



GSA Office of Inspector General



Audit Plan

FY2012

FOREWORD

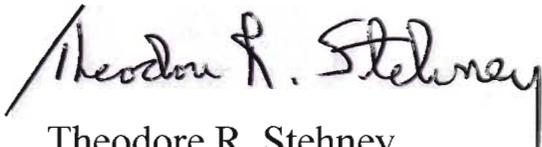
This Audit Plan reflects the results of the Office of Audits' planning effort for fiscal year (FY) 2012. The audits identified in this document were developed giving full consideration to the American Recovery and Reinvestment Act of 2009, GSA's strategic and other performance goals and measures, greening initiatives, legal and regulatory requirements, issues raised in discussions with GSA and Office of Management and Budget (OMB) managers, and our own assessment of the management challenges and risks facing the Agency. Our goal in developing the FY 2012 Audit Plan was to provide a road map of how our office can help GSA managers improve their programs and operations and best protect the taxpayers' interests.

The Audit Plan consists of three main sections.

- *Section one outlines our goals and strategies for helping to improve GSA operations.*
- *Section two presents the high priority audits planned for FY 2012.*
- *Section three explains the various audit services that we provide to our clients.*

The audits identified in the Plan are considered our highest priorities. Collectively, these audits will assess many of GSA's programs, systems, operations, and management controls; respond to requests from GSA management; and address issues mandated by law or regulation. The Plan also provides time for our offices to support contracting officials in carrying out their procurement and administration responsibilities.

I want to thank GSA managers for their help in developing the Audit Plan. Your comments, suggestions, and requests were considered in the preparation of the final FY 2012 Plan.



Theodore R. Stehney
Assistant Inspector General for Auditing

TABLE OF CONTENTS

FY 2012 STRATEGIES	1
FY 2012 AUDIT PLAN	4
INTERNAL AUDITS	4
AMERICAN RECOVERY AND REINVESTMENT ACT	4
PUBLIC BUILDINGS SERVICE	6
FEDERAL ACQUISITION SERVICE	8
OFFICE OF THE CHIEF FINANCIAL OFFICER	11
OFFICE OF THE CHIEF INFORMATION OFFICER	13
MULTIPLE SERVICES	14
CONTRACT AUDIT SUPPORT	16
OFFICE OF AUDITS SERVICES	17
OFFICE OF AUDITS CONTACT POINTS	19

FY 2012 STRATEGIES

Mission and Goals

The Office of Audits' mission is to add value by providing timely, cost effective, professional, and useful products and services to our clients and stakeholders. Our ultimate goal is to help improve GSA while simultaneously protecting the integrity of its operations. We intend to accomplish our mission by continuing to identify and address the challenges facing GSA management. Our strategy relies on an open flow of communication with all of our clients. We will continue to foster a professional relationship with our clients and recognize our mutual interest in helping GSA improve its operations and accomplish its goals.

Planned Audits

In FY 2012, we intend to focus our audits on the American Recovery and Reinvestment Act of 2009, major GSA programs, operations and security testing of information systems and sensitive data, sustainability and green initiatives, financial and regulatory audits, management controls, and other areas as required by law, executive order, or regulation. We also provide attestation engagement (contract audit) services to help GSA contracting officials carry out their procurement responsibilities and obtain best value for federal customers and the American taxpayers. In addition, we will continue to offer other services that are intended to assist management in improving operations. These services include ex-officio membership on agency task forces, commenting on proposed or pending regulatory and legislative issues, participating in government-wide workgroups, and assessing system development efforts.

Other Clients

Outside of GSA, we continue to work with Congress and its Committees, the OMB, the Council of Inspectors General on Integrity and Efficiency, the Recovery Accountability and Transparency Board, and others on GSA specific and government-wide issues, as well as to carry out our legislative mandates. We will provide: audit, advisory, and analytical services; prompt answers to questions and testimony; and other professional advice.

Communication with GSA Officials

Communication is the most important element in the audit process. We use our nationwide information networks of auditors and managers, led by Deputy Assistant Inspectors General for Auditing, to maintain contact with GSA managers in an effort to remain current on events, initiatives, and areas of management concern within GSA.

While performing audits, we keep management informed during each phase of the process. For example, we use audit engagement letters at the start of the audit to provide a general explanation of the focus of the audit, where work will be performed, and the estimated start date of the audit. We hold entrance and exit conferences and prepare draft and final reports. We also hold meetings during the audit process to keep management informed about the progress of the audit. Upon completion of the audit, we work with management to resolve audit findings and recommendations in a timely manner.

