



OFFICE OF INSPECTOR GENERAL  
U.S. GENERAL SERVICES ADMINISTRATION

# SEMIANNUAL REPORT TO THE CONGRESS

OCTOBER 1, 1999 - MARCH 31, 2000



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## Foreword

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*This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the 6-month reporting period that ended March 31, 2000.*

*During this reporting period, we continued to work with GSA to identify sound business management and operational improvements in the Agency's programs and operations. We issued a number of reports focusing on major management issues facing the Agency. For example, we reported on serious problems in GSA's Contract Guard Program, raising concerns with respect to the protection of Federal facilities and personnel. We also reported that a mission-critical information system designed to manage thousands of Federal properties and billions in rent billings was still experiencing major technical and operational difficulties, which hinder its overall effectiveness. In addition, we reviewed management controls over purchases made using GSA's credit cards for various products and services and found that management needs to enforce controls to ensure that purchases are valid, approving officials are notified of all purchases, and that duplicate payments are not made. We also reviewed aspects of other GSA programs, including the environmental management system, energy conservation practices, and the Worldwide Property Inventory.*

*Working with the Department of Justice, we obtained over \$3.4 million in settlements from contractors resolving potential liabilities under the False Claims Act. In addition, we identified over \$43 million in financial recommendations on how funds could be put to better use and in other program savings. Also, we made 220 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 9 successful prosecutions. Savings achieved from management decisions on audit financial recommendations, civil settlements, and investigative recoveries totaled almost \$47 million.*

*I want to take this opportunity to thank the GSA Administrator, GSA's senior managers, and the Congress for their support. I also want to express my appreciation for the accomplishments of all OIG employees and commend them for their continued professionalism, dedication, and willingness to accept new challenges.*

*WILLIAM R. BARTON  
Inspector General  
April 28, 2000*



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**This semiannual report may be accessed on the Internet at the following address: <http://www.gsa.gov/staff/ig/publications.html>**



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## Summary of OIG Performance

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### ***OIG Accomplishments***

**October 1, 1999-March 31, 2000**

Total financial recommendations \$43,686,522

These include:

- Recommendations that funds be put to better use \$39,388,517
- Questioned costs \$ 4,298,005

Audit reports issued 111

Referrals for criminal prosecution, civil litigation, and administrative action 220

### ***Results Attained***

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$46,325,132

Indictments and informations on criminal referrals 17

Cases accepted for criminal prosecution 23

Cases accepted for civil action 8

Successful criminal prosecutions 9

Civil settlements 9

Contractors debarred 29

Contractors suspended 1

Employee actions taken on administrative referrals involving GSA employees 9



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## Executive Summary

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This period we continued to provide our wide variety of traditional services, including program evaluations, contract and financial auditing, management control reviews, investigative coverage, litigation support in contract claims, civil fraud and enforcement actions, and criminal prosecutions. In addition, we provided professional assistance through enhanced consulting services designed to quickly inform management of potentially serious deficiencies or other concerns prior to completion of all analytical work and formal report issuance. We also continued our work in addressing what we believe are the major issues facing GSA.

### Major Issues

In this report, we have highlighted a number of reviews that address major management issues facing GSA. These reviews cover a variety of areas from information technology to protection of Federal facilities. In December 1999, we identified to members of the Congressional leadership the most serious management challenges currently facing the Agency. For this period, some of these challenges are in the areas of Federal facilities and personnel protection, information technology, management controls, and aging Federal buildings. Other major issues are being addressed through ongoing and planned reviews.

#### Protection of Federal Facilities and Personnel

#### Security guards

As part of our ongoing review of GSA's efforts to improve the safety and security of Federal employees and buildings, we performed an analysis of GSA's Contract Security Guard Program. We found several conditions that warranted management's immediate attention including: hundreds of guards were on post without valid clearances or background checks; guards were not trained in the proper use of security equipment; armed guards did not have valid firearms qualifications; unarmed guards were stationed at posts requiring armed guards; and, approximately one-half of all guard applicants failed the new National Contract Guard Examination. We reported that improvements in programmatic controls and oversight are needed to ensure that guards are properly trained and qualified to perform their duties. We also concluded that the Contract Guard Program lacks sufficient controls to ensure that all guards have been properly cleared and have received sufficient training to enable them to properly perform their duties. We reported that these conditions warrant a material weakness designation and should be reported under the Federal Managers' Financial Integrity Act in FY 2000 (page 2).

#### Automated information system

#### Information Technology

GSA's challenges are increasing as the application of information technology becomes universal within the Government and impacts all aspects of business operations. The Agency relies on its automated information systems to perform its mission and manage its operations. One such system, the System

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## Executive Summary

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for Tracking and Administering Real Property (STAR), was designed to help GSA more effectively manage over 8,000 Federal properties and over \$5.5 billion in annual rental billings. Although significant progress has been made in implementing STAR, we found that STAR users are still facing many technical and operational difficulties. For example, system requirements and capabilities are constantly changing, GSA has limited day-to-day control over the contractor-managed system, and system controls are inadequate to protect against disruption of system functions. Several of these problems exist because of the lack of an overall systems development plan detailing software, hardware, and functional requirements. Management needs to develop a project plan with sufficient project staff and leadership to ensure successful system performance (page 5).

### Management Controls

We issued several reports this period addressing management controls, centering on payments to credit card vendors, purchase card transactions by GSA employees, and administration of performance-based contracts. The use of GSA's purchase cards for procuring products and services has increased dramatically in recent years. Payments to credit card vendors for 9 months ending June 1999 totaled about \$99 million. Federal procurement reform has made using the card simple, convenient, and fast. However, in our control reviews, we found that controls over card purchases do not provide reasonable assurance that payments are for valid purchases, that approving officials are notified of all purchases, and that duplicate payments are prevented. We also noted that refresher-training requirements are insufficient to keep card holders current and updated on proper card use. We also found that some card users did not keep records of products or services ordered or received, and credit card billings had not been verified for accuracy. We recommended that controls over card purchases be improved to strengthen the overall purchase card programs. These improvements include ensuring approving officials monitor and verify card charges and ensuring card holders keep accurate purchase records and perform required reconciliations with card statements (pages 7-11).

### Credit card purchases

Management requested that we evaluate the procedures they established to monitor certain credit card transactions for its fleet vehicle operations and maintenance. We concluded that there was not a high degree of assurance that credit charges were valid and reasonable under a recently adopted program permitting the use of VISA cards. We found this was primarily due to the system's lacking the capability to monitor such transactions online. Such a vulnerability was exhibited in our investigation and indictment of a

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## Executive Summary

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GSA employee for making fraudulent purchases using a credit card (page 22). Management is working to correct this problem. Once corrected, this should improve GSA's ability to monitor card charges and help to improve assurance levels (page 9).

### Construction contracts

We also concluded that management practices for administering performance-based custodial contracts were not effective in one region and resulted in service delivery deficiencies exceeding acceptable levels. Despite customer complaints, GSA continued to renew contracts rather than enforce remedies available under the terms of the contract (page 11).

### Building maintenance

#### **Aging Federal Buildings**

In our last semiannual report, we alerted management to significant health and safety concerns at several Federal facilities identified during our review of a regional Property Management Center. We completed our review this period, and reported additional concerns with repair and maintenance of buildings, and a need to strengthen controls to ensure that all service contract employees have security clearances. We also referred questionable procurement actions to investigative authorities for further assessment (page 11).

### Environmental program

#### **Other Program/Operational Reviews**

The OIG continued its ongoing reviews of major programs and operations throughout GSA's various components. One of these reviews involved an assessment of the Agency's ability to provide a safe and healthful work environment in GSA-controlled space and properties. Traditionally, GSA's major environmental concerns focused on asbestos and polychlorinated biphenals related hazards in Federal buildings. We concluded that the Agency needs to address issues such as property contamination, compliance with Federal and state environmental laws and regulations, and liability for tenant activities. Also noted were the program's need to evaluate regional activities, such as managing asbestos in place, and sharing information on a nationwide basis (page 13).

### Inventory reports

We reviewed the accuracy and timeliness of real property reporting for the Worldwide Inventory Report and concluded that GSA has no assurance that the inventory reports provide accurate, timely, and complete information on real property assets owned and leased throughout the world. This has resulted from communications problems between agencies due to system changes, agency reorganizations, and staff reductions. Further, we noted that GSA has no legislative authority to enforce accurate data submissions, and must depend on agencies to voluntarily submit current real property data in a timely manner (page 15).

In conducting a review of contracting activities, we surfaced discrepancies in data accuracy on procurement actions. Federal agencies are responsible for

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## Executive Summary

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### Data accuracy

collecting and reporting procurement data to GSA's Federal Procurement Data Center. We found that GSA misclassified certain procurement actions that resulted in one type of procurement activity being understated by \$196 million in Fiscal Year (FY) 1999. We suggested that more meaningful contract action codes could be helpful to Federal agencies. We noted that accurate information would enhance the ability of both the Office of Management and Budget (OMB) and GSA to enact sound procurement policies (page 16).

### Procurement Integrity

An important part of the OIG's work is to support the Agency's contracting officers and to protect the integrity of GSA's procurement programs and operations by detecting and preventing fraud, waste, and abuse. Based on our audit and investigative work this period, the Government entered into nine settlement agreements in which companies agreed to pay over \$3.4 million to resolve potential civil liabilities under the False Claims Act. These contractors provided library lending services, computer furniture, miniature digital recorders, shredders, and leased warehouse space. The settlements involved allegations that the companies had misrepresented their commercial discount practices, had falsified certifications on construction projects, and had conspired to substitute inferior products in violation of the False Claims Act and other statutory and contractual provisions (pages 18-20).

