-paced surveys and data analyses on IT audit issues and related matters of interest for the FAEC. Recent IT Committee projects include gathering and consolidating value-added feedback for the U.S. Government Accountability Office throughout its process for revising the Federal Information Systems Control Audit Manual. Also, within the IT Committee, our IT Audit Office played a pivotal role in correspondence and coordination with the Office of Management and Budget to initiate improvements in the annual reporting guidance provided to the Federal IG community under the Federal Information Security Management Act of 2002.
- o **FAEC Contracting Committee.** The Principal Deputy Assistant IG for Auditing and the Deputy Assistant Inspector General, Acquisition Programs Audit Office, participate in the FAEC Contracting Committee, created in December 2007. This Committee provides a forum to share information and coordinate reviews of significant contract and procurement community issues of interest across the IG community and Federal Government. The Committee also proposes the development and recommendation of best practices to be used by IGs to address contracting issues.
- **Federal Systems Security Governance Board (FSSGB).** The Deputy Assistant Inspector General for Information Technology Audits participates, as a nonvoting member, in monthly meetings of the FSSGB, the oversight body of the Information Systems Security Line of Business initiative, which seeks to provide for common IT security solutions government-wide. Specific FSSGB activities related to IT auditing and other interests of the OIG community include coordination with the new Security and Identity Management Committee, under the Federal Chief Information Council, as the principal interagency forum for identifying and recommending strategic

Governmentwide Policy Activities

Interagency Committees and Working Groups (continued)

high priority IT security and identity-management initiatives to the Federal Chief Information Officer Council and the Office of Management and Budget. Also of importance are FSSGB efforts to establish Federal Shared Service Centers to provide government-wide Certification and Accreditation services to address system security controls and risk management requirements for Federal IT systems.

- TeamMate Technical Support Group. Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the CCH TeamMate Users Group to discuss concerns and new challenges facing TeamMate users. TeamMate is an automated audit paperwork management system that strengthens the audit process and increases efficiency.

Legislation, Regulations, and Subpoenas

During this reporting period the OIG reviewed numerous legislative matters and proposed regulations. The OIG also issued 15 subpoenas.

Professional Assistance Services

Government Auditing Standards prohibit 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. To maintain our independence when working closely with GSA management, we carefully assess our services to ensure compliance with the standards. As allowed under the standards, we participate in 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 nevertheless maintain our ability to independently audit and review programs. Our participation on task forces is typically as nonvoting advisory members.

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

- **The Multiple Award Schedule (MAS) Working Group.** The Working Group was established as a result of an OIG report released in August 2001 relating to MAS contracting pricing practices. The Working Group is currently comprised of senior level management of the Federal Acquisition Service (FAS) and the OIG. The Working Group has had several areas of focus, including preaward contract reviews and MAS negotiations issues. It developed guidance to MAS contracting officers (COs) regarding the performance and use of preaward MAS contract reviews. Further, the Working Group reinvigorated the process by which FAS and the OIG collaboratively select and commence preaward reviews of vendors, and has built into this process a specific mechanism for COs to request reviews of particular vendors. Recently, the MAS Working Group was restructured to limit participation in order to better communicate broad policy issues at a higher level. Based on these discussions, subgroups were established to discuss discrete issues having to do with particular contracts or reviews. For example, an MAS subgroup was tasked to examine the time frames necessary to ensure audit results are available in sufficient time to minimize the use of temporary contract extensions. Another subgroup provides an avenue to resolve issues relating to audit reviews of MAS contracts. This subgroup also identifies FAS policy issues for referral to the Working Group.
- **GSA IT Governance Groups.** Through collaboration with the GSA Chief Information Officer, our Information Technology Audit Office monitors the

Professional Assistance Services

Agency's efforts to establish a streamlined, enterprise-level IT governance structure and process in which the responsibilities of key Services and Staff Offices, and individual positions, are clear. This includes the newly formed IT Executive Council (ITEC) that reviews and makes decisions and recommendations on agency-wide technical issues, strategic IT planning, IT portfolio management, and enterprise architecture guidance, and oversees five standing committees: (1) Enterprise Applications Committee, (2) Enterprise Architecture Committee, (3) Enterprise Infrastructure Committee, (4) Information Assurance Committee, and (5) Portfolio Management Committee.

- **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.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 56 audit reports during this reporting period. The 56 reports contained financial recommendations totaling \$316,935,094, including \$299,877,880 in recommendations that funds be put to better use and \$17,057,214 in questioned costs. Due to GSA's mission of negotiating contracts for government-wide 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, 2009. There were 4 reports more than six months old awaiting management decision as of March 31, 2009. Table 1 does not include 2 reports issued to another agency this period. Table 1 also does not include 4 reports excluded from the management decision process because they pertain to ongoing investigations. Further, this table does not include \$83.5 million in cost avoidance resulting from a settlement agreement with AMEC.

Table 1. Management Decisions on OIG Audits

| | Number of Reports | Reports with Financial Recommendations | Total Financial Recommendations |
|----------------------------------------------------------------------|----------------------|----------------------------------------------|---------------------------------------|
| For which no management decision had been made as of 10/01/2008 | | | |
| Less than six months old | 28 | 11 | \$121,596,181 |
| Six or more months old | 11 | 8 | \$358,937,571 |
| Reports issued this period | <u>54</u> | <u>39*</u> | <u>\$316,935,094</u> |
| TOTAL | 93 | 58 | \$797,468,846 |
| For which a management decision was made during the reporting period | | | |
| Issued prior periods | 35 | 16 | \$465,245,908 |
| Issued current period | <u>33</u> | <u>24</u> | <u>\$141,824,176</u> |
| TOTAL | 68 | 40 | \$607,070,084 |
| For which no management decision had been made as of 03/31/2009 | | | |
| Less than six months old | 21 | 15* | \$175,110,918 |
| Six or more months old | <u>4</u> | <u>3</u> | <u>\$ 15,287,844</u> |
| TOTAL | 25 | 18 | \$190,398,762 |

* These totals include one audit report issued with both questioned costs and funds to be put to better use.