Audit Resolution

The Inspector General Act Amendments of 1988 require the Administrator to report directly to Congress on management decisions and final actions taken regarding audit recommendations issued by the OIG. We partner with GSA managers to achieve management decisions within the required maximum of 6 months after report issuance, as well as final action on each management decision within 12 months after the date of

the audit report. When management decision is not achieved within 6 months of an audit report's issuance date, we are required to include an explanation in our Semiannual Report to the Congress (SAR). Furthermore, when final action on a management decision is not achieved within 12 months of the audit report's issuance, we are required to identify the matter in the SAR.

Customer Satisfaction Questionnaires

We highly value management's opinions on the quality and value of our products and services. Each audit report includes a customer satisfaction questionnaire that we hope will be completed by the cognizant manager or contracting official. Our office uses the completed questionnaires to assess and improve the usefulness of our audits and related services.

FY 2012 AUDIT PLAN

The Fiscal Year 2012 Audit Plan (Plan) represents the Office of Audits' roadmap for using its available resources during the coming fiscal year. The Plan anticipates a resource mix using 43 percent of the available direct staff for internal audits and 57 percent for contract audits. This mix reflects our emphasis on audits related to the American Recovery and Reinvestment Act, and substantial program, information system, management control, financial, and regulatory audits. The Plan also includes audits assessing sustainability and greening initiatives, while still providing sufficient resources for contract audits. We recognize that over the coming year, GSA managers and other government entities may ask us to perform special audits. Although we intend to maintain the overall direction presented in this Plan, we will also endeavor to respond to these requests.

INTERNAL AUDITS

AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was enacted to create jobs and stimulate the economy through a variety of measures intended to modernize the Nation's infrastructure and improve energy independence. To this end, the Recovery Act provided GSA with approximately \$5.55 billion to improve energy efficiency by renovating and repairing federal buildings as well as to construct federal buildings, courthouses, and land ports of entry (border stations). The Recovery Act also provided GSA with \$300 million for the acquisition of fuel efficient vehicles.

The Recovery Act requires that the GSA OIG provide comprehensive oversight of the associated funding. The overall objectives of the OIG's oversight efforts are to ensure funds are awarded timely and effectively, competition is used to the maximum extent possible, projects avoid delays and cost overruns, specific program goals are achieved, and fraud, waste, and abuse is detected and prevented. Specific

oversight efforts have been, and will continue to be, focused on the major aspects of GSA's Recovery Act programs. These include major construction and modernization projects, limited scope and small projects, reimbursable work authorizations, the Department of Homeland Security (DHS) Headquarters project, and Recovery Act transactions within the Acquisition Services Fund.

ADDITIONAL INTERNAL AUDITS

In addition to our on-going Recovery Act work mentioned above, we will initiate audits in many other areas. Detailed information, by service or staff office, regarding these audits is provided on the following pages.

PUBLIC BUILDINGS SERVICE

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Program	Region 4 Real Estate Acquisition Division	March 2012

FOCUS: The audit team will assess the activities performed by Region 4 Real Estate Acquisition Division realty specialists to identify methodologies that could result in cost savings. The audit team will focus on the Region's lease administration practices that impact whether leases break even, such as methods to prevent lease overpayments. According to Regional Acquisition Division management, the Region may need as much as \$20 million from the Federal Buildings Fund to cover losses from lease overpayments.

Management Control	Controls over RWA Funding	March 2012
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FOCUS: The audit team will determine whether controls are in place and effective at preventing misuse of Reimbursable Work Authorization (RWA) funding obtained from client agencies. During the past three financial statement audit cycles, the Independent Public Accountant has noted several findings relating to the accounting for RWAs. Specifically, there have been RWAs with outstanding balances, even though the related project had been completed or deemed inactive, making the RWA balances invalid. Also, RWAs are not always recorded in Pegasys in a timely manner.

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Systems	Real Estate Across the U.S. System	September 2012

FOCUS: The audit team will identify whether: (1) Real Estate across the U.S. (REXUS) has fully replaced STAR's (System for Tracking and Administering Real-property's) functionality, including meeting financial reporting requirements, (2) other PBS systems have been updated to interface with REXUS, (3) REXUS's graphical user interface is user-friendly and intuitive, and (4) REXUS integrates with the PBS enterprise infrastructure.

Program	Management Services for the International Trade Center at the Ronald Reagan Building	September 2012
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FOCUS: The audit team will determine if the follow-on contract for trade center management services at the Ronald Regan Building corrected the conditions identified in our 2010 audit report of the initial contract. The original report identified several serious procurement irregularities. In addition, the audit team will determine whether internal controls over the administration of the contract have improved.