We reviewed the two contractual arrangements used by GSA to compete for the Federal information technology (IT) market. One is the Multiple Award Schedule which provides agencies an easy way of ordering standard commercial products and services direct from vendors. The other arrangement involves multiple award contracts that normally require GSA assistance in acquiring and administering contracts for IT products and services. Our review originated from a concern that costs of duplication, if any, between the two procurement options could outweigh any benefits. However, we concluded that even though similar IT products and services are being offered under both contractual arrangements, they do satisfy specific needs of customers and that clients, depending on their needs, can select either option for procuring their IT needs (page 20).

### Criminal Investigations

An investigation conducted during this period resulted in eight debarment actions against a janitorial contractor. It was revealed that the company violated employment provisions of the Immigration and Nationality Act by employing illegal aliens on a Federal contract (page 21).

Additionally, we investigated the conversion of Government surplus property to personal use by a state representative and her associate (page 21). We apprehended a GSA employee misusing credit cards and had a contracting

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## **Executive Summary**

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officer plead guilty to mail fraud (page 22). Also in this reporting period, we completed an investigation which resulted in an employee pleading guilty to workers' compensation fraud (page 26), and performed an investigation into an assault by a Federal Protective Service Officer (page 27).

### **Value-Added Assistance Services**

The OIG continued to provide value-added professional assistance to GSA through participation in Agency improvement task forces, committees, and working groups. Our representatives participated in teams addressing the replacement of GSA's financial system (NEAR) and assisted in establishing a system of management and information security controls. We also continued to participate in a GSA task force established to facilitate the construction of a courthouse by responding to requests for information on cost allowability and other contract provisions. In addition, the OIG participates in a number of committees and working groups that directly affect our ability to add value to the Agency, e.g., the Information Technology Council. We also participated in GSA's Data Warehousing Pilot working group to test and direct data warehousing for the Agency. We met with the President's Council on Integrity and Efficiency (PCIE) Information Technology Roundtable, PCIE Security and Audit working groups, and the PCIE Government Performance and Results Act working group (pages 23-24).

### **Summary of Results**

The OIG made over \$43 million in total financial recommendations, including more than \$39 million in recommendations that funds be put to better use and over \$4 million in questioned costs; made 220 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 227 legislative and regulatory actions; and received 890 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$46 million. (See page v for a summary of this period's performance.)



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## OIG Profile

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

### Organization

The OIG provides nationwide coverage of GSA programs and activities. It consists of:

- **The Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive audit coverage of GSA operations through program performance reviews, internal controls assessments, and financial and compliance audits. It also 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 advisory and consulting services to assist Agency managers in evaluating and improving their programs.
- **The Office of Investigations**, an investigative unit that manages a nationwide program to prevent and detect illegal and/or improper activities involving GSA programs, operations, and personnel.
- **The Office of Counsel**, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative/regulatory review functions.
- **The Internal Evaluation Staff**, a multidisciplinary staff that plans and directs field office appraisals and conducts internal affairs reviews and investigations.
- **The Office of Administration**, an in-house staff that provides information systems, budgetary, administrative, personnel, and communications services.

### Office Locations

The OIG is headquartered in Washington, D.C., at GSA's Central Office building. Field audit and investigation offices are maintained in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, San Francisco, and Washington, D.C. Sub-offices are also maintained in Auburn and Cleveland.

### Staffing and Budget

As of March 31, 2000, our on-board strength was 281 employees. The OIG's FY 2000 budget is \$33.3 million.

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## Major Issues

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*The OIG is committed to addressing major management issues facing GSA. We identified and shared with management some issues that present key challenges to the Agency. Our efforts this period included reviews and recommendations in several major areas that GSA management is taking steps to address. It is our intent to assist management in improving Agency operations.*

### Significant OIG Accomplishments

*GSA continues efforts to improve building security.*

### Protection of Federal Facilities and Personnel Overview

Since the 1995 bombing of the Federal Building in Oklahoma City, GSA's Federal Protective Service (FPS) has had an increased responsibility for security and law enforcement in Federal facilities. Because of the heightened sensitivity of the Agency's security mission, the OIG has directed its reviews towards major activities within the FPS. As highlighted in our November 1997 semiannual report, our review of FPS' criminal investigation function pointed out that the safety and protection of Federal employees and property were potentially being compromised because regional criminal investigation activities were operated autonomously, with no program accountability or measurable performance standards.

Our audit activity then focused on GSA's upgrading of security at Federal facilities. In a series of reports, we noted that GSA was not accurately reporting the status of security enhancement equipment, had misused enhancement funding, and had not planned for the use of about \$2 million of equipment found in storage. In a separate but related issue, we reported on the status of security at a newly constructed Federal facility. As described below, a follow-up review was performed this period on security at this facility.

This semiannual period we also completed the third phase of our most recent FPS program review. This phase focused on GSA's Contract Security Guard Program. While a program report was issued in March 2000, we had previously alerted management of significant concerns warranting immediate attention during the course of our review.

GSA management has made significant progress in addressing the issues included in our prior audit reports and has made significant improvements to the safety and security of Federal employees and property. We continue to work closely with management to assist them in better achieving their goals.

### Security Concerns

GSA's security effort at a large Federal facility has received a great deal of attention from the media, the public and high level Government officials. Due to the size and heavy public access nature of the complex, the implementation of security measures has been particularly problematic. The

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## **Major Issues**

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FPS commissioned a consultant to perform an independent review concerning the effectiveness of the planned and installed security measures.

The OIG performed a review to evaluate the progress FPS had made toward addressing the consultant's major concerns and related security recommendations. The audit team identified several significant matters that warranted management's immediate attention through an alert report dated June 8, 1999. These matters included security issues that were not identified by the consultant's review. The alert report noted that although progress had been made toward addressing the concerns raised, GSA still needed to accomplish several major security measures and ensure consistent and meaningful enforcement of security procedures.

GSA's security effort at this public facility was the subject of a House Subcommittee hearing. The OIG performed a follow-up review to assess the progress GSA had made toward completing the scheduled security measures. We found that security efforts for the facility had benefited from improved communication and coordination among the responsible Agency officials, resulting in substantial progress towards addressing the security issues. However, several major security measures still needed to be accomplished.

Our November 29, 1999 report discussed the results of the Agency's progress in completing the scheduled security measures as of October 1, 1999. Since implementation is ongoing, we did not make any further recommendations.

### **Contract Security Guard Program**

The FPS has experienced a recent significant increase in the need for security guards at Federal facilities. Since 1995, the number of guards has more than doubled to about 7,000 nationwide. FPS contracts with private security firms to meet its need for both armed and unarmed guards. Before a prospective employee can be assigned under a GSA contract, the individual must undergo a limited criminal history background check and pass an FPS administered written examination.

This reporting period we completed our review of the Contract Security Guard Program. During the course of this review, we became aware of conditions that warranted management's immediate attention. We provided three alert reports to management on significant issues. Two reports were completed this semiannual period and the third was completed in the previous period. The issues from all three of these reports are incorporated into our overall program report.

FPS Central Office has been trying to create a national program with standards to be applied to all GSA guard contracts, with five program areas to be standardized in all regional guard contracts. These include guard

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## Major Issues

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training, weapons and ammunition, guard eligibility, a basic written examination, and suitability and certification requirements.

We found that the Contract Guard Program was not functioning in an optimal manner. An absence of programmatic controls and oversight has led to operational breakdowns and questionable practices at the regional levels. We noted:

- Hundreds of guards were on post without valid suitability determinations. Many guards were overdue for re-certification, and numerous background checks were in a pending status for over one year. Some guards were on post despite unfavorable determinations. Many guards were not listed in the Contract Suitability Reporting System, which stores information pertinent to the suitability clearance application and the suitability determination for all GSA contract employees. Without this information, FPS officials were in the position of not knowing the identity and any criminal history status of many individuals responsible for protecting Federal employees and buildings.
- There is a high failure rate occurring under the new National Contract Guard Examination, which was implemented in May 1999. While contractors are responsible for training guards and seeing that they are adequately prepared to take the exam, almost half of the applicants failed the national exam. FPS needs to determine the reasons for the high failure rate, and evaluate the test questions to decide if questions need to be revised or eliminated. If the high failure rate continues, GSA may find it difficult to have adequate guard coverage at all posts.
- Guards lacked the training necessary to perform their duties. Numerous instances were noted of contract guards who were not adequately trained in X-ray scanner and magnetometer operations; use of handcuffs, expandable batons, and pepper spray; record keeping and reporting requirements; and CPR/first aid/bloodborne pathogens procedures.
- Armed guards were on post without valid firearm qualifications. Many armed guards had not demonstrated proficiency with firearms, and many others were overdue for their annual re-qualification. Guards without weapons were stationed at armed posts. There is no consistent policy on the use of armed vs. unarmed guards.
- Contract enforcement and oversight were not consistent. Guard inspection procedures differed from region to region. Contracting officials were reluctant to take contractually permissible deductions for non-performance. In one region, contracting officials waived contract requirements for guard

### *Operational breakdowns in Contract Guard Program:*

- *Hundreds of guards lack clearances.*
- *Guards lack necessary training.*
- *Armed guards lack firearm qualifications.*

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## *Major Issues*

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training, firearm qualifications, state background checks, and the guard exam in contravention of national program guidelines.

- There was no consistent policy on post orders. Missing or inaccurate post orders means that there is no specific documentation setting forth the security expectations for a particular post.
- Guard services procured by purchase orders were not subjected to critical program requirements. One region had used purchase orders rather than contracts, but critical requirements such as training, testing, and minimum qualification standards were not specified on the purchase orders.