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
Recommendations that Funds be Put to Better Use**

| | Number of Reports | Financial Recommendations |
|----------------------------------------------------------------------|----------------------|------------------------------|
| For which no management decision had been made as of 10/01/2008 | | |
| Less than six months old | 9 | \$118,854,492 |
| Six or more months old | 8 | \$358,937,571 |
| Reports issued this period | <u>32</u> | <u>\$299,877,880</u> |
| TOTAL | 49 | \$777,669,943 |
| For which a management decision was made during the reporting period | | |
| Recommendations agreed to by management | 34 | \$603,675,145 |
| Recommendations not agreed to by management | <u>0</u> | <u>\$ 0</u> |
| TOTAL | 34 | \$603,675,145 |
| For which no management decision had been made as of 03/31/2009 | | |
| Less than six months old | 12 | \$158,706,954 |
| Six or more months old | <u>3</u> | <u>\$ 15,287,844</u> |
| TOTAL | 15 | \$173,994,798 |

Statistical Summary of OIG Accomplishments

Table 3. Management Decisions on OIG Audits With Questioned Costs

| | Number of Reports | Questioned Costs |
|----------------------------------------------------------------------|----------------------|---------------------|
| For which no management decision had been made as of 10/01/2008 | | |
| Less than six months old | 2 | \$ 2,741,689 |
| Six or more months old | 0 | \$ 0 |
| Reports issued this period | <u>8</u> | <u>\$17,057,214</u> |
| TOTAL | 10 | \$19,798,903 |
| For which a management decision was made during the reporting period | | |
| Disallowed costs | 6 | \$3,394,939 |
| Costs not disallowed | 0 | \$ 0 |
| TOTAL | 6 | \$3,394,939 |
| For which no management decision had been made as of 03/31/2009 | | |
| Less than six months old | 4 | \$16,403,964 |
| Six or more months old | 0 | \$ 0 |
| TOTAL | 4 | \$16,403,964 |

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 100 investigative cases and closed 99 cases during this period. In addition, the OIG received and evaluated 36 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 to U.S. Attorneys for litigative consideration. The OIG also makes administrative referrals to GSA officials on certain cases disclosing wrongdoing on the part of GSA employees, contractors, or private individuals doing business with the government.

During this period, the OIG also made 46 referrals to GSA officials for information purposes only.

Table 4. Summary of OIG Referrals

| Type of Referral | Cases | Subjects |
|------------------|------------|------------|
| Criminal | 55 | 99 |
| Civil | 23 | 30 |
| Administrative | 63 | 96 |
| TOTAL | 141 | 225 |

Actions on OIG Referrals

Based on these and prior referrals, 46 cases (68 subjects) were accepted for criminal prosecution and 14 cases (24 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 61 indictments/informations and 55 successful prosecutions. OIG civil referrals resulted in 5 case settlements. Based on OIG administrative referrals, management debarred 27 contractors/individuals, suspended 63 contractors/individuals, and took 19 personnel actions against employees.

Statistical Summary of OIG Accomplishments

Monetary Results

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

Table 5. Criminal and Civil Recoveries

| | <u>Criminal</u> | <u>Civil</u> |
|---------------------|--------------------|---------------------|
| Fines and Penalties | \$ 337,187 | |
| Settlements | | \$52,774,641 |
| Forfeitures | 95,000 | |
| Seizures | 824 | |
| Restitutions | 976,550 | |
| TOTAL | \$1,409,561 | \$52,774,641 |

Table 6 presents the amount of administrative recoveries and forfeitures as a result of investigative activities.

Table 6. Other Monetary Results

| | |
|---------------------------|------------------|
| Administrative Recoveries | \$259,496 |
| Forfeitures | 82 |
| TOTAL | \$259,578 |

APPENDICES

Appendix I—Significant Audits from Prior Reports

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

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

Improving the FedRooms Program Based On Benchmarking

Period First Reported: April 1, 2008 to September 30, 2008

The FAS requested a benchmarking study as a follow-up to our review of FedRooms (Report Number A070167/Q/9/P08002, issued on February 4, 2008). The February 2008 review determined that usage of FedRooms was low and recommended that the Commissioner of FAS develop a business plan for FedRooms. The objective for the follow-up review was to determine how FAS can improve FedRooms to gain wider participation by hotels and travelers, based on best practices used by large corporations and states. The report contained five recommendations; three have not been implemented.

The remaining recommendations include improving the usage of the program and thus increasing the Government's leverage by implementing policy language that will strongly influence Government travelers to use the lodging program; determining the most effective method of marketing FedRooms; and enhancing the FedRooms.com on-line booking tool and travel authorization process. They are scheduled for completion between June 15, 2009 and October 15, 2009.

Work Remains in Implementing a Fully Integrated Pegasys Financial Management System

Period First Reported: April 1, 2008 to September 30, 2008

The objective of this audit was to gather information on the status of Pegasys and evaluate risks and potential

improvements in two main areas: development and maintenance of an integrated accounting and financial management system, and system operations and response to management and user needs. The report contained four recommendations; three have not been implemented.

The remaining recommendations involve coordinating with GSA Services, Staff Offices, and Regions to develop a detailed plan for migration and integration of remaining legacy system functionality and other systems with Pegasys; ensuring that system implementation review processes comprehensively consider how Pegasys is meeting Agency and customer needs; and improving security and privacy controls for sensitive Pegasys data. They are scheduled for completion between May 15, 2009 and July 15, 2009.

FY 2008 Office of Inspector General FISMA Review of GSA's Information Technology Security Program

Period First Reported: April 1, 2008 to September 30, 2008

The objectives of this audit were to assess the effectiveness of controls over GSA systems and data and to address specific questions and reporting requirements identified by OMB. We reviewed four systems, including one contractor system, to assess implementation of GSA's IT Security Program. The report contained five recommendations; none have been implemented.

The recommendations involve working with the Office of the Chief Acquisition Officer to develop standard requirements and deliverables for IT service contracts and task orders that promote compliance with GSA IT Security Policy and procedures; working with the Office of the Chief Acquisition Officer and the Office of the Chief Human Capital Officer (OCHCO) to ensure consistent background investigation requirements in policies, procedures, and task orders; expediting actions to implement encryption of mobile devices and two-factor authentication, and working with the OCHCO to promptly fulfill responsibilities for implementing a comprehensive breach notification policy; enhancing monitoring of GSA's public web presence and ensuring that all of GSA's publicly facing web applications (a) encrypt login credentials, (b) support Federal Information Processing Standards (FIPS) Publication 140-2 encryption, and (c)

Appendix I—Significant Audits from Prior Reports

use approved Government domains for GSA web applications; and ensuring that the IT Security Policy thoroughly addresses requirements for securing minor applications. They are scheduled for completion between May 15, 2009 and November 15, 2009.

Audit of Reimbursable Work Authorizations

Period First Reported: April 1, 2008 to September 30, 2008

The primary objectives of our review were to determine if RWAs are properly accounted for and whether controls over RWAs are adequate and effective. The report contained two recommendations; neither has been implemented.

We recommended that management ensure that the controls recommended by the National Team are effectively implemented and adhered to and that the results achieved are monitored; and, that the residual risks associated with the RWA process identified in this report are incorporated into the National Team's reengineered process, and addressed by management where clarifications are needed and/or disseminated to GSA associates as part of their overall training/implementation process. They are scheduled for completion between April 15, 2009 and October 15, 2009.

Audit of PBS's Controls Over Security of Building Information

Period First Reported: April 1, 2008 to September 30, 2008

The focus of our review was to determine whether PBS has adequate controls in place to protect sensitive building information. The report contained five recommendations; three have not been implemented.

The recommendations include incorporating GSA order PBS 3490.1 requirements directly into the boilerplate Solicitation for Offers and contracts for architect and engineering, construction, and lease construction contracts; ensuring that officials are provided training on PBS 3490.1, to include encryption software applications available to PBS project personnel; and implementing a system of controls to ensure that PBS 3490.1 requirements are being followed by PBS project teams.

The recommendations are scheduled for completion between July 15, 2009 and October 15, 2009.

Improvements to the GSA Privacy Act Program Are Needed to Ensure That PII is Adequately Protected

First Reported: October 1, 2007 to March 31, 2008

We found that GSA has taken steps toward improving the protection of Personally Identifiable Information (PII); however, improvements to the GSA Privacy Act Program are needed. The report contained four recommendations; two have not been implemented.

The recommendations include ensuring that the Privacy Act Program is integrated with the agency's security program, and working with the Office of the Chief Acquisition Officer to review contracts in support of major IT systems that collect and store PII to ensure that the appropriate privacy clauses have been included and that contractors supporting privacy act systems of records are aware of and fulfill their roles and responsibilities for protecting GSA's PII. They are scheduled for completion between May 15, 2009 and November 15, 2009.

Use of Inventory Management Software

Period First Reported: October 1, 2007 to March 31, 2008

Our review objectives were to determine whether: (1) FAS was using the Manugistics inventory management software to the fullest extent possible, and if not, what were the reasons for inconsistent usage; and (2) the Manugistics software could be improved to better manage inventory in the depots and stores. The report contained seven recommendations; four have not been implemented.

The remaining recommendations involve the FAS Commissioner removing redundant inventory management functionality from the legacy systems; maintaining up-to-date procurement and inventory costs in the Manugistics software; and conducting two cost/benefit studies—one related to implementing improvements to transportation management information, and one related

Appendix I—Significant Audits from Prior Reports

to adding data warehousing to maintain historical data regarding actions taken by inventory managers and store coordinators and routinely reporting this information to their supervisors. They are scheduled for completion between June 15, 2009 and December 15, 2009.

MAS Contract Workload Management

Period First Reported: April 1, 2007 to September 30, 2007

The focus of the review was to determine if FAS was effectively managing the workload associated with processing contract actions in the Schedules program. The report contained ten recommendations; four have not been implemented.

The remaining recommendations involve adopting a more structured approach to reduce the number of existing underutilized schedule contracts; establishing specific nationwide guidance related to Price Analysis Documentation Requirements and Negotiation Policies and Techniques for schedule contracts; establishing performance measures that evaluate Contracting Officer/Contracting Specialist (a) verification of vendor disclosures related to Commercial Sales Practice, (b) effectiveness in analyzing prices and conducting negotiations, and (c) consideration of the field pricing assistance; and developing standardized procedures for the initial screening of offers. They are scheduled for completion between May 15, 2009 and January 15, 2010.

FAS's Administration of Unused Airline Tickets

Period First Reported: April 1, 2007 to September 30, 2007

We found that the process for refund collections for unused airline tickets needed significant improvements. The report contained six recommendations; two have not been implemented.

The remaining recommendations involve the FAS Commissioner directing the Assistant Commissioner, travel, motor vehicle, and card services to pursue other alternatives such as DFAS deductions (maximum of \$7.7 million) and/or legal action to collect on the outstanding claim of \$8.34 million from the non-bankrupt airline, and developing a feasible plan in conjunction

with the Office of General Counsel that will lead to finalizing settlements of unused airline tickets estimated at \$48 million with the three bankrupt airlines. They are scheduled for completion by May 15, 2009.

Security of GSA's Electronic Messaging Services

Period First Reported: April 1, 2007 to September 30, 2007

Our review assessed whether GSA has adequate security controls to manage risks with GEMS and GNNI applications. The report contained seven recommendations; one has not been implemented.

The remaining recommendation involves the GSA-CIO working closely with Services/Staff Offices/Regions to inventory all GSA's Lotus Notes databases and applications and remove those that are outdated, lack necessary controls, or do not adhere to guidelines. It is scheduled for completion by May 15, 2009.

Heating Operation and Transmission District's Operations and Finances

Period First Reported: April 1, 2007 to September 30, 2007

The focus of our review was to determine if GSA's Heating Operation and Transmission District (HOTD), a steam and chilled water utility service to government and quasi-government customers in the National Capital Region, operates and uses its assets economically, efficiently, and securely. The report contained thirteen recommendations; five have not been implemented.

The remaining recommendations involve replacing the deficient Induced Draft Fan to permit as-designed system functionality and performance testing, determining the best use of the West Plant Asset, developing a Contingency Plan for utility services, discontinuing the use of Reimbursable Work Authorizations (RWA) for HOTD services in order to correct accounting data, and developing the capability to isolate HOTD financial activities by business line. They are scheduled for completion between May 15, 2009 and January 15, 2010.

Appendix I—Significant Audits from Prior Reports

GSA’s Electronic Contract Proposal and Modification System

Period First Reported: October 1, 2006 to March 31, 2007

The review’s objective was to determine whether eOffer/eMod are realizing expected benefits and if sufficient security controls have been designed and implemented. The report contained four recommendations; one has not been implemented.

The remaining recommendation involves analyzing usage rates and developing strategies to address the causes of low usage. It is scheduled for completion by July 15, 2009.

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 not been implemented.

The remaining recommendation, which requires developing access to sufficient and reliable data for all delivery methods, is scheduled for completion by July 15, 2009.

Appendix II–Audit Report Register

| Date of Report | Audit Number | Title | Financial Recommendations | |
|----------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|
| | | | Funds to Be Put to Better Use | Questioned (Unsupported) Costs |
| 10/17/08 | A080163 | Review of Claim for Increased Costs: Gilbane Building Company, Contract Number GS-05P-01-GBC-0041 | | |
| 10/17/08 | A080184 | Review of Claim for Increased Costs: Anning-Johnson Company, Subcontractor to Gilbane Building Company, Contract Number GS-05P-01-GBC-0041 | | |
| 11/10/08 | A070204 | Review of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Solicitation Number GS-02P-07-DTC-0009(N) | | |
| 12/16/08 | A080185 | Review of a Claim: Pacific Coast Steel, Formerly Bay Area Reinforcing, Inc., Subcontractor to Dick Corporation/Morganti Group, A Joint Venture, Contract Number GS-09P-02-KTC-0002 | | |
| 12/18/08 | A080193 | Review of a Claim for Increased Costs: Climated, Inc., Subcontractor to Gilbane Building Company, Contract Number GS-05P-01-GBC-0041 | | |
| 01/09/09 | A080220 | Review of a Claim: Boyett Door and Hardware, Subcontractor to Dick Corporation/Morganti Group, A Joint Venture, Contract Number GS-09P-02-KTC-0002 | | |
| 01/12/09 | A090044 | Preaward Review of Supplemental Architect and Engineering Services Contract: Richard D. Kimball Co., Inc., Solicitation Number GS-01P-08-BW-D-0053 | | |
| 01/12/09 | A090047 | Preaward Review of Supplemental Architect and Engineering Services Contract: Pennoni Associates, Inc., Subcontractor to BBIX, LLC, Solicitation Number GS-01P-08-BW-D-0054 | | |

(Note: Because some audits pertain to contract awards or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.)

PBS Contract Audits

Appendix II—Audit Report Register

| Date of Report | Audit Number | Title | Financial Recommendations | |
|----------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|
| | | | Funds to Be Put to Better Use | Questioned (Unsupported) Costs |
| 01/23/09 | A090043 | Preaward Review of Supplemental Architect and Engineering Services Contract: BBIX, LLC, Solicitation Number GS-01P-08-BW-D-0054 | | |
| 02/19/09 | A080200 | Preaward Review of a Claim: Wm. T. Spaeder Company, Inc., Subcontractor to Mascaro Construction Company, LP, Contract Number GS-03P-02-CDC-0137 | | |
| 03/12/09 | A090002 | Review of Claim for Increased Costs: Gurtz Electric Co., Subcontractor to Gilbane Building Company, Contract Number GS-05P-01-GBC-0041 | | |
| 03/23/09 | A090142 | Report on Accounting System Audit of Hensel Phelps Construction Company | | |
| 03/26/09 | A090058 | Review of Claim for Increased Costs: Carlo/LeJeune, Joint Venture, Subcontractor to Gilbane Building Company, Contract Number GS-05P-01-GBC-0041 | | |

FAS Internal Audits

| | | | | |
|----------|---------|-------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| 03/26/09 | A080173 | FY 2009 Office of Inspector General Information Technology Security Audit of USAccess, GSA's Homeland Security Presidential Directive 12 System | | |
|----------|---------|-------------------------------------------------------------------------------------------------------------------------------------------------|--|--|

FAS Contract Audits

| | | | | |
|----------|---------|----------------------------------------------------------------------------------------------------------------|--|--|
| 10/09/08 | A080045 | Preaward Review of Multiple Award Schedule Contract Extension: Sybase, Inc., Contract Number GS-35F-5212H | | |
| 10/17/08 | A070138 | Preaward Review of Multiple Award Schedule Contract Extension: BearingPoint, LLC, Contract Number GS-23F-9796H | | |
| 10/23/08 | A080139 | Preaward Review of Multiple Award Schedule, Solicitation Number FCIS-JB-980001-B: SAP Public Services, Inc. | | |

Appendix II–Audit Report Register

| Date of Report | Audit Number | Title | Financial Recommendations | |
|----------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|
| | | | Funds to Be Put to Better Use | Questioned (Unsupported) Costs |
| 10/29/08 | A080069 | Preaward Review of Multiple Award Schedule Contract Extension: Intirion Corporation, Contract Number GS-21F-0091H | | |
| 10/29/08 | A080151 | Preaward Review of Multiple Award Schedule Contract Extension: SeaArk Marine Inc., Contract Number GS-07F-0012J | | |
| 10/29/08 | A080122 | Preaward Review of Multiple Award Schedule Contract Extension: Eagle Support Services Corporation, Contract Number GS-10F-0464N | | |
| 10/30/08 | A080001 | Review of Multiple Award Schedule Contract Number GS-35F-0545K for the period March 31, 2004 to March 31, 2008: SunGard Availability Services, LP | | \$4,601 |
| 10/31/08 | A080003 | Preaward Review of Multiple Award Schedule Contract Extension: Williams, Adley & Company, LLP, Contract Number GS-23F-8184H | | |
| 11/20/08 | A080156 | Preaward Review of Multiple Award Schedule Contract Extension: Rockwell Collins, Inc., Contract Number GS-35F-5926H | | |
| 11/20/08 | A080189 | Preaward Review of Multiple Award Schedule Contract Extension: Willard Marine, Inc., Contract Number GS-07F-0123H | | |
| 11/24/08 | A080183 | Preaward Review of Multiple Award Schedule Contract Extension: Identix Inc., Contract Number GS-07F-0112H | | |
| 12/12/08 | A080177 | Preaward Review of Multiple Award Schedule Contract Extension: Tecolote Research, Inc., Contract Number GS-35F-5115H | | |
| 12/18/08 | A090084 | Report on Audit of Fiscal Year 2006 Incurred Cost Noblis, Inc. | | |

Appendix II—Audit Report Register

| Date of Report | Audit Number | Title | Financial Recommendations | |
|----------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|
| | | | Funds to Be Put to Better Use | Questioned (Unsupported) Costs |
| 12/29/08 | A090042 | Postaward Audit Report on Direct Costs Incurred on Trilogy Project: Computer Sciences Corporation (Formerly Dyncorp Information Systems), Task Order Number T0001AJM026 under GSA Millennia, Contract Number GS-00T-99-ALD-0204 | | \$14,951,923 |
| 12/31/08 | A080191 | Preaward Review of Multiple Award Schedule Contract Extension: Corporate Lodging Consultants, Inc., Contract Number GS-33F-0009P | | |
| 01/07/09 | A080147 | Preaward Review of Multiple Award Schedule Contract Extension: Paradigm Solutions Corporation, Contract Number GS-35F-5869H | | |
| 01/07/09 | A080170 | Preaward Review of Multiple Award Schedule Contract Extension: Brunswick Commercial and Government Products, Inc., Contract Number GS-07F-0011J | | |
| 01/14/09 | A080209 | Preaward Review of Multiple Award Schedule Contract Extension: Zodiac of North America, Inc., Contract Number GS-07F-0056J | | \$8,872 |
| 01/14/09 | A080224 | Preaward Review of Multiple Award Schedule Contract Extension: Advanced Interactive Systems, Inc., Contract Number GS-02F-0009J | | |
| 01/20/09 | A080136 | Preaward Review of Multiple Award Schedule Contract Extension: Dynamic Decisions, Inc., Contract Number GS-35F-5879H | | |
| 01/21/09 | A080175 | Preaward Review of Multiple Award Schedule Contract Extension: NCI Information Systems, Inc., Contract Number GS-35F-4014G | | |
| 01/23/09 | A080196 | Preaward Review of Multiple Award Schedule Contract Extension: Marzik, Inc., Contract Number GS-35F-5857H | | |
| 01/23/09 | A080183 | Limited Scope Review of Multiple Award Schedule Contract: Identix, Inc., Contract Number GS-07F-0112H | | |

Appendix II–Audit Report Register

| Date of Report | Audit Number | Title | Financial Recommendations | |
|----------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|
| | | | Funds to Be Put to Better Use | Questioned (Unsupported) Costs |
| 01/28/09 | A090005 | Preaward Review of Multiple Award Schedule Contract Extension: Intratek Computer, Inc., Contract Number GS-35F-0178J | | |
| 02/04/09 | A080067 | Preaward Review of Multiple Award Schedule Contract Extension: Haworth, Inc., Contract Number GS-28F-8014H | | |
| 02/05/09 | A080169 | Preaward Review of Multiple Award Schedule Contract Extension: Tremco Inc., Contract Number GS-07F-8798D | | |
| 02/05/09 | A080208 | Preaward Review of Multiple Award Schedule Contract Extension: System Studies & Simulation, Inc., Contract Number GS-00F-0037P | | |
| 02/05/09 | A060002 | Limited Scope Postaward Review of Schedule Contract: Resource Consultants, Inc., Contract Number GS-10F-0191J | | \$630,140 |
| 02/05/09 | A070221 | Postaward Review of Multiple Award Schedule Contract Number GS-24F-1289C for the Period January 1, 1998 to September 30, 2008: Thermo Fisher Scientific (Asheville), LLC | | \$1,016,690 |
| 02/05/09 | A080192 | Preaward Review of Multiple Award Schedule Contract Extension: Engineering and Professional Services, Inc., Contract Number GS-10F-0193P | | |
| 02/11/09 | A080141 | Preaward Review of Multiple Award Schedule Contract Extension: KLN Steel Products Company, Contract Number GS-27F-2014B | | |
| 02/12/09 | A080178 | Preaward Review of Multiple Award Schedule Contract Extension: Ocean Systems Engineering Corporation, Contract Number GS-35F-5278H | | |
| 03/03/09 | A080085 | Preaward Review of Multiple Award Schedule Contract Extension: The HON Company, Contract Number GS-28F-8047H | | |
| 03/12/09 | A070104 | Review of Multiple Award Schedule | | \$407,922 |

Appendix II—Audit Report Register

| Date of Report | Audit Number | Title | Financial Recommendations | |
|--------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|
| | | | Funds to Be Put to Better Use | Questioned (Unsupported) Costs |
| | | Contract Number GS-24F-1181B for the Period June 1, 2001 to May 31, 2006: Government Scientific Source, Inc. | | |
| 03/23/09 | A080212 | Preaward Review of Multiple Award Contract Extension: Phillips Corporation - Federal Division, Contract Number GS-07F-7729C | | |
| Other Internal Audits | | | | |
| 10/14/08 | A080093 | Review of Internal Controls Over Payroll - FY 2008 | | |
| 11/07/08 | A090022 | Report on Internal Controls Over Performance Measures | | |
| 11/14/08 | A080118 | Limited Audit of the Fiscal Year 2008 Federal Managers' Financial Integrity Act Section 2 and Section 4 Assurance Statements | | |
| 12/18/08 | A080108 | Audit of the General Services Administration's Fiscal Year 2008 and 2007 Financial Statements | | |
| 12/18/08 | A080108 | PricewaterhouseCoopers LLP Fiscal Year 2008 EDP Management Recommendation Letter | | |
| Other Audit Products | | | | |
| 3/31/09 | A090024 | Implementation Review of Award for Streamlined Technology Acquisition Resources for Services Government-Wide Acquisition Contract, Report Number A050213/Q/6/P07001 | | |
| Non-GSA Internal Audits | | | | |
| 11/04/08 | A080108 | FY 2008 Agreed Upon Procedures Re: Environmental Liabilities | | |
| 11/14/08 | A080108 | Report on Applying Agreed-Upon Procedures Re: FY 2008 Loss Contingencies | | |

Appendix III–Audit Reports over 12 Months Old, Final Agency Action Pending

Public Law 104-106 requires the head of a Federal agency to complete final action on each management decision required with regard to a recommendation in an Inspector General's report within 12 months after the date of the report. If the head of the Agency fails to complete final action within the 12-month period, the Inspector General shall identify the matter in the semiannual report until final action is complete.

In GSA, the Office of the Chief Financial Officer (OCFO) is responsible for monitoring and tracking open recommendations. While we continue to assist the Agency in resolving these open items, various litigative proceedings, continuing negotiations of contract proposals, and corrective actions needed to undertake complex and often phased-in implementing actions often delay timely completion of the final action.

The OCFO provided the following list of reports with action items open beyond 12 months:

| Date of Report | Audit Number | Title |
|------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Audits | | |
| 08/05/97 | A73617 | Refund from the Committee for Purchase from People Who Are Blind or Severely Disabled: Committee for Purchase, Agreement Number GS-02F-61511 |
| 06/01/00 | A000971 | Audit of Claim for Increased Costs: Midwest Curtainwalls, Inc., The Federal Triangle Project |
| 04/30/01 | A010127 | Audit of Billing under Contract Number GS-06P-99-GZC-0315: DKW Construction, Inc. |
| 10/18/01 | A63630 | Postaward Audit of Multiple Schedule Contract: The Presidio Corporation, Contract Number GS-00K-95-AGS-6170 |
| 03/25/03 | A030140 | Limited Scope Review of Termination Claim: Science Applications International Corporation, Contract Number GS-35F-4461 |
| 01/12/04 | A040098 | Preaward Audit of Supplemental Architect and Engineering Services Contract: Gonzalez Hasbrouck, Inc., Contract Number GS-05P-03-GBD-0072 |
| 02/03/04 | A040119 | Attestation Review of Supplemental Architect and Engineering Proposal: Julie Snow Architects, Inc., Contract Number GS-05P-03-GBD-0072 |
| 03/09/04 | A030186 | Postaward Audit of Multiple Award Schedule Contract: Nova Solutions, Inc., Contract Number GS-29F-0173G |
| 03/09/04 | A040162 | Price Adjustments on Multiple Award Schedule Contract: Nova Solutions, Inc., Contract Number GS-29F-0173G |
| 06/28/04 | A040085 | Limited Scope Postaward Audit of Multiple Award Schedule Contract: Onboard Software, Inc., Contract Number GS-35F-0117J |
| 05/10/05 | A050112 | Preaward Review of Multiple Award Schedule Contract Extension: Entrust, Inc., Contract Number GS-35F-0332K |
| 07/08/05 | A050138 | Review of Claim for Increased Costs: Nason and Cullen, Inc., Contract Number GS-03B-02301 |
| 10/12/05 | A050105 | Preaward Review of Multiple Award Schedule Contract Extension: BCOP Federal, Contract Number GS-14F-003K |

Appendix III—Audit Reports over 12 Months Old, Final Agency Action Pending

| Date of Report | Audit Number | Title |
|----------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 11/30/05 | A050147 | Limited Scope Review of Task Order F11623-02-F-A425 Multiple Award Schedule Contract: Herman Miller, Inc., Contract Number GS-28F-8049H |
| 01/05/06 | A050247 | Preaward Review of Price Adjustment Claim: Lockheed Martin Information Technology, Contract Number GS-35F-4039G |
| 03/30/06 | A050248 | Postaward Review of Lease Costs and Pricing Data: Information Systems Support, Inc., Contract Number GS-09K-99-BHD-0006 |
| 04/18/06 | A050122 | Review of Industrial Funding Fee Remittances: Fastenal Company, Contract Number GS-06F-0039K |
| 08/15/06 | A060127 | Preaward Review of Multiple Award Schedule Contract Extension: W.B. Brawley Company, Contract Number GS-27F-0018L |
| 09/07/06 | A060181 | Preaward Review of Multiple Award Schedule Contract Extension: Haverstick Government Solutions, Inc., Contract Number GS-35F-0496L |
| 10/24/06 | A060148 | Preaward Review of Multiple Award Schedule Contract Extension: Kimball International, Contract Number GS-29F-0177G |
| 10/31/06 | A060206 | Postaward Review of Lease Costs and Pricing Data: Information Systems Support Inc., Contract Number GS-09K-99-BHD-0006 |
| 12/08/06 | A060115 | Preaward Review of Multiple Award Schedule Contract Extension: WFI Government Services, Inc., Contract Number GS-35F-0553L |
| 04/20/07 | A070107 | Review of a Claim: Linear Electric Company, Contract Number GS-02B-23182 |
| 04/30/07 | A060245 | Preaward Review of Multiple Award Schedule Contract Extension: Comstor, Division of Westcon Group N.A., Inc., Contract Number GS-35F-4389G |
| 05/03/07 | A070036 | Preaward Review of Multiple Award Schedule Contract Extension: ASAP Software Express, Inc., Contract Number GS-35F-4027D |
| 05/14/07 | A070047 | Limited Scope Review of Multiple Award Schedule Contract: Draeger Safety, Inc., Contract Number GS-07F-9510G |
| 07/31/07 | A060247 | Preaward Review of Multiple Award Schedule Contract Extension: AT&T Government Solutions, Inc., Contract Number GS-35F-4507G |
| 08/16/07 | A070092 | Preaward Review of Multiple Award Schedule Contract Extension: SimplexGrinnell LP, Contract Number GS-07F-0396M |
| 08/23/07 | A070183 | Preaward Review of Architect Engineer Proposal: Perkins + Will, Contract Number GS-09P-06-KTC-3043 |
| 08/27/07 | A070141 | Review of Claim for Increased Costs: Logicvision, Inc., Contract Number GS-06P-04-GYC-0005 |
| 08/28/07 | A060196 | Preaward Review of Request for Equitable Adjustment: Tigard Electric, Inc., Contract Number GS-10P-02-LTC-0025 |

Appendix III–Audit Reports over 12 Months Old, Final Agency Action Pending

| Date of Report | Audit Number | Title |
|-----------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 09/27/07 | A060239 | Preaward Review of Multiple Award Schedule Contract Extension: Emtec Federal, Inc., Contract Number GS-35F-4564G |
| 10/02/07 | A060194 | Limited Scope Pricing Review of Multiple Award Schedule Contract: Q-Matic Corporation, Contract Number GS-07F-0017K |
| 10/04/07 | A070144 | Preaward Review of Multiple Award Schedule Contract Extension: Aquilent, Inc., Contract Number GS-35F-4729G |
| 10/18/07 | A070153 | Preaward Review of Multiple Awards Schedule Contract Extension: J& L America, Inc., Contract Number GS-06F-0074M |
| 10/31/07 | A070120 | Preaward Review of Multiple Award Schedule Contract Extension: Merlin International, Inc., Contract Number GS-35F-0783M |
| 11/05/07 | A070220 | Review of Claim for Increased Costs: Faith Technologies, Inc., Contract Number GS-06P-02-GZC-0546 |
| 12/18/07 | A070176 | Preaward Review of Multiple Award Schedule Contract Extension: T-Mobile USA, Inc., Contract Number GS-35F-0503M |
| 12/19/07 | A070133 | Preaward Review of Multiple Award Schedule Contract Extension: World Wide Technology, Inc., Contract Number GS-35F-4194D |
| 12/20/07 | A070103 | Preaward Review of Multiple Award Schedule Contract Extension: Intelligent Decisions, Inc., Contract Number GS-35F-4153 |
| 01/07/08 | A070233 | Review of Claim for Increased Costs: Mainelli Mechanical Contractors, Inc., Contract Number GS-06P-02-GZC-0546 |
| 01/23/08 | A070179 | Preaward Review of MAS Contract Extension: Herman Miller Inc., Contract Number GS-28F-8049H |
| 02/12/08 | A070119 | Preaward Review of Multiple Award Schedule Contract Extension: BAE Systems Information Technology, Inc., Contract Number GS-35F-4668G |
| 02/21/08 | A080039 | Limited Review of General Conditions, Overhead and Commission Rates: Cauldwell Wingate Company, LLC, Contract Number GS-02P-05-DTC-0021(N) |
| 03/03/08 | A070124 | Preaward Review of Multiple Award Schedule Contract Extension: Alion Science and Technology Corporation, Contract Number GS-35F-4721G |
| 03/07/08 | A070202 | Review of a Claim: Dick Corporation/Matt Construction Company, Contract Number GS-09P-01-KTC-007 |
| 03/19/08 | A070177 | Review of Claim for Increased Costs: Caddell Construction Company, Inc., Contract Number GS-06P-02-GZC-0546 |
| 03/31/08 | A080059 | Preaward Review of Multiple Award Schedule Contract Extension: Belleville Shoe Manufacture Company, Contract Number GS-07F-9990H |

Appendix III–Audit Reports over 12 Months Old, Final Agency Action Pending

| Date of Report | Audit Number | Title |
|----------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| 03/31/08 | A070223 | Preaward Review of Multiple Award Schedule Contract Extension: Cotton & Company LLP, Contract Number GS-23F-9807H |
| 03/31/08 | A080080 | Postaward Audit Report on Examination of Direct Costs: Science Applications International Corporation, Contract Number GS-00T-99-ALD-0210 |
| 03/31/08 | A070227 | Preaward Review of Multiple Award Schedule Contract Extension: Telecommunication Systems, Inc., Contract Number GS-35F-4655H |

Internal Audits

| | | | |
|----------|---------|-----------------------------------------------------------------------------------------------------------------------------------|------------|
| 03/06/07 | A060149 | Review of eOffer/eMod, GSA's Electronic Contract Proposal and Modification System | 07/15/2009 |
| 09/12/07 | A070180 | Alert Report on Security of GSA's Electronic Messaging Services and National Notes Infrastructure | 05/15/2009 |
| 05/17/07 | A070067 | Review of the Administration of Unused Airline Tickets | 05/15/2009 |
| 03/18/03 | A020161 | Audit of the Consolidation of Distribution Center Operations: Impact on Shipment Costs and Delivery Times | 07/15/2009 |
| 09/13/07 | A060170 | Review of the Heating Operation and Transmission District's Operations and Finances | 01/15/2010 |
| 07/31/07 | A060190 | Review of Multiple Award Schedule Program Contract Workload Management | 01/15/2010 |
| 03/31/08 | A060228 | Improvements to the GSA Privacy Act Program are Needed to Ensure that Personally Identifiable Information is Adequately Protected | 11/15/2009 |
| 03/21/08 | A070164 | Review of the Use of Inventory Management Software, Federal Acquisition Service | 12/15/2009 |

Appendix IV–Government Contractor Audit Findings

The National Defense Authorization Act for Fiscal Year 2008, P.L. 110-181, requires each Inspector General appointed under the Inspector General Act of 1978 to submit an annex on final, completed contract audit reports issued to the contracting activity that contain significant audit findings – unsupported, questioned, or disallowed costs in an amount in excess of \$10 million, or other significant findings – as part of the Semiannual Report to Congress. During this reporting period, the OIG issued one contract audit report under this requirement. At our request, the audit was performed by the Defense Contract Audit Agency (DCAA) on the direct costs incurred and billed by Computer Sciences Corporation (CSC) on a task order under GSA’s Millennia contract. DCAA evaluated \$120.8 million incurred and billed by CSC and seven of the largest subcontractors that performed under the task order during the period May 2001 through April 2005, and took exception to \$14.95 million. DCAA also reported \$520,608 in unauthorized cost transfers and unresolved \$3.2 million primarily related to the indirect costs and contract fees billed by a subcontractor.

Appendix V—Audits Without Management Decision

Section 5(a)(10) of the IG Act, as amended, requires a summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period. GSA has a system in place to track audit reports and management decisions. Its purpose is to ensure that recommendations and corrective actions indicated by the OIG and agreed to by management are addressed as efficiently and expeditiously as possible. This period there is one OIG audit report that meets this requirement.

Improved Access Controls Could Help Protect Personnel Information within the Comprehensive Human Resources Integrated System (CHRIS), issued September 8, 2008

This audit built on the results of two prior CHRIS reviews and focused primarily on whether specific management, operational, and technical controls have been implemented to appropriately limit access to sensitive personnel information. The report contained four recommendations: complete a comprehensive assessment to determine if CHRIS has been implemented in accordance with user and management requirements and whether “Least Privilege” controls are in place and operating as intended; ensure that independent reviews of CHRIS auditing and monitoring logs are completed; coordinate with Public Buildings Service (PBS) to establish a Memorandum of Understanding that defines roles and responsibilities for securing CHRIS data for PBS and the Office of the Chief Human Capitol Officer (OCHCO) and identifies security controls required to protect personnel data viewed with the Business Objects reporting utility; and address CHRIS technical vulnerabilities and ensure all known vulnerabilities are promptly recorded and mitigated. To reach a management decision, the OCHCO needs to make suggested revisions to the proposed action plan and identify the supporting documentation it will provide to close out each corrective action. Resolution is expected by May 29, 2009.

Appendix VI—Delinquent Debts

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

In compliance with the Debt Collection Improvement Act of 1996 (DCIA), each month the General Services Administration (GSA) transmits delinquent accounts receivable and claims from the public which are more than 180 days old to the Department of the Treasury, (Treasury) Debt Management Service. GSA has continued to implement and initiate actions to improve debt collection efforts to reduce the amount of debts written-off as uncollectible.

Delinquent accounts receivable and claims coordination efforts between GSA program offices, the financial services divisions, and Treasury claims cross-servicing personnel continue to strengthen our receivables and claims collection efforts. These efforts include regular teleconferences on delinquent receivables in order to exchange necessary information to further the collection process. Receivables and claims continue to be reduced by increased follow-up of delinquencies.

A claims database was established by GSA to aid in the aging and monitoring of claims activity. Other improvements include increases in telephone follow-up contacts with commercial vendors, field personnel, and GSA managers to identify and resolve collection issues.

GSA has also improved the consistency and timeliness of delinquency notices by letter, and increased efforts to identify invoice offsets on amounts due to commercial vendors on other contracts. GSA's Financial Services Division expects these administrative adjustments to result in faster claim resolution. In addition, more aggressive actions have been taken to resolve past due receivables, including timelier referrals to Treasury and accelerated write-offs of older receivable balances.

GSA converted the Accounts Receivable Collection System from a FoxPro to an Oracle database during the month of May 2008. The Oracle database will allow Claims staff the ability to receive support for ad hoc reports as needed. In addition, research capabilities and the month end reporting process have improved.

Lastly, if more than 3% of a region's outstanding receivables are over 180 days old, the region receives a red status on GSA's Executive Financial Scorecard which serves as a primary internal control developed by GSA staff. In addition to the monthly scorecard, a weekly Accounts Receivable Aging report is sent to GSA's Regional Commissioners.

Non-Federal Accounts Receivable

| | As of September 30, 2008 | As of March 31, 2009 | Difference |
|-------------------------------------------------------------------------------|-----------------------------|-------------------------|----------------|
| Total Amounts Due GSA | \$168,664,853 | \$144,634,557 | (\$24,030,296) |
| Amounts Delinquent | \$14,782,891 | \$12,880,763 | (\$1,902,128) |
| Total Amount Written Off as Uncollectable Between 10/01/08 and 03/31/09 | | \$1,050,271 | |

From October 1, 2008 to March 31, 2009, the Office of Financial Policy and Operations referred \$1,297,662 in delinquent non-Federal claims to Treasury for cross-servicing collection activities. Collections on non-Federal claims were \$64,551,433. Administrative off-

sets have resulted in additional collections of \$14,750,441. GSA also collected non-Federal claims using Pre-Authorized Debits totaling \$14,274.

Appendix VII—Reporting Requirements

The table below cross-references the reporting in Senate Report No. 96-829 relative to the 1980 requirements prescribed by the Inspector General Act of Supplemental Appropriations and Rescission Bill and

1978, as amended, to the specific pages where they are the National Defense Authorization Act is also cross-addressed. The information requested by the Congress referenced to the appropriate page of the report.

| Requirement | Page |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Inspector General Act | |
| Section 4(a)(2) – Review of Legislation and Regulations. | 27 |
| 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 | 37 |
| Section 5(a)(4) – Matters Referred to Prosecutive Authorities. | 33 |
| Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused. | none |
| Section 5(a)(6) – List of Audit Reports. | 41 |
| Section 5(a)(7) – Summary of Each Particularly Significant Report. | 2–14 |
| Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs. | 32 |
| Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use | 31 |
| Section 5(a)(10) – Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made | 52 |
| Section 5(a)(11) – Description and Explanation for Any Significant Revised Management Decision | none |
| Section 5(a)(12) – Information on Any Significant Management Decisions with Which the Inspector General Disagrees. | none |
| Senate Report No. 96-829 | |
| Resolution of Audits | 30 |
| Delinquent Debts | 53 |
| National Defense Authorization Act | |
| Public Law 104-106, 5 U.S.C. app. 3, § 5 note | 47 |
| Public Law 110-181 | 51 |

Appendix VIII—OIG Offices and Key Officials

Office of the Inspector General

| | |
|---------------------------------------------------------------------------------------|----------------|
| Inspector General, Brian D. Miller (J) | (202) 501-0450 |
| Deputy Inspector General (Acting), Robert C. Erickson | (202) 501-0450 |
| Executive Assistant for Management, Terrence S. Donahue | (202) 219-0363 |
| Special Assistant for Communications and Congressional Affairs, Dave Farley | (202) 219-1062 |

Office of Counsel to the Inspector General

| | |
|------------------------------------------------|----------------|
| Counsel to the IG, Richard Levi (JC) | (202) 501-1932 |
|------------------------------------------------|----------------|

Office of Internal Evaluation and Analysis

| | |
|-------------------------------------------------------------------------------|----------------|
| Director, Peter J. Coniglio (JE) | (202) 501-0468 |
| Office of Forensic Auditing, Director (Acting), Patricia D. Sheehan | (703) 603-0193 |

Office of Audits

| | |
|-------------------------------------------------------------------------------|----------------|
| Assistant IG for Auditing, Theodore R. Stehney (JA) | (202) 501-0374 |
| Principal Deputy Assistant IG for Auditing, Regina M. O'Brien (JAD) | (202) 501-0374 |

Deputy Assistant Inspectors General for Auditing

| | |
|----------------------------------------------------------------------------|----------------|
| Information Technology Audit Office, Gwendolyn A. McGowan (JA-T) | (703) 308-1223 |
| Real Property Audit Office, Rolando N. Goco (JA-R) | (202) 501-2322 |
| Finance & Administrative Audit Office, Jeffrey C. Womack (JA-F) | (202) 501-0006 |
| Acquisition Programs Audit Office, Kenneth L. Crompton (JA-A) | (703) 603-0189 |
| Contract Audit Office, James M. Corcoran (JA-C) | (215) 446-4846 |

Regional Inspectors General for Auditing

| | |
|---------------------------------------------------------------------------|----------------|
| National Capital Region Field Office, Paul J. Malatino (JA-W) | (202) 708-5340 |
| Northeast and Caribbean Field Office, Howard R. Schenker (JA-2) | (212) 264-8620 |
| Mid-Atlantic Field Office, Glenn D. Merski (JA-3) | (215) 446-4840 |
| Southeast Sunbelt Field Office, James D. Duerre (JA-4) | (404) 331-5125 |
| Great Lakes Field Office, David K. Stone (JA-5) | (312) 353-7781 |
| The Heartland Field Office, John F. Walsh (JA-6) | (816) 926-7052 |
| Greater Southwest Field Office, Rodney J. Hansen (JA-7) | (817) 978-2571 |
| Pacific Rim Field Office, James P. Hayes (JA-9) | (415) 522-2744 |

Appendix VIII—OIG Offices and Key Officials

Office of Investigations

| | |
|-----------------------------------------------------------------------|----------------|
| Assistant IG for Investigations, Gregory G. Rowe (JI) | (202) 501-1397 |
| Deputy Assistant IG for Investigations, Vacant (JID) | (202) 501-1397 |
| Director, Investigations Operations Division, Randal A. Stewart (JIB) | (202) 501-4583 |

Special Agents in Charge (SAC)

| | |
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| Mid-Atlantic Regional Office, SAC Christopher P. Cherry (JI-W) | (202) 252-0008 |
| Philadelphia Resident Office, Assistant SAC James E. Adams (JI-3) | (215) 861-3550 |
| Northeast and Caribbean Regional Office, SAC Daniel J. Walsh (JI-2) | (212) 264-7300 |
| Boston Resident Office, Assistant SAC Luis A. Hernandez (JI-1) | (617) 565-6820 |
| Southeast Regional Office, SAC Lee P. Quintyne (JI-4) | (404) 331-5126 |
| Miami Resident Office, SA Dietrich Bohmer (JI-4M) | (954) 356-6993 |
| Central Regional Office, SAC Stuart G. Berman (JI-5) | (312) 353-7779 |
| Mid-West Regional Office, SAC John F. Kolze (JI-6) | (816) 926-7214 |
| Denver Resident Office, SA Christopher C. Hamblen (JI-8) | (303) 236-5072 |
| Southwest Regional Office, SAC Paul W. Walton (JI-7) | (817) 978-2589 |
| Western Regional Office, SAC Liza Ivins (JI-9) | (415) 522-2755 |
| Los Angeles Resident Office, SA Tony Wu (JI-9L) | (949) 360-2214 |
| Northwest Regional Office, SAC Terry J. Pfeifer (JI-10) | (253) 931-7654 |

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| Assistant IG for Administration, Carolyn Presley-Doss (JP) | (202) 501-4638 |
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