FEDERAL ACQUISITION SERVICE

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Program	GSA Office of Transportation Audits	March 2012

FOCUS: The audit team will focus on evaluating the effectiveness and efficiency of transportation audits conducted by the GSA Office of Transportation Audits (QMCA). The audit team will assess the timeliness and accuracy of collections and payments made by QMCA as well as perform an analysis to determine whether recoveries offset the associated operating costs.

Program	Digitization of Multiple Award Schedule Contract Files	March 2012
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FOCUS: The audit team will focus on the digitalization of FAS Multiple Award Schedule (MAS) contract files to determine if FAS can electronically convert existing and newly-entered contracts in a timely manner in order to achieve full digitalization by 2017, as mandated by OMB. Additionally, the team will evaluate the electronic conversion process to assess timeliness and identify possible improvements.

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Program	Use of Resellers on Multiple Award Schedule 70	September 2012

FOCUS: The audit team will examine the growing trend of contracting with resellers under MAS 70 and the effect this has on pricing and product offerings. The audit team will also evaluate customer satisfaction in dealing with resellers as compared to original equipment manufacturers. Multiple Award Schedule 70 supplies GSA clients with information technology products and services. It has \$16 billion in annual sales, which accounts for over 40 percent of all MAS program sales.

Program	Qualifications of Contracting Officer Technical Representatives	September 2012
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FOCUS: The audit team will assess whether FAS Contracting Officer Technical Representatives (COTRs) have the training and skills necessary to perform their assigned duties. They will also assess whether COTRs perform these duties in a manner that achieves the best value for the Government. The audit team will determine if the COTRs meet the qualification and competency requirements set forth by the Federal Acquisition Certification for Contracting Officer Technical Representatives. In addition, the audit team will focus on FAS's management of COTR qualifications.

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Program	Greater Southwest Acquisition Center	September 2012

FOCUS: The audit team will evaluate task orders awarded against MAS 84 (Total Solutions for Law Enforcement, Security, Facilities Management, Fire, Rescue, Clothing, Marine Craft and Emergency/Disaster Response) to ensure contracting officers in the Greater Southwest Acquisition Center are: (1) following federal regulations and policy and (2) achieving the best value for the Federal Government. The audit will include a review of the use and value of cost build-up analyses for vendors with little or no commercial sales to determine if the Government is realizing the best value possible. The team will also examine the effectiveness of the award determination used in comparison to other Service Acquisition Centers for awards made to vendors with no commercial sales.

OFFICE OF THE CHIEF FINANCIAL OFFICER

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Program	GSA's Billing and Accounts Receivable (BAAR) System	September 2012

FOCUS: The audit team will evaluate GSA's implementation of BAAR phase one. They will determine if BAAR phase one: (1) met the requirements to provide timely, useful, and accurate financial information for end users, management, and other stakeholders, and (2) achieved the goals of standardizing, consolidating, and optimizing the Fleet Management System and the accounting for rent. The audit will also determine whether GSA applied lessons learned from phase one to avoid known pitfalls in phase two design and implementation.

Regulatory	Oversight of CPA Contract	March 2013
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FOCUS: The audit will provide oversight of the General Services Administration's Financial Statement Audit Contract as required by the Chief Financial Officers Act of 1990 (P.L.101-576), as amended by the Government Management and Reform Act of 1994 (P.L. 103-356). This Act requires GSA's Inspector General or an independent public accountant, as determined by the Inspector General, to audit the Agency's financial statements. OMB Bulletin 07-04, "Audit Requirements for Federal Financial Statements," Section 12.1, requires the OIG to: ensure that audits and audit reports are completed timely and in accordance with the requirements of the Bulletin; provide technical advice and liaison to agency officials and IPAs; obtain and review the most recent and subsequent peer review reports of IPAs under contract with the OIG to ensure that IPAs have an appropriate internal system of quality control in place; and review responses to audit reports and report significant disagreements to the Audit Followup Official per OMB Circular No. A-50, Audit Followup.

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Regulatory	Improper Payments	March 2012

FOCUS: The audit team will determine if GSA is in compliance with the Improper Payments Information Act of 2002 (P.L. 107-300) as amended by the Improper Payments Elimination and Recovery Act (P.L. 111-204). The Act requires Inspectors General to begin reviewing their agency’s improper payment programs in fiscal year 2011 and subsequent years. Per the OMB guidance, this review should be completed within 120 days after GSA publishes its annual financial report. The audit team will address such requirements as whether GSA: published a performance and accountability report or an annual financial report and posted the report on the website; conducted program-specific risk assessments for each applicable program or activity; published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the risk assessments; and met annual reduction targets for each program assessed to be at risk and measured for improper payments.

OFFICE OF THE CHIEF INFORMATION OFFICER

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Regulatory	Federal Information Security Management Act	September 2012

FOCUS: The audit team will assess whether GSA has developed, documented, and implemented an agency-wide information security program to provide information security for the operations and assets of the Agency. The audit will fulfill the requirements of the Federal Information Security Management Act of 2002 (FISMA). Audit work will focus on whether GSA's IT Security Program has ensured that adequate managerial, operational, and technical controls are in place for Agency systems to protect the confidentiality, integrity, and availability of GSA data. Systems proposed for inclusion in the review of GSA's IT Security Program are: data.gov; Google Apps for Government; Federal Acquisition Service Open Systems General Support System; and REXUS. Specific risks areas will include those identified by OMB. The audit team will also determine the following: (1) whether GSA incorporated language into IT contracts that facilitate automated technical testing as part of FISMA audits, (2) if GSA has sufficient controls to protect personally identifiable information handled outside of system boundaries, and (3) whether GSA established enterprise security operations center capabilities.

MULTIPLE SERVICES

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
Regulatory	Cost Reimbursable Contracts	March 2012

FOCUS: The audit team will identify all GSA cost reimbursable contracts entered into between March 17, 2011, and September 30, 2011. The contracts will be evaluated for compliance with the provisions of interim rule 76 FR 14543, as required by section 864 of the Duncan Hunter National Defense Authorization Act of 2009. The rule amends the regulations regarding the use and management of cost reimbursable contracts. The rule addresses the circumstances when cost reimbursable contracts are appropriate, the support required for their use and the resources necessary to award and manage them.

Management Control	Data Quality	March 2012
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FOCUS: The audit team will determine whether GSA is in compliance with OMB's guidance requiring agencies to develop an approach to statistically validate the data in the Federal Procurement Data System-Next Generation (FPDS-NG). In order to determine the effectiveness of GSA's efforts, the audit team will assess the accuracy and completeness of GSA procurement data in the FPDS-NG.

TYPE OF AUDIT	AUDIT TITLE	COMPLETION DATE
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Program	Data Center Consolidation	September 2012
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FOCUS: The audit team will evaluate GSA’s plan to consolidate its data centers. The team will assess whether the plan addresses the requirements of the Federal Data Center Consolidation Initiative. They will also evaluate GSA’s current progress to determine whether they are on target and make recommendations as necessary.

Program	GSA’s Transition to Cloud Computing	September 2012
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FOCUS: The audit team will determine whether GSA’s transition to cloud computing incorporates the performance measures, incentives, and controls necessary to realize the stated goals. The audit team will assess GSA’s efforts to transition to the cloud in two areas: (1) the transition of email and collaboration to the Google Apps environment and (2) the transition of the thousands of existing Lotus Notes applications to cloud platforms run by Google and Salesforce.com.

CONTRACT AUDIT SUPPORT

In FY 2012, the OIG is continuing its contract audit coverage through preaward audits and contract performance assessments. The goal of these efforts is to ensure that contract vehicles result in reasonable pricing for customers and adhere to the fundamental contracting principles in the Federal Acquisition Regulation. We are working closely with GSA management to develop preaward and contract performance assessment programs that strengthen government-wide contracts and provide value for the taxpayers.

The Plan also provides resources for assisting contracting officials with evaluations of significant proposals and contracts. In conjunction with FAS officials, we have identified approximately 50 potential preaward MAS contract audits that will be undertaken. The Plan also allows for performing other types of contract audits, as needed, at the discretion of each audit office based on materiality and resources.

OFFICE OF AUDITS SERVICES

The services the Office of Audits provides, as well as a brief description of each service, are listed in the following paragraphs. GSA management and contracting officials can request services via telephone, FAX, e-mail, or letter at any time. For Central Office requests, please contact Lisa Blanchard, Director, Audit Planning, Policy, and Operations. For regional requests, please contact the Regional Inspector General for Auditing in the cognizant region. The office addresses and telephone numbers for our key audit officials may be found on pages 19 – 21.

AUDIT SERVICES

We intend to produce timely audits that add value to GSA. The audit services we normally provide include:

- **Program Audits** that assess whether a program meets expectations, operates in a cost effective manner, or could be accomplished more efficiently;
- **Systems Audits** that evaluate whether GSA's information systems are developed, implemented, and maintained to meet customer requirements, including: support for relevant programs; adherence to applicable management, operational, and technical controls; and consideration of risks inherent to information technology;
- **Management Control Audits** that assess whether the existing system of management controls can reasonably ensure that program assets are adequately protected, efficiently used, and provide safeguards against fraud, waste, or abuse; and

- **Regulatory Audits** that are mandated by law or regulation such as the Federal Managers Financial Integrity Act, Government Performance and Results Act, Federal Information Security Management Act, and the Chief Financial Officer Act.

CONTRACTING OFFICIAL SERVICES

The Office of Audits provides assistance to contracting officials in awarding and administering GSA contracts. We perform both preaward audits of vendor contract proposals and postaward audits of contracts. We also furnish support to Agency contracting and legal personnel in negotiation/litigation of claims and contract disputes. In addition, we furnish assistance on civil fraud and criminal matters.

OTHER SERVICES

The Office of Audits assists management in improving operations and determining the best ways to do business. We advise managers based on independent assessments of programs, areas, or functions. These types of services include the following:

- **Task Force Participation** where staff auditors provide technical advice and assist Agency Task Forces in an ex-officio capacity;
- **Monitoring Services** whereupon auditors are assigned to observe ongoing Agency actions and advise management of potential problems, or whether appropriate controls exist; and
- **Speaking at Meetings/Functions** on agreed upon subjects and sharing expertise with Agency employees.

OFFICE OF AUDITS CONTACT POINTS

REGION	ADDRESS	TELEPHONE
Central Office	Lisa L. Blanchard Director, Audit Planning, Policy, and Operations Staff (JAO) General Services Administration 1800 F Street, NW, Room 5312 Washington, DC 20405	Office Number (202) 273-7271 FAX Number (202) 219-0063
A	Kenneth L. Crompton Deputy Assistant Inspector General for Acquisition Audits (JA-A) General Services Administration Crystal Square 4, Suite 607 241 18 th Street S. Arlington, VA 22202	Office Number (703) 603-0189 FAX Number (703) 603-0349
F	Carolyn Presley-Doss Deputy Assistant Inspector General for Finance and Information Technology Audits (JA-F) General Services Administration 1275 First St., NE, Room 231 Washington, DC 20417	Office Number (202) 357-3620 FAX Number (202) 357-3657
R	Rolando N. Goco Deputy Assistant Inspector General for Real Property Audits (JA-R) General Services Administration 1800 F Street, NW, Room 5014 Washington, DC 20405	Office Number (202) 219-0088 FAX Number (202) 501-4691

REGION	ADDRESS	TELEPHONE
1, 2	Steven D. Jurysta Regional Inspector General for Auditing (JA-2) General Services Administration 26 Federal Plaza, Room 1751 New York, NY 10278	Office Number (212) 264-8620 FAX Number (212) 264-6400
3	James M. Corcoran Regional Inspector General for Auditing (JA-3) General Services Administration The Strawbridge Bldg., Room 10-080 20 N. 8 th Street Philadelphia, PA 19107-3191	Office Number (215) 446-4846 FAX Number (215) 446-5888
4	James D. Duerre Regional Inspector General for Auditing (JA-4) General Services Administration Peachtree Summit Bldg., Room 1701 401 W. Peachtree Street, SW Atlanta, GA 30303	Office Number (404) 331-5125 FAX Number (404) 331-4772
5	Adam Gooch Regional Inspector General for Auditing (JA-5) General Services Administration Kluczynski Federal Bldg. Room 408 230 S. Dearborn Street Chicago, IL 60604	Office Number (312) 353-7781 FAX Number (312) 353-6583

REGION	ADDRESS	TELEPHONE
6, 8	John F. Walsh Regional Inspector General for Auditing (JA-6) General Services Administration 1500 E. Bannister Road, Room 2075 Kansas City, MO 64131	Office Number (816) 926-7052 FAX Number (816) 926-5649
7	Rodney J. Hansen Regional Inspector General for Auditing (JA-7) General Services Administration 819 Taylor Street, Room 10A34 Fort Worth, TX 76102	Office Number (817) 978-2572 FAX Number (817) 978-7201
9,10	James P. Hayes Regional Inspector General for Auditing (JA-9) General Services Administration 450 Golden Gate Ave., Room 7-5262 San Francisco, CA 94102-3400	Office Number (415) 522-2744 FAX Number (415) 522-2766

GSA Office of Inspector General
Office of Audits

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