In our March 28, 2000 report, our recommendations to the Assistant Commissioner, Federal Protective Service, included taking action to:

- Ensure that background suitability status on all guards is accurate.
- Establish centralized controls and a national training policy.
- Ensure all guards are properly trained and supervised.
- Witness firearm qualification sessions and track qualification status of contract guards.
- Encourage guard inspections and enforce contract requirements.
- Ensure that post orders accurately reflect the duties required for each position.

The Assistant Commissioner, Office of Federal Protective Service, agreed with the recommendations in the report. The audit is still in the resolution process.

We also concluded that the Contract Guard Program lacks sufficient controls to ensure that all guards have been properly cleared and have received sufficient training to enable them to properly perform their security duties. We reported that these conditions warrant a material weakness designation and should be reported by the Agency under the Federal Managers' Financial Integrity Act in FY 2000.

### *Information Technology*

#### **Real Property Management Information System**

In January 1997, GSA awarded a contract to adapt an existing private-sector real property management information system to serve as the Agency's own System for Tracking and Administering Real Property (STAR), so that it can more effectively manage over 8,000 Federal Government properties and

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## Major Issues

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*GSA's reliance on outside contractors limits effective control of mission-critical system.*

\$5.5 billion in annual rental billings. The contract proposal anticipated a 14-month development schedule. Due to extended contract negotiations, only about 8 months were allotted to complete STAR development, with system deployment occurring in October 1997. The contract base cost was \$17 million. As of December 1999, just over \$25 million had been spent on the STAR system, with another \$6.6 million planned for FY 2000.

With the implementation of STAR, GSA has begun to bring about significant improvements and changes in its real property management practices. STAR improved realty specialists' ability to access, update, and analyze real property data. It also initiated important cultural shifts in the way GSA carries out its tasks, by placing more accountability on its personnel for inputting and maintaining accurate data. Both GSA management and realty staff have benefited from the system's online capabilities to provide instant access to building inventory, leasing, and billing information. Unfortunately, more than 2 years after system deployment, STAR users are still experiencing technical and operating difficulties.

Additional requirements and capabilities are still being developed and some originally required functions are not yet operational. Nine different STAR versions have been implemented with a tenth version planned in the near future. GSA has been challenged with providing effective training and reference manuals to guide users through the different versions. The large number of system versions was necessary because STAR was developed and deployed in just 8 months, all intended features were not included, and a complete software and hardware requirements baseline was not identified and analyzed. Additionally, no project plan was developed to guide development and to specify the roles and responsibilities of the project management team and other staff involved in the STAR project.

GSA is heavily relying on the contractor to continue development of STAR, as well as to perform system administration, database administration, security functions, and the majority of system testing. Its dependency on the contractor tends to limit GSA's own knowledge and effective control of the overall development and the day-to-day operation of this mission-critical system.

We also noted a number of significant weaknesses in STAR's controls that could affect the Agency's ability to protect against disruption of system functions and to adequately manage the Federal Government properties under its supervision. Some of these weaknesses were revealed in the areas of configuration management, testing, and system security.

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## Major Issues

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Our March 31, 2000 report recommended that the Commissioner, Public Buildings Service, with the assistance of the Public Buildings Service's Chief Information Officer:

- Institute a "time-out" in adding new STAR capabilities and other modifications, and first develop a complete software and hardware requirements baseline to identify the total set of capabilities needed in STAR.
- Develop a STAR project plan with direct involvement by the Office of the Public Buildings Service Chief Information Officer to provide strategic direction.
- Establish a strong project management team with sufficient full-time staff and documented roles and responsibilities.
- Work to complete STAR development in a timely manner and at reasonable cost.

Management agreed with the recommendations in the report. The audit is still in the resolution process.

### **Management Controls**

GSA offices and staff are authorized to use simplified acquisition procedures to procure supplies and services needed to carry out their official responsibilities. Agency-issued purchase cards are the preferred means of purchase, and are considered more timely and cost-effective than traditional means of procurement. Although procedures are simplified, procurement officials are still required to comply with basic management controls mandated by GSA policy and guidelines. GSA faces an increased risk of improper procurements when the authority is delegated to employees who are neither experienced nor trained in procurement regulations. In past reviews, we have identified problems arising from a lack of management controls being exercised, particularly in the procurement arena.

GSA currently uses three credit cards for many purchasing transactions. The VISA purchase card is widely used for the procurement of goods and services; the Voyager fleet card is used solely for fleet vehicle operations and maintenance; and the VISA travel card is used by employees for travel expenses while on official government business. Controls related to the first two cards are covered by reports issued this period.

### **Finance Center Payments**

We reviewed management controls for payments made by the Heartland Finance Center for purchase card and fleet card transactions. We found that

*Adherence to controls over card transactions needs strengthening to assure that payments are for valid purchases.*

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## Major Issues

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improper payments and duplicate payments can occur primarily because cards are typically used without pre-authorization of purchases, and controls to reconcile purchases to payments are not adequate.

Purchase Card. We found that the current purchase card process does not ensure that approving officials are notified of all purchases nor held accountable for improper procurements. We also reported that refresher-training requirements are insufficient for keeping procurement personnel updated with current guidance pertaining to the purchase card.

Fleet Card. While the control environment for the fleet card has improved due to changes in the credit card process, management controls need strengthening to assure that payments are for valid purchases. During our review, fleet officials began working with the credit card vendors and others to develop and implement authorization controls and post-payment control processes. We concluded that if fleet is able to implement the control techniques it is developing, controls over card purchases will be adequate to provide reasonable assurance that most transactions are valid.

Preventing duplicate payments. We also noted that controls are not adequate to prevent payments from being made more than once for the same purchase. The task of identifying duplicate payments after they have occurred is a time-consuming, laborious process. However, the Agency's development and implementation of Pegasys, an accounting system that will automatically compare all payment requests to authorized purchases, should protect against and help eliminate duplicate payments.

Our January 28, 2000 report recommended that the Chief Financial Officer take action to:

- Encourage the Office of Finance to proceed with its plans to designate approving officials as assistant certifying officers.
- Require periodic refresher training for card holders and approving officials.
- Use Pegasys to accomplish purchase card transaction approval and reconciliation.

We also recommended that the Commissioner, Federal Supply Service, continue efforts to:

- Increase the use of point-of-sale controls for fleet card transactions.
- Ensure that Fleet Management Center personnel follow up on potentially improper fleet card transactions.

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## Major Issues

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- Ensure that personnel inform customers and vendors about the proper use of the fleet card.

Management officials concurred with our recommendations in the report. The audit is still in the resolution process.

*Online capability will greatly enhance monitoring of fleet card transactions.*

### Vehicle Fleet Card Transactions

In July 1998, GSA established the use of VISA charge cards as a payment option in addition to its primary Voyager credit card for its fleet vehicle operations and maintenance. GSA intended for the Voyager card to be the primary card used by fleet customers rather than the VISA card. However, because the VISA card was better known and less expensive, it is being used much more than expected. Management requested that the OIG evaluate whether the procedures established by GSA to monitor these VISA transactions are sufficient to provide adequate assurance that the charges are valid and reasonable.

The original agreement between the prime contractor and GSA included the requirement for the contractor to list all transactions in one online database accessible to the Agency. GSA intended to build its system of controls around this online capability. Voyager, a subcontractor to the prime, developed a system that lists transactions online. However, Voyager's system did not include VISA transactions. These will not be included in the fleet system database before March or April 2000. In the interim, GSA must work with periodic contractor-submitted reports for VISA monitoring purposes.

We concluded that GSA does not currently have a high degree of assurance that the VISA charges are valid and reasonable. There is a need for greater and improved exchange of information between GSA and the contractor, with responsibilities of each to be more clearly stated in writing. However, the Agency is continuing its overall efforts to increase payment controls and is working with the OIG to resolve issues identified in our report. We believe that when the VISA transactions are available online, GSA's monitoring capabilities will be greatly enhanced.

The December 6, 1999 report was advisory in nature and did not contain any formal recommendations.

### Simplified Procurements and Small Purchases

While reviewing task and delivery orders placed by a Customer Service Center against multiple award term construction contracts in one region, we noted that the Agency had not sought competition on orders between \$2,500 and \$10,000 as required by regulation. Upon further review, we found that the contract erroneously required competition only on orders in excess of

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## Major Issues

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\$10,000. The language in the solicitation and subsequent contract was adopted from a prior construction term contract that also had non-complying terms. As a result, GSA was not complying with the law and might not have obtained the best value for the orders awarded under the contract.

In addition, regional management cannot be assured that all purchases made by their procurement personnel represent official needs because basic controls were ignored by some activities. Some purchase card users did not keep records of what was ordered or received, and credit card billings had not been verified for accuracy. These problems went undetected because officials responsible for periodic review of credit card purchases had not performed their reviews. In addition, we noted that the purchase card program coordinator did not have current authorization forms for all card holders to document spending limits and identify approving officials.

We concluded that term contracts need to be reviewed and modified where necessary. Also, controls need to be strengthened over small purchase bankcard transactions. Approving officials need to monitor and verify card usage. Card holders must retain supporting documentation and perform monthly reconciliations of the card statements. Otherwise, there is little to safeguard against potential misuse or waste, and no assurance that all procurements are valid to serve program needs.

In other reviews made of small purchase practices for procurement programs in two regions, we found that while controls were generally effective, again some purchase card users were neither maintaining logs of transactions nor maintaining documentation needed to reconcile monthly account statements. In addition, in one region, items that appeared questionable in nature were not reviewed by the approving official, and the designated approving official was not the supervisor of any of the card holders, and was external to the card holders' organization.

In our December 21, 1999, January 10, 2000, and February 29, 2000 reports to regional management, we included recommendations that:

- Construction term contracts be reviewed and modified as necessary to ensure that contracts comply with law and regulations.
- Approving officials be the card holders' supervisors or higher level officials, and that they monitor and verify all purchase card activities.
- Individual card holders document purchases, perform monthly reconciliations, and adhere to single and monthly spending limits.

A responsive management action plan was provided for implementing the recommendations in the December 21, 1999 report. Management agreed

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## Major Issues

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*Ineffective contract administration allowed vendor performance deficiencies to exceed acceptable levels.*

with the recommendations in the January 10 and February 29, 2000 reports, which are still in the resolution process.

### **Administering Custodial Service Contracts**

Reform initiatives have led to changes in the way GSA contracts for services. GSA is stressing the use of performance-based service contracting which places the responsibility on the contractors to achieve the measurable performance standards as specified in the contracts. The success of GSA's performance-based service contracting depends, in part, on effective contract administration.

We found that ineffective management practices for administering performance-based custodial service contracts have allowed service delivery deficiencies to exceed acceptable levels. Regional contracting officials were not documenting routine inspections and acceptance of the work performed by custodial contractors. Despite customer complaints of dissatisfaction with the level of custodial performance in their buildings, contract administrators did not document meetings with contractors aimed at correcting deficiencies and non-performance. GSA continued to renew the contracts rather than take remedial action available under the terms of the contract.

During our audit, Agency officials acknowledged awareness of issues in these contract administration practices and took measures to address the issues. Management scheduled training for contract administrators and inspectors that addressed a broad range of custodial program issues including the administration of performance-based contracts.

We believe that management's training initiative, followed by an appropriate evaluation, should result in consistent and effective practices for performance-based service contracting. Accordingly, we made no formal recommendations in our January 5, 2000 report to the Regional Administrator.

### **Aging Federal Buildings Property and Procurement Management**

GSA has the responsibility to provide fully serviced space to house Government agencies in Federally-owned and leased buildings. Field offices and Property Management Centers (PMCs), located throughout the country, fulfill the needs and requests of Government agencies that occupy space in the buildings. In general, PMC activities include procurement, asset management, and contract and lease administration.

*Repairs and maintenance in Federal buildings need attention to satisfy customers and mitigate safety and security risks.*

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## Major Issues

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Our review of a PMC in one region revealed health and safety concerns in five buildings that warranted immediate reporting to management. These concerns related to the presence of damaged asbestos insulation, elevator safety, and sewer and plumbing problems. These alert reports were highlighted in our Semiannual Report to the Congress for the period ending September 30, 1999.

This period, we completed our assessment of that PMC, reporting that repairs and maintenance within Federal buildings should be improved. Deficiencies noted in the buildings reviewed included: a non-closing or latching fire door, a rusted-shut garage door, damaged walls that were never repaired and painted, and unrepaired machine oil leaks. Additionally, controls could be strengthened to ensure that all service contract employees obtain the required security clearances. As a result of these and other problems, customer agencies were dissatisfied, and in some instances, the safety and security of personnel and property in Federal buildings were placed at risk.

Our assessment also disclosed that the PMC did not always procure supplies and services in accordance with applicable laws, regulations, and established policy and procedures. Several PMC officials developed delivery orders for the indefinite quantity construction contract that misrepresented the work required and did not represent the work actually provided by the contractor and paid for by the Government. Additionally, officials certified that goods and services were received when they were never provided or were provided in lesser quantities than ordered. We referred these questionable procurement actions to investigative authorities for further assessment.

Sales receipts were not maintained on file for about 15 percent of credit card transactions. Some of these purchases could have been made for personal use. Without adequate documentation of credit card purchases, approving officials cannot confidently verify that a transaction was for official Government purposes, and card holders may not be able to accurately reconcile their monthly statements.

Our January 21, 2000 report included recommendations that the Regional Administrator:

- Develop and implement controls to measure and assess the effectiveness of contract administration by the PMC.
- Develop and implement a system to measure the effectiveness of the PMC personnel in adhering to the internal controls established by Federal procurement laws and regulations.

Management agreed with the recommendations in the report. The audit is still in the resolution process.

*Regional officials misrepresented work required and services actually received and paid for by the Government.*

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## Other Reviews of GSA Programs

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*GSA is a central management agency that sets Federal policy in such areas as Federal procurement, real property management, and telecommunications. GSA also manages diversified Government operations involving buildings management, supply facilities, real and personal property disposal and sales, information technology, and motor vehicle and travel management. Our audits examine the efficiency, effectiveness, and integrity of GSA programs and operations, and result in recommendations and reports to management. Our internal audit program is designed to facilitate management's evaluation and improvement of control systems by identifying areas of vulnerability and providing consulting and advisory services.*

### Significant OIG Accomplishments

#### **Environmental Management System**

As part of its role in providing real estate services to Federal agencies, GSA manages an environmental program to provide a safe and healthful workplace for Federal employees and the visiting public. Although GSA activities do not generally produce hazardous materials, the Agency faces a wide variety of environmental issues and liabilities. GSA must address building-related environmental hazards such as asbestos, lead, and polychlorinated biphenyls (PCBs). In addition, it must identify properties that were contaminated by activities at these sites before the properties were transferred to GSA when it was created in 1949. Also, buildings operations and maintenance programs, such as sewage disposal and cooling system maintenance, may impact the surrounding environment. Finally, GSA, as a landlord, can be held liable for environmental contamination caused by its tenant agencies.

*GSA needs to become more proactive in addressing environmental issues.*

In recent years, GSA's environmental program focused primarily on asbestos and PCB related hazards. Program implementation became a regional responsibility with little or no oversight from the national level. Realizing that its environmental program management strategy needed to change, the Agency recently established an organization at the national level and is in the process of developing overall strategy for implementing a nationwide program.

The OIG performed this review to see if the Agency was prudently managing the environmental program to identify and address environmental conditions in GSA-controlled space and properties. We concluded that the Agency should become more proactive in how it views and acts on environmental issues. It needs to address issues such as property contamination, compliance with Federal and state environmental laws and regulations, and liability for tenant activities. We noted that the program lacked a method for evaluating regional implementation activities such as managing asbestos in place, and an organizational framework for sharing information on a nationwide basis.

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## Other Reviews of GSA Programs

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While the Agency included \$111 million needed for environmental cleanup in its FY 1999 financial statements, this amount only recognizes known environmental contamination projects. GSA should review all of its properties for contamination, and determine costs of complying with Federal and state regulations. Finally, projects should be prioritized on a national basis.

In our February 16, 2000 report, we recommended that the Commissioner, Public Buildings Service:

- Establish an organizational framework to evaluate and coordinate regional activities.
- Expand the focus of the environmental program to include property contamination, compliance with Federal and state environmental regulations, and liability for tenant activities.
- Prioritize the environmental projects on a nationwide basis.

The Commissioner concurred with the recommendations in the report. The audit is still in the resolution process.

### **Energy Conservation**

The Federal Government has been recognized as the nation's largest energy consumer. Since April 1991, various Acts of Congress and Executive Orders have directed reduction in the consumption of energy by the Government to save taxpayer dollars and reduce emissions that contribute to air pollution. Each agency is to reduce energy consumption by 25 percent for industrial facilities and 35 percent for all other facilities.

Our assessment of one region's efforts to conserve energy showed that it has been active in energy conservation for a number of years. In February 2000, this region received its first Energy Star Award for exceeding energy reduction goals in the Regional Office Building.

Regional management has been using the Energy Usage Analysis System (EUAS) to make energy-related decisions. This system was designed to make comparisons of yearly energy usage to the 1985 base year and allow for comparison on progress made toward meeting mandated energy goals. Additionally, it is used to report energy consumption data to the Department of Energy for consolidation into the annual report to the President. However, because the gross square footage (GSF) data in the EUAS must remain constant in order to make valid comparisons to the 1985 base year, no current and accurate GSF data is maintained to be used for day-to-day management purposes.

*Regional efforts are commendable, but controls can be improved to identify conservation opportunities and manage the energy program.*

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## ***Other Reviews of GSA Programs***

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Furthermore, due to insufficient documentation we could not determine whether the region had fulfilled the requirement to have 10 percent of the Government-owned facility inventory subjected to an energy survey each year. We reported that the region should improve management controls to: (1) document the result of the energy survey effort; (2) identify energy conservation opportunities deemed not cost-effective; and (3) track implementation of energy conservation opportunities identified as cost-effective but awaiting funding, completion, or that were fully installed.

We also noted that the Region started funding energy projects using Energy Savings Plan Contracts (ESPCs) in July 1998 and has financed a total of four projects to date. Under an ESPC, a private-sector energy service company will provide the capital for installing energy and renewable energy systems. The energy contractor guarantees an agency a fixed amount of energy cost savings throughout the life of the contract and is paid directly from those cost savings. Agencies retain the remainder of the energy cost savings.

Our March 30, 2000 report recommended that the Assistant Regional Administrator, Public Buildings Service:

- Assure that management decisions are being made on accurate measurement data.
- Enhance the current plan by including appropriate listings and details for all identified energy efficiency and conservation opportunities in Government-owned, Government-operated (regional) buildings.
- Continue to emphasize utilization of alternative financing methods where cost-effective.
- Recognize energy efficiency and conservation responsibilities and accomplishments in both position descriptions and performance evaluations of appropriate employees.

Management concurred with our recommendations in the report. The audit is still in the resolution process.

### ***Worldwide Property Inventory***

The annual Worldwide Inventory (WWI) Report constitutes a central source of information for all real property owned by and leased to the United States Government throughout the world. This report is based on information provided by Federal landholding agencies, and is compiled by the GSA Office of Governmentwide Policy (OGP), as mandated by the Federal Property Management Regulations.

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## Other Reviews of GSA Programs

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*Inventory reports need to provide accurate, timely, and complete data for identifying Federal real property assets.*

We reviewed the real property reporting for this inventory to evaluate the accuracy and timeliness of reported data received by OGP, and of GSA's own input to the WWI. Our review concluded that OGP has no assurance that the inventory reports provide accurate, timely, and complete data for identifying real property assets of Federal landholding agencies.

We found that GSA inventory data had not been submitted or updated for WWI reporting because the communication structure for reporting leased-property data was lost and had not been reprogrammed during system conversions. GSA system changes disrupted the ability to retrieve data queries for conversion into owned-property inventory data. Further, staff downsizing along with reorganizations hindered effective reporting. In addition, we pointed out that OGP has no oversight ability or legislative authority to enforce accurate data submissions, and it must depend on agencies to voluntarily submit current real property data in a timely manner.

In an effort to codify the WWI requirement into law for all Federal-reporting agencies, OGP is seeking OMB approval for its proposal to amend the Federal Property and Administrative Services Act of 1949. The proposal would authorize the GSA Administrator, in coordination with heads of affected Federal agencies, to accumulate and maintain a comprehensive listing of all Federal real property interests under custody and control of each agency. It would also require the head of each landholding agency to appoint a senior official to ensure that a listing and description of real property assets is provided GSA for inclusion in a Governmentwide report of all Federal real property interests.

The March 23, 2000 report was advisory in nature and did not contain any formal recommendations.

### ***Data Accuracy on Procurement Actions***

Federal agencies are responsible, under Public Law 93-400, for collecting and reporting procurement data to GSA's Federal Procurement Data Center. The Center then generates reports used to measure and assess the impact of Federal procurements on the nation's economy, the extent to which small business firms and small disadvantaged business firms are sharing in Federal procurements, the impact of full and open competition, and for other procurement policy purposes. The Center uses 12 kinds of contract action codes to classify procurement into different categories.

While identifying procurement data for an ongoing audit, the OIG found that GSA had misclassified certain procurement actions that resulted in one type of procurement activity being understated by \$196 million in FY 1999. We believed that other agencies may be misclassifying these action types as well because of the somewhat confusing action code descriptions. The

*Misclassified contracting actions resulted in a \$196 million understatement of a procurement activity.*

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## *Other Reviews of GSA Programs*

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procurement activity level of the Government's use of this one emerging procurement type is lost and is not readily discernible. In addition, over \$70 million of yet another type of contracting action by GSA was being erroneously classified for reporting purposes.

In our December 2, 1999 alert report to management, we suggested that more meaningful contract action code descriptions could be used to help Federal agencies accurately code their contract actions. More accurate information would enhance the ability of the Office of Management and Budget and Office of Governmentwide Policy to enact sound procurement policies.

Our report to the Commissioner, Federal Technology Service, and the Associate Administrator, Office of Governmentwide Policy, was informational only and did not contain formal recommendations. It is not subject to the audit resolution process.

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## Procurement and Related Activities

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*GSA is responsible for providing working space for almost 1 million Federal employees. GSA, therefore, acquires buildings and sites, constructs facilities, and leases space, and also contracts for repairs, alterations, maintenance, and protection of Government-controlled space. GSA also manages the transfer and disposal of excess and surplus real and personal property and operates a Governmentwide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas of activity to ensure that the taxpayers' interests are protected.*

### Significant OIG Accomplishments

#### Over \$3.4 Million in Civil Recoveries

During this period, the Government entered into 9 settlement agreements in which companies agreed to pay a total of over \$3.4 million to resolve their potential civil liabilities under the False Claims Act. These agreements, negotiated by representatives of the Department of Justice and the GSA OIG, reflect the ongoing efforts of the OIG to pursue cases involving procurement fraud and other practices that threaten the integrity of the Government's procurement process. Highlights of these cases follow:

- McNaughton Book Service (McNaughton) agreed to pay \$2,300,000 to settle its potential civil False Claims Act liability. The Government alleged that McNaughton misled GSA contracting officials in the course of negotiating its Multiple Award Schedule (MAS) contract to provide library lending services. A number of McNaughton's customers received pricing, terms, and conditions that were much more favorable than those disclosed and offered to the Government. The misrepresentation led the Government to pay higher prices than it would have if it had known about the preferable terms offered to commercial customers.
- Engineered Data Products, Inc. (EDP) agreed to pay \$371,000 to settle its potential civil False Claims Act liability. The Government alleged that EDP misled GSA contracting officials in the course of negotiating its MAS contract to provide furniture for use with computer equipment. The company failed to disclose that it gave its dealers year-end rebates based on the dealer's sales during that year. The rebate should have been made available to the Government as well. The company's failure to disclose the rebates resulted in the Government paying more for EDP's products than it would have, had it known of the rebates.
- On March 13, 2000, the United States Attorney for the Western District of Washington entered into a settlement agreement with the Washington State Department of Transportation (WSDOT) and one of its employees for \$300,000. The United States had filed a civil False Claims Act complaint

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## Procurement and Related Activities

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in District Court alleging that several WSDOT employees wrongfully obtained and converted property under the Federal Excess Personal Property Program (Program). The purpose of the Program is to make available to other Federal, state, and local agencies, equipment and materials deemed excess by the Federal Government, but which still may hold value and utility to other agencies. The Program is administered by GSA. The property is in most cases stored and handled by Defense Reutilization and Marketing Offices.

The primary employee involved was an authorized screener of excess property for WSDOT from 1986 through 1992. As a screener, the employee had the authority to select and obtain excess property from authorized Federal storage facilities for use by WSDOT. The Government alleged that during this period, the employee and several subordinates converted a substantial amount of this property for their personal use. WSDOT has agreed to pay the United States \$300,000 to compromise and settle the case.

- Datatape, Inc. paid the Government \$285,000 to settle allegations, under the Truth in Negotiations Act and other common law remedies, that it failed to provide GSA negotiators with accurate cost and pricing information in negotiations for a GSA MAS contract for the supply of miniature digital recorders. The case arose as a *qui tam* suit brought under the civil False Claims Act, with the Government intervening and filing suit only on the non-fraud claims asserted by the relator. Specifically, the Government alleged that Datatape's failure to provide accurate cost and pricing information in negotiations resulted in overpricing of the recorders under the MAS contract. A settlement was reached after discovery was concluded and very shortly before the case was scheduled to go to trial.
- The United States Attorney's Office for the Northern District of Texas has negotiated a settlement with Texas Tanks, Inc. (TTI), under which TTI will pay \$62,822 to resolve its potential False Claims Act liability. TTI had a contract with GSA to supply aboveground fuel storage tanks to Department of Defense and National Guard facilities. Our investigation determined that TTI submitted three false invoices for fuel tanks that were never delivered. The settlement also compensated the Agency for reprocurement costs and interest.
- Dahle North America, Inc. (Dahle) agreed to pay \$60,000 to settle the Government's claim under the civil False Claims Act that the company had substituted inferior shredders on its MAS contract. That contract required Dahle to provide high-capacity paper shredders to Government customers. An investigation determined that Dahle was supplying

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## *Procurement and Related Activities*

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shredders with less horsepower than required. As a result, the Government purchasers faced frequent malfunctions and reduced efficiency.

- Transworld Logistics, Ltd. (TWL), a lessee of Federal property, agreed to pay \$55,000 to settle the Government's claim that it violated the civil False Claims Act by subleasing Federal warehouse space to a commercial entity. Our investigation confirmed that TWL, which already had leased Federal warehouse space, illegally entered into a sublease, at a profit, with another commercial entity for additional Federal space not yet leased by TWL. When TWL subsequently did enter into a lease with GSA for the additional subleased space, it did not notify GSA of the sublease. Under the terms of TWL's lease with GSA, TWL was prohibited from transferring, assigning, or subletting any portion of its leased space without the prior written consent of GSA, and prohibited from using any part of the Federal warehouse space that it had not actually leased. The United States Attorney for the Western District of Washington had filed a civil complaint against TWL alleging fraud, breach of contract, unjust enrichment, and violations of the civil False Claims Act. A settlement was reached before a mediator, and the settlement agreement was memorialized in a judgment entered by the Federal District Court in Seattle on February 5, 2000.

*Customer needs satisfied under two different contracting approaches for IT products and services.*

### ***IT Procurement Marketing***

GSA has evolved from being a mandatory source supplier for Federal agencies to a non-mandatory provider of competitively priced commercial products and professional services to the Federal civilian and military workforce. To compete effectively for the Federal information technology (IT) market, GSA primarily uses two distinct contractual arrangements. One is the MAS Program, which provides the Federal client with the flexibility and convenience of ordering standard commercial products and services directly from the vendor. The other type of arrangement is a series of multiple award contracts that normally involve GSA providing assistance to clients in developing their IT requirements, soliciting bids, recommending vendors, monitoring job completion, paying vendors, and billing clients.

We initiated a review because of the apparent overlap between the two approaches and a concern that the costs of duplication, if any, between the two procurement options could outweigh any benefits. We concluded that similar IT products and services being offered under both contractual arrangements satisfy specific needs of customers. The methods in which the products and/or services are offered are distinct, and depending on the needs

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## ***Procurement and Related Activities***

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and resources of the client, one procurement option can be more suitable than another. We found that GSA is recovering its administrative costs under both procurement options, and the overlap in contract offerings does not appear to be having a negative effect.

Our report of March 21, 2000 contained no formal recommendations.

### ***Eight Debarred by U.S. Navy upon Recommendations by the OIG***

On December 22, 1999, based on evidence provided by the OIG, the U.S. Navy debarred Aid Maintenance Company, Inc., which operated under six different trade names, and its president and treasurer.

An OIG investigation was initiated when it was alleged that a former GSA janitorial contractor was employing illegal aliens and not complying with wage labor laws regarding numerous Federal and state contracts.

An OIG investigation substantiated the allegations. The resulting debarments were based upon a final decision issued by the U.S. Department of Justice on February 12, 1999. That decision found that the company had violated the employment provisions of the Immigration and Nationality Act by employing and continuing to employ illegal aliens on a Federal contract. Civil penalties against the company totaled \$105,500.

Our debarment recommendation was referred to the U.S. Navy because it held a contract with the maintenance company and was already considering action against it, but did not have all of the evidence uncovered by the OIG investigation. GSA has no current contracts with the company.

The OIG debarment recommendation also presented evidence of possible immigration violations by the company regarding other public contracts and a history of labor law violations on Federal contracts.

### ***Associate of State Representative Pleads Guilty to Witness Tampering and Conspiracy Charges***

On January 25, 2000, an associate of a Pennsylvania State representative pled guilty in U.S. District Court to witness tampering and witness tampering conspiracy charges. This individual is scheduled for sentencing on April 17, 2000. On the same date, the state representative pled not guilty to conversion of Federal property, witness tampering, and witness tampering conspiracy charges. She is scheduled to face trial on May 22, 2000.

GSA joined an ongoing Federal Bureau of Investigation (FBI) when it was alleged that the representative and her associate were obtaining surplus

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## ***Procurement and Related Activities***

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Government property for their own benefit. Specifically, they were charged with converting for their own use a 30-kilowatt generator, a 500-gallon storage tank, and other items of surplus property belonging to GSA. The investigation also disclosed that the official and her associate attempted to persuade a witness to provide false information to FBI agents regarding the unlawful conversion to personal use of property obtained from the Federal Surplus Property Program.

### ***GSA Employee Terminated and Later Indicted for Misuse of Fleet Credit Cards***

On February 8, 2000, a GSA employee with the GSA Fleet Management Center was indicted for fraud and related activity in connection with credit card fraud. Previously, on December 6, 1999, the individual's employment with GSA was terminated for misuse of credit cards. Adjudication of this case is pending.

An OIG investigation was initiated when it was alleged that there was possible credit card fraud in the GSA Fleet Management Center. The investigation disclosed that, from April 1998 to July 1999, the GSA employee made purchases using fleet services credit cards for her personal use. Her duties included the ordering and destruction of credit cards. During the course of the investigation, the employee admitted that whenever she received replacement credit cards, which routinely came in identical pairs, she would issue one to the vehicle and keep the second "office card" for her own use. The employee fraudulently purchased items totaling over \$32,000 during a 15-month period.

### ***GSA Contracting Officer Pleads Guilty to Mail Fraud***

On March 10, 2000, a GSA contracting officer pled guilty in U.S. District Court to mail fraud. Previously, on March 1, 2000, the employee submitted a letter of resignation to GSA with an effective date of March 25, 2000 as part of the plea agreement.

The investigation was initiated when it was alleged that the employee was providing confidential internal documents and information regarding GSA procurement actions to an officer of Turner Construction Company. The investigation determined that the employee fraudulently authorized GSA to pay for personal housing by making misrepresentations about the official Government purpose for the expenditure. The dollar amount of the fraud totaled \$20,160. Sentencing is scheduled for June 14, 2000.

*The OIG continues to provide value-added professional assistance through participation on task forces, committees, and work groups.*

### **Value-Added Assistance Services**

This period, the OIG has continued its efforts to provide value-added professional assistance to GSA through participation on Agency improvement task forces, committees, and working groups. These efforts involve furnishing proactive advice and counsel to Agency task forces and assigning OIG representatives to work with GSA managers while monitoring ongoing Agency initiatives. OIG representatives are available to advise management at the earliest possible opportunity of potential problems, help ensure that appropriate management controls are provided when reinventing Agency systems, and offer possible solutions when addressing complex financial issues. The demand for this new partnership effort has been significant. Some of the ongoing areas in which the OIG is involved include:

- NEAR Reengineering Project - Since FY 1996 and at the request of the Chief Financial Officer, the OIG has been involved in the replacement of the core GSA financial system (NEAR). OIG representatives participated in developmental teams formed to address funds management, accounts payable, accounts receivable, cost management, general ledger and accounting classifications, and financial reporting. Our office further observed the development of the initial NEAR replacement (Pegasys) contract and Phase I requirements. This system will be implemented in three phases and our involvement is expected to continue until it is fully operational.
- Labor Distribution System - In October 1999, GSA's Heartland Finance Center began developing a labor distribution system and asked the OIG for assistance in establishing a system of management controls and implementing adequate information security controls. Additionally, our office is participating in the labor distribution requirements team, developing Public Buildings Service labor cost and accounting methodology. In the near future, the OIG will be providing advice on control techniques needed to properly record, reconcile, and report labor cost data.
- Construction of St. Louis Courthouse - Since January 1997, the OIG has participated in the Agency's task force established to facilitate construction of the Thomas Eagleton Courthouse in St. Louis, Missouri. The OIG responds to task force members' frequent requests for assistance regarding such items as cost allowability, contracting options, funding options, and contract provisions. Our office anticipates being involved in the task force until the project is completed during the summer of 2000.

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## *Partnering with GSA Management*

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The OIG participates in a number of committees and working groups that directly affect our ability to better add value to the Agency. For example:

The Information Technology (IT) Council, comprised of the Chief Information Officers of the various GSA Services and Staff Offices, meets to discuss information technology issues, including the annual Capital Planning process.

GSA's Data Warehousing Pilot working group meets to test the pilot system and help chart the direction for data warehousing in the Agency.

The President's Council on Integrity and Efficiency (PCIE) IT Roundtable meets to discuss various IT audit activities throughout the Inspector General community.

The PCIE IT Security and Audit Workforce working groups meet to discuss what types of security audits the OIGs should perform and what types of actions can be taken to recruit and retain IT-qualified staff.

The PCIE Government Performance and Results Act working group meets to discuss what the OIGs are doing and should be doing to most effectively assist their respective agencies in the implementation of the Act.

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

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## Prevention Activities

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*In addition to detecting problems in GSA operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency.*

### **Significant Preaward and Other Audits**

The OIG's preaward audit program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward audits distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the Government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 61 contracts with an estimated value of nearly \$279 million. The audit reports contained over \$39 million in financial recommendations.

This period, three of the more significant Multiple Award Schedule contracts we audited had projected Governmentwide sales totaling \$18 million. The audit findings recommended that \$3.4 million in funds be put to better use. The audits disclosed that these vendors offered prices to GSA that were not as favorable as the prices other customers receive from these vendors.

We also audited several claims for increased costs. Two of the more significant audits contained proposed amounts totaling \$51.8 million, and recommended adjustments of \$10 million. In an audit of a construction contract terminated for the convenience of the Government, we advised the contracting officer that the contractor's claim should be adjusted to eliminate unallowable pre-termination and post-termination material, labor, subcontractor, and bonding costs. In an audit of a claim for an increase in the rental rate for office space, we advised the project manager that the lessor's claim should be adjusted to eliminate excessive real estate taxes and an operating cost escalation factor which is prohibited by the lease.

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

The Federal Managers' Financial Integrity Act (FMFIA), Section 2, requires GSA management to provide assurance to the President and the Congress that Agency resources are protected from fraud, waste, mismanagement, and misappropriation.

Each year, we review the Agency's FMFIA process to assess its completeness in reporting weaknesses and deficiencies. We advised management that during FY 1999 we identified no new material weaknesses that should be reported in the Administrator's assurance statement.

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## ***Prevention Activities***

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We also advised management of our concerns about the adequacy of controls over credit card purchases, the integrity of data used by managers to make business decisions, and the security over GSA computer systems. We do not believe any of these issues rise to the level of a material control weakness, but reaffirm our continuing concern for vigilance and strengthening in management oversight and control.

### ***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 13 briefings attended by 406 regional employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies and slides, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. The briefings have in fact led to OIG investigations based on reports by GSA employees of suspected wrongdoing.

### ***Employee Misconduct***

#### ***GSA Employee Pleads Guilty to Workers' Compensation Fraud***

An OIG investigation was initiated when information was received that indicated that a GSA maintenance mechanic was not incapacitated in accordance with workers' compensation guidelines, as claimed. The investigation found that the maintenance mechanic had strained his back on the job on December 26, 1986. Under investigative surveillance, the mechanic was photographed working without disability.

On December 2, 1999, the GSA maintenance mechanic pled guilty in U.S. District Court to misdemeanor fraud regarding his workers' compensation claim. The mechanic admitted falsely certifying that he was not working in a wage earning or voluntary capacity. The mechanic was ordered to repay the Government \$25,732, which represents the amount of money fraudulently received for 15 months.

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## ***Prevention Activities***

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### ***FPS Officer Terminated for Assault on Fellow Officer; FPS Supervisor Disciplined***

An investigation was initiated when it was alleged that a Federal Protective Service (FPS) officer sprayed Oleoresin Capsicum (commonly known as pepper spray) into the eyes of a fellow FPS officer while they were both on duty at a traffic post in a Federal building. The evidence indicated the assault was deliberate.

It was further revealed that the tour commander took no action to alleviate the situation, prevent future confrontation, or seek medical attention for the FPS officer who was sprayed. The OIG investigation found that the tour commander failed to prepare an incident report, to report the incident to his supervisors, or to annotate the incident in the logbook. Prosecution was declined. The investigation was referred to the Regional Administrator who initiated termination actions.

On November 5, 1999, the FPS officer and FPS tour commander were terminated from their positions and from service with GSA. Upon appeal to the Merit Systems Protection Board (MSPB), termination of the tour commander was reversed and the MSPB ordered that the commander be downgraded to a non-supervisory position. An MSPB hearing for the officer is pending.

### ***Hotline***

The OIG Hotline provides an avenue for concerned employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings, as well as brochures, encourage employees to use the Hotline. We also launched our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 890 Hotline reports. Of these, 90 complaints warranted further GSA action, 17 warranted other Agency action, and 783 did not warrant action.

### ***Financial Statements Audit***

The Chief Financial Officers Act of 1990 requires the OIG to conduct or arrange for an annual audit of the GSA consolidated financial statements. The Act also requires a report on the GSA system of internal accounting controls and compliance with laws and regulations. This audit was performed, as in past years, by an independent public accounting firm (IPA), with oversight and guidance from the OIG.

In the audit report dated February 28, 2000, transmitting the auditor's opinions, GSA received unqualified opinions on its financial statements and on management's assertions regarding the effectiveness of internal controls over financial reporting and substantial compliance with the Federal Financial Management Improvement Act of 1996. However, the IPA did identify three reportable conditions concerning GSA's need to improve GSA entity-wide system security management and oversight, improve GSA system

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## *Prevention Activities*

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development and implementation efforts, and improve the controls over the integrity of rent and leasing data. Additionally, the IPA reported a potential instance of noncompliance with a law arising from a \$50 million advance between two GSA funds. The Counsel to the Inspector General issued an opinion stating that GSA violated the “Purpose Statute” as a result of this transaction. GSA’s Office of General Counsel disagreed with the OIG opinion. This matter was reported in the IPA’s report on its FY 1998 financial statement audit, but was not resolved during the current fiscal year. We are continuing to work with the Agency to resolve this matter.

The OIG conducted the portion of the audit related to the design and operation of the internal controls over the performance measures reported in GSA’s FY 1999 Annual Report Overview. Accordingly, we obtained an understanding of the design of the significant internal controls relating to the existence and completeness assertions, and determined whether they have been placed in operation, as required by the Office of Management and Budget Bulletin No. 98-08, as amended. In addition, we conducted limited risk assessments for six performance measures, two from each of GSA’s three major Services. We assessed the controls over the data used to compute these measures and reported that in some cases these controls were not in place, or that the data were materially incomplete.

We also reviewed GSA’s internal controls over the payroll function, which is performed at the National Payroll Center (NPC) located within the Heartland Finance Center. NPC uses the automated Payroll Accounting and Reporting System to process payroll for GSA’s approximately 14,600 employees, and for a number of independent agencies and presidential commissions approximating 9,400 employees. We reported that the internal controls over the payroll functions appear to be operating effectively and efficiently to meet control objectives.

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## Review of Legislation and Regulations

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*The Inspector General Act of 1978 requires the OIG to 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.*

During this period, the OIG reviewed 199 legislative matters and 28 proposed regulations and directives. The OIG provided significant comments on the following legislative items:

- *S. 1993, the Government Information Security Act.* We provided the Senate Governmental Affairs Committee, as well as GSA and OMB, with comments on S. 1993, the Government Information Security Act. The bill would require OMB to formulate and implement Governmentwide policy on computer security for Federal agencies, and would empower OMB to enforce agencies' conformance to those policies and other computer security-related legal requirements through the budget process or appropriations management process. The bill would also require that agencies formulate information security programs, and that agency Inspectors General conduct annual compliance and testing evaluations of such programs.

In our comments, we emphasized our belief that information security is one of the top management challenges GSA faces today, and we summarized our Office's recent efforts in this area, including, for example, a recent audit relating to various GSA Intranet/Internet security issues. We expressed our general support for the bill overall, especially its provisions vesting the OMB Director with enforceability mechanisms and the requirement for annual independent evaluations of agencies' information security programs.

We noted that the bill should consider addressing the shortage in the Federal Government labor force of information technology professionals, and related problems Federal agencies face with respect to recruiting and retaining such employees. We also noted that the section relating to the annual independent evaluation could be clarified with respect to the types of methodologies that could be used to perform the evaluation.

- *H.R. 809, The Federal Protective Service Reform Act.* Our office provided comments to OMB and GSA on H.R. 809, the Federal Protective Service Reform Act, as amended. The bill would restructure the Federal Protective Service (FPS) by making it a separate service within GSA, and would grant expanded law enforcement authority to FPS officers.

We noted that the bill presented a good opportunity to examine the FPS' mission and role, and to suggest legislative changes accordingly. We

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## Review of Legislation and Regulations

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pointed out that two competing—and somewhat inconsistent—views exist of the organization: a traditional law enforcement agency model and a commercial building security services model. We noted that, if FPS were to move towards the law enforcement agency model, the bill should ensure that FPS law enforcement managers have line authority over FPS field personnel. We also noted that if FPS were to remain an organization with primarily building security functions, consideration should be given to narrowly tailoring any new proposed police powers contained in the bill to match that function and it should likely remain a component of the Public Buildings Service. The police power provisions, as set out by the bill, appeared to be generally too broad. We also made a variety of drafting recommendations to address technical problems in the bill.

- *Department of Justice Draft Bill 40: Statutory Law Enforcement Authority for OIGs.* We provided OMB and GSA with comments on Draft Bill 40, a bill that would create a statutory mechanism empowering the Attorney General to authorize certain OIG criminal investigators to exercise law enforcement authority in connection with their official duties. Currently criminal investigators in these offices exercise law enforcement authority through annual, renewable Memoranda of Understanding (MOU) with the Department of Justice (DOJ). We noted that the draft bill represents a sound proposal for the extension of law enforcement authority to establishment OIGs: it would alleviate administrative and paperwork burdens associated with entering into annual deputation MOUs, while preserving all training, reporting and DOJ-supervision requirements. Generally, we strongly felt statutory law enforcement authority would enhance OIGs' overall effectiveness.

In addition, the OIG provided comments on the following proposed regulations:

- *Evergreen Contracting Acquisition Letter.* We provided GSA, specifically the Office of Acquisition Policy and the Federal Supply Service (FSS), with comments and suggested changes to a draft acquisition letter dealing with the Evergreen Contracting Initiative. Under this initiative, the Agency proposes lengthening Multiple Award Schedule (MAS) contract terms to 20 years: a 5-year base, together with three 5-year options. We noted that we had significant overall concerns with whether a sufficient business justification exists to implement Evergreen contracting in the MAS Program. We felt that any potential benefits realized from Evergreen, including mainly administrative savings and maintaining relationships with quality contractors, would likely be outweighed by the increased risk to the Government of bad MAS pricing posed by potentially locking in a contract price for up to a 20-year contract period.

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## *Review of Legislation and Regulations*

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We also provided several substantive suggestions to the acquisition letter. First, we noted that the letter should provide that contracting officers obtain new pricing data if a contractor's prices have changed and the contracting officer is seeking to exercise an Evergreen option under the MAS contract. We also suggested that the letter provide clearer guidance to contracting officers on seeking preaward audit assistance when considering whether to exercise the Evergreen options. We thereafter worked extensively with FSS and the Office of Governmentwide Policy to address our concerns. The bulk of our recommendations were adopted in the recently issued Evergreen acquisition letter.

- *FAR Case 98-300, Strom Thurmond Act Price Reasonableness Coverage.* We provided the Federal Acquisition Regulation (FAR) Council with informal comments on FAR Case 98-300, Item VI, an interim rule which implemented the determination of price reasonableness and commerciality provisions of the Strom Thurmond National Defense Authorization Act for FY 1999, Pub. L. 105-261. We made two comments with respect to the rule's coverage. First, we noted that the use of the term commerciality throughout the rule might be confusing, as it connotes a Truth in Negotiations Act exemption that no longer exists. Second, we noted that the regulation's provisions which set out justifications allowing a head of a contracting activity to authorize award to an offeror despite the offeror's failure to provide adequate proposal information should be reexamined and made more restrictive.

## Statistical Summary of OIG Accomplishments

### **Audit Reports Issued**

The OIG issued 111 audit reports. The 111 reports contained financial recommendations totaling \$43,686,522, including \$39,388,517 in recommendations that funds be put to better use and \$4,298,005 in questioned costs. Due to GSA's mission of negotiating contracts for Governmentwide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other Federal agencies.

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

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of March 31, 2000. Two reports more than 6 months old were awaiting management decisions as of March 31, 2000; both of them were preaward audits, issued before February 10, 1996, which are not subject to the 6-month management decision requirement. Table 1 does not include 1 report issued to another agency this period. Table 1 also does not include 22 reports excluded from the management decision process because they pertain to ongoing investigations.

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

	No. of Reports	Reports with Financial Recommendations	Total Financial Recommendations
For which no management decision had been made as of 10/1/99			
Less than six months old	42	25	\$21,689,975
Six or more months old	5	4	393,039
Reports issued this period	<u>110</u>	<u>59</u>	<u>43,686,522</u>
<b>TOTAL</b>	<b>157</b>	<b>88</b>	<b>\$65,769,536</b>
For which a management decision was made during the reporting period			
Issued prior periods	45	28	\$21,879,671
Issued current period	<u>67</u>	<u>29</u>	<u>22,961,504</u>
<b>TOTAL</b>	<b>112</b>	<b>57</b>	<b>\$44,841,175</b>
For which no management decision had been made as of 03/31/00			
Less than six months old	43	30	\$20,725,018
Six or more months old	<u>2</u>	<u>1</u>	<u>203,343</u>
<b>TOTAL</b>	<b>45</b>	<b>31</b>	<b>\$20,928,361</b>

## Statistical Summary of OIG Accomplishments

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

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

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

	<u>No. of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 10/1/99		
Less than six months old	17	\$17,900,867
Six or more months old	3	345,655
Reports issued this period	<u>45</u>	<u>39,388,517</u>
<b>TOTAL</b>	<b>65</b>	<b>\$57,635,039</b>
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
•management action	—	\$37,718,082
•legislative action	—	—
Recommendations not agreed to by management	<u>—</u>	<u>348,589</u>
<b>TOTAL</b>	<b>41</b>	<b>\$38,066,671</b>
For which no management decision had been made as of 3/31/00		
Less than six months old	23	\$19,365,025
Six or more months old	<u>1</u>	<u>203,343</u>
<b>TOTAL</b>	<b>24</b>	<b>\$19,568,368</b>

## Statistical Summary of OIG Accomplishments

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

	<b>No. of Reports</b>	<b>Questioned Costs</b>
For which no management decision had been made as of 10/1/99		
Less than six months old	8	\$3,789,108
Six or more months old	1	47,384
Reports issued this period	<u>14</u>	<u>4,298,005</u>
<b>TOTAL</b>	<b>23</b>	<b>\$8,134,497</b>
For which a management decision was made during the reporting period		
Disallowed costs	—	\$6,607,339
Costs not disallowed	<u>—</u>	<u>833,004</u>
<b>TOTAL</b>	<b>16</b>	<b>\$7,440,343*</b>
For which no management decision had been made as of 3/31/00		
Less than six months old	7	\$1,359,993
Six or more months old	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>7</b>	<b>\$1,359,993</b>

*\*Includes \$665,839 that management decided to seek that exceeded recommended amounts.*

## Statistical Summary of OIG Accomplishments

### **Investigative Workload**

The OIG opened 105 investigative cases and closed 81 cases during this period. In addition, the OIG received and evaluated 65 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

### **Referrals**

The OIG makes criminal referrals to the Department of Justice or other authorities for prosecutive consideration and civil referrals to the Civil Division of the Department of Justice or U.S. Attorneys for 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.

**Table 4. Summary of OIG Referrals**

<b>Type of Referral</b>	<b>Cases</b>	<b>Subjects</b>
Criminal	43	70
Civil	18	38
Administrative	71	112
<b>TOTAL</b>	<b>132</b>	<b>220</b>

In addition, the OIG made 5 referrals to other Federal activities for further investigation or other action and 13 referrals to GSA officials for information purposes only.

### **Actions on OIG Referrals**

Based on these and prior referrals, 23 cases (36 subjects) were accepted for criminal prosecution and 8 cases (13 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 17 indictments/informations and 9 successful prosecutions. OIG civil referrals resulted in 8 cases being accepted for civil action and 9 case settlements. Based on OIG administrative referrals, management debarred 29 contractors, suspended 1 contractor, and took 9 personnel actions against employees.

## Statistical Summary of OIG Accomplishments

### Monetary Results

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

In addition, the OIG had administrative recoveries of \$1,000,679 during the course of its investigations.

**Table 5. Criminal and Civil Recoveries**

	<b>Criminal</b>	<b>Civil</b>
Fines and Penalties	\$ 13,400	\$ —
Settlements and Judgments	—	3,445,922
Restitutions	210,710	—
<b>TOTAL</b>	<b>\$224,110</b>	<b>\$3,445,922</b>

# ***APPENDICES***







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## Appendix I—Significant Audits from Prior Reports

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

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

### **Assessing Acquisition System Implementation**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review evaluated a commercially available electronic acquisition system intended to improve the acquisition process. The report contained five recommendations; two have been implemented.

The recommendations include developing a strategy for an improved system; ensuring this system includes a transition and training plan; and developing performance measures for the system. They are scheduled for completion between April and September 15, 2000.

### **Refining Lease Administration**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review evaluated lease administration at a regional office. The report contained three recommendations; two have been implemented.

The remaining recommendation involves a lack of parking for heavy vehicles. It is scheduled for completion by May 15, 2000.

### **Controls over Small Purchases**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review focused on the controls for a regional procurement program. The report contained three recommendations; two have been implemented.

The remaining recommendation involves implementing the procedures and controls of the purchase card handbook. It is scheduled for completion by May 15, 2000.

### **Performance-Based Buildings Services Contracts**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review evaluated the nationwide program for mechanical services. The report contained six recommendations; none has been implemented.

The recommendations include establishing a national quality assurance program; developing an approach for inspection of services; ensuring that contractors are held accountable for repairs; maintaining accurate inventories; evaluating quality control programs; and ensuring accuracy of inventory and functioning of building systems. They are scheduled for completion between April 15, 2000 and January 15, 2001.

### **Controls over RWA Expenditures**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review assessed the controls over GSA's Reimbursable Work Authorization Process. The report contained two recommendations; none has been implemented.

The recommendations involve reviewing financial data; and adjusting controls, updating policies, and providing training. They are scheduled for completion between October 15, 2000 and January 15, 2001.

### **Evaluating the Industrial Funding Fee**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review assessed the progress GSA was making to set and collect its industrial funding fee. The report contained five recommendations; two have been closed.

The recommendations include revising controls to include a risk-based approach to verify contractor sales data and to strengthen controls over the fee collection process. They are scheduled for completion between June 15 and October 15, 2000.

### **Local Area Network Security Risks**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review focused on the local area network (LAN) security. The report contained four recommendations; none has been implemented.

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## Appendix I—Significant Audits from Prior Reports

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The recommendations include developing LAN security plans; establishing processes for managing accounts and contingency planning; identifying controls for remote access to LANs; and providing security awareness training. They are scheduled for completion between August 15, 2000 and January 15, 2001.

### **Access to Building Design Plans**

*Period First Reported: October 1, 1998 to March 31, 1999*

The review focused on the accessibility to the general public of building plans. The report contained two recommendations; one has been implemented.

The remaining recommendation involves sharing the results of the review with appropriate Agency officials. It is scheduled for completion by May 15, 2000.

### **Initiatives to Improve Space Alterations**

*Period First Reported: October 1, 1998 to March 31, 1999*

The review assessed GSA's information system designed to manage vacant space. The report contained three recommendations; two have been implemented.

The remaining recommendation involves standardizing data requirements. It is scheduled for completion by June 15, 2000.

### **Security Standards for New Buildings**

*Period First Reported: October 1, 1998 to March 31, 1999*

The review evaluated security standards for new and renovated Federal buildings. The report contained two recommendations; neither has been implemented.

The recommendations include developing a policy that defines roles and responsibilities of individuals involved in building standards, and creating security standards for newly acquired leased space. They are scheduled for completion between January and August 15, 2001.

### **Security Enhancements in Federal Buildings**

*Period First Reported: April 1, 1998 to September 30, 1998*

The review evaluated GSA's program for upgrading security in Federal buildings. The report contained six recommendations; four have been implemented.

The remaining recommendations involve establishing an inventory over x-ray units and portable equipment, and tracking and reporting cost data for future countermeasures. They are both scheduled for completion by August 15, 2000.

### **Travel Management Program Funding Fee**

*Period First Reported: April 1, 1998 to September 30, 1998*

The review assessed GSA's Travel Management Program funding fee. The report contained seven recommendations; four have been implemented.

The remaining recommendations include combining two forms into one; developing a database; and establishing one industrial funding fee for all customers. They are scheduled for completion by April 15, 2000.

### **Information Systems Security**

*Period First Reported: April 1, 1998 to September 30, 1998*

The review assessed the security measures of six major Internet and Intranet GSA applications. The report contained four recommendations; one has been implemented.

The remaining recommendations include establishing an Information Technology (IT) Security Program; specifying roles and responsibilities to ensure security; and basing IT security decisions on risk assessments. They are scheduled for completion between July 15 and December 15, 2000.

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## **Appendix I—Significant Audits from Prior Reports**

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### **Megacenter Dispatch Services**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review focused on GSA's plans to consolidate security control centers into four megacenters. The report contained four recommendations; none has been implemented.

The recommendations include developing alternate access procedures; developing contingency plans to continue the dispatch function during natural disasters; upgrading alarm systems; and implementing a preventive alarm maintenance program. They are scheduled for completion by June 15, 2001.

### **Contract Workload Management**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review identified opportunities for improving workload management. The report contained one recommendation; it has not yet been implemented.

The recommendation involves the need to automate key activities of the contracting process. It is scheduled for completion by December 15, 2000.

### **Federal Protective Service Investigation Office**

*Period First Reported: April 1, 1997 to September 30, 1997*

The evaluation focused on a review of the Federal Protective Service's criminal investigation activities. The report contained five recommendations; three have been implemented.

The remaining recommendations include establishing measurable performance standards and improving program accountability. They are scheduled for completion by April 15, 2000.

### **Administration of Real Estate Taxes**

*Period First Reported: April 1, 1997 to September 30, 1997*

The review examined the real estate tax administration of GSA's leases. The report contained two recