

# Office of Inspector General General Services Administration



## Transition Briefing Book

November 2016



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## I. Introduction

The General Services Administration (GSA) Office of Inspector General (OIG) is a statutorily created independent organization in GSA whose mission is to detect and deter waste, fraud, abuse, and misconduct in GSA operations, programs, and personnel, and to promote economy and efficiency. GSA OIG is one of the original 12 OIGs established by the [Inspector General Act of 1978](#).

The OIG carries out its responsibilities with a nationwide workforce of 326 auditors, investigators, inspectors, attorneys, and support staff. For fiscal year 2016, the OIG had a budget of \$65 million.

The OIG is organized into the Immediate Office of the Inspector General and five major offices – Administration, Audits, Counsel, Inspections, and Investigations.

The OIG headquarters staff is located in the GSA Headquarters building on the fifth floor. As described below, the OIG's Audit and Investigations offices have 14 field offices nationwide.

The Inspector General (IG) is appointed by the President subject to Senate confirmation. According to the Inspector General Act (IG Act), the IG reports both to the GSA Administrator and to Congress. By the terms of the statute, the OIG is “an independent and objective unit” with responsibility for conducting audits and investigations relating to the programs and operations of the agency; recommending policies to promote the effectiveness of the agency; and keeping the agency head and Congress fully and currently informed about problems and deficiencies related to the agency.

The OIG's independence is crucial to its ability to pursue allegations of misconduct, fraud, waste, and abuse. This independence comes primarily from two provisions of the IG Act. First, the IG Act provides the OIG with general authority to conduct investigations and issue reports that are, “in the judgment of the Inspector General, necessary or desirable.” (§ 6(a)(2)). Second, the IG Act states that the head of the agency may not prevent the IG from “initiating, carrying out, or completing any

audit or investigation, or from issuing any [subpoena] during the course of any audit or inspection.”

For more information about the role of federal Inspectors General, see the [Presidential Transition Handbook](#) developed by the Council of Inspectors General on Integrity and Efficiency.

## II. Organization

The OIG carries out its oversight responsibilities in a variety of ways – through audits, evaluations, inspections, and investigations. The OIG consists of the following five offices.

- The [Office of Audits](#) is an evaluative organization staffed with auditors and analysts that provides comprehensive coverage of GSA operations through program, financial, regulatory, and system audits and assessments of internal controls. The office conducts attestation engagements in support of GSA contracting officials to carry out their procurement responsibilities and obtain the best value for federal customers and American taxpayers. The office also provides other services to assist management in evaluating and improving its programs. The office has seven field offices located in New York, NY; Philadelphia, PA; Atlanta, GA; Chicago, IL; Kansas City, MO; Ft. Worth, TX; and San Francisco, CA.
- The [Office of Investigations](#) is a statutory federal law enforcement organization that conducts nationwide criminal, civil, and administrative investigations of illegal or improper activities involving GSA programs, operations, and personnel. The office has 14 field offices located in Washington, D.C.; Boston, MA; Auburn, WA; New York, NY; Philadelphia, PA; Atlanta, GA; Ft. Lauderdale, FL; Chicago, IL; Kansas City, MO; Ft. Worth, TX; Denver, CO; Laguna Niguel, CA; Sacramento, CA; and San Francisco, CA.
- The [Office of Inspections and Forensic Auditing](#) is a multidisciplinary organization that analyzes and evaluates GSA’s programs and operations through management and programmatic inspections and evaluations that provide insight into issues of concern to GSA, Congress, and the American public. The office also formulates, directs, and coordinates quality assurance for the OIG and administers the OIG’s records management program.

- The [Office of Administration](#) is a professional support staff that provides independent budget and financial management, contracting, facilities and support services, human resources, and information technology services.
- The [Office of Counsel](#) is an in-house legal staff that provides legal advice and assistance, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative and regulatory review.

[Carol Fortine Ochoa](#) is the Inspector General. She was nominated by the President on March 11, 2015, and confirmed as GSA IG by the Senate on July 29, 2015. Ms. Ochoa's prior career experience includes over 25 years' service as a federal prosecutor and manager in the U.S. Department of Justice (DOJ). Most recently, she served as the Assistant Inspector General of the Oversight and Review Division in DOJ's Office of the Inspector General, where she oversaw complex, sensitive, and broad-ranging investigations of Department of Justice operations and personnel. From 1989 to 2002, she served as an Assistant United States Attorney in the U.S. Attorney's Office for the District of Columbia. During her tenure in that office, she prosecuted more than 40 cases before federal and local juries and specialized in federal public corruption and fraud matters.

### III. Management Challenges

Each year, the OIG identifies and assesses GSA's most significant management challenges. As required by the Reports Consolidation Act of 2000, Public Law 106-531, the OIG prepares an annual summary of what the OIG considers to be the most significant management and performance challenges facing GSA. The most recent summary identified 14 significant challenges.

#### *Fiscal Year 2017 Management Challenges*

1. Addressing Persistent Challenges within the GSA Schedules Program.
2. Implementing Transactional Data Reporting.
3. Meeting the Government's Evolving Needs for Telecommunication and Integrated Technology Infrastructure Solutions.
4. Managing a Complex New Construction Program.
5. Managing Risks Related to Large-Scale Exchanges of Real Property.
6. Safeguarding Federal Infrastructure and Providing a Secure Work Environment.
7. Establishing and Operating the Technology Transformation Service.
8. Transitioning GSA's Financial Management Line of Business to the U.S. Department of Agriculture.
9. Improving Internal Controls over Financial Management and Reporting.
10. Protecting Sensitive Information.
11. Minimizing the Risk of Cyberattacks to Federal Building Management and Control Systems.
12. Implementing Enterprise Risk Management.
13. Achieving Sustainability and Environmental Goals.
14. Implementing GSA's Mobile Workforce Strategy.

For full details about these management challenges, see [\*Assessment of GSA's Major Management Challenges for Fiscal Year 2017.\*](#)

## IV. Highlights of Recent Work

The OIG's [Semiannual Reports to the Congress](#) describe in detail the office's audits, evaluations, and investigations. Below are a few summaries of OIG's recent work that may be of interest to the new Administration.

### ***Contract Preaward Audit Program***

GSA provides federal agencies with billions of dollars in products and services through various contract types. In 2016, over 15,000 Multiple Award Schedule contracts under GSA's procurement program generated more than \$32 billion in sales. The OIG oversees this program by conducting preaward, postaward, and performance audits. Historically, for every dollar invested in OIG preaward audits, the OIG achieves at least \$10 in savings from lower prices or more favorable contract terms and conditions for the benefit of the government and taxpayer. GSA OIG's recommended savings based on preaward audits for the past three years is summarized below.

<b>Preaward Audits (Fiscal Years 2014-2016)</b>	
Number of Preaward Audit Reports	185
Dollars Audited	\$29.8 billion
Recommended Financial Savings	\$2.4 billion

### ***False Claims Act Recoveries***

The OIG works with the Department of Justice on False Claims Act cases which often result in multimillion dollar recoveries. Typically, these recoveries settle allegations of wrongdoing associated with GSA contracts. Some of our recent recoveries are listed below.

- [Iron Mountain agreed to pay \\$44.5 million](#) to settle allegations that it overcharged federal agencies for record storage services under GSA contracts. (December 2014)
- [United Parcel Service agreed to pay \\$25 million](#) to settle allegations that the company miscoded deliveries as delivered, or falsely marked them with exception codes which nullified its delivery guarantee, to avoid paying the required refund under their GSA contract. (May 2015)
- [VMware and Carahsoft Technology agreed to pay \\$75.5 million](#) to resolve allegations that they misrepresented their commercial pricing practices and

overcharged the government on VMware-made software products and related services. (June 2015)

- [NetCracker Technology agreed to pay \\$11.4 million while Computer Sciences Corporation agreed to pay \\$1.35 million](#) to resolve allegations that the companies used foreign nationals without security clearances on a Defense Information Systems Agency contract for software support and configuration services. (November 2015)
- [Deloitte Consulting agreed to pay \\$11.3 million](#) to resolve allegations that it failed to comply with the Price Reductions Clause in its GSA contract, resulting in government customers paying more for Deloitte's services than comparable commercial customers. (May 2016)

### ***Criminal Investigations***

The OIG investigates allegations of wrongdoing associated with GSA programs, operations, and personnel. Some of our more recent significant investigative work includes the following:

- An investigation found [David Gorski had falsely represented his construction company](#), Legion Construction, as a service-disabled veteran-owned small business in order to qualify and obtain over \$100 million in set-aside contracts intended for legitimate disabled veterans. Gorski was found guilty of conspiracy to defraud the United States and wire fraud by a jury, sentenced to 30 months in prison, and ordered to pay a \$1 million fine and a special assessment of \$500.
- An investigation found former [GSA building manager Timothy Cashman had accepted \\$42,000 in bribes](#) from a GSA subcontractor and stole various items from the San Ysidro Land Port of Entry, where he worked. Cashman was sentenced to 16 months in prison, 36 months of probation, and ordered to pay restitution of \$50,057.
- An investigation found that for at least 10 years, [Tishman Construction Corporation billed clients, including federal agencies, for hours that were not worked](#) by labor foremen. It also paid a senior labor foreman and billed its clients at wage rates exceeding those specified in its contract with its clients. Tishman agreed to pay \$14,580,000 in penalties and \$5,650,917.97 in restitution to victims to resolve the criminal investigation into the company's past fraudulent billing practices.

## *Evaluations*

The OIG conducts assessments of GSA programs and makes recommendations for improvement. Two recent significant evaluations examined GSA's digital services organization, 18F, and GSA's management of the Army childcare subsidy program.

- [The evaluation of 18F](#) concluded that 18F struggled financially between 2014 and June 2016, with a cumulative net loss of \$31.66 million. The OIG found that 18F did not develop a viable plan to achieve full cost recovery, as required by its agreement with the Federal Acquisition Service to use the Acquisition Services Fund to fund 18F operations. Factors that contributed to 18F's inability to achieve full cost recovery include 18F management's pattern of overestimating revenue projections, increased staffing levels, and staff time spent on non-billable activities. The OIG made seven recommendations in its report. GSA management agreed with the recommendations and stated their intentions to take corrective action.
- [The evaluation examining GSA's management of the Army childcare subsidy program](#) concluded that GSA's flawed administration of an expanded Army childcare subsidy program resulted in mounting backlogs of unprocessed subsidy requests, unanswered emails, unpaid invoices, and unreturned phone calls, to the detriment of Army families. This evaluation resulted in two congressional hearings and the subsidy program being transferred to the contract provider that had previously managed the program.

For more details about the OIG's significant work, see the OIG's [Semiannual Reports to the Congress](#), dating back to 1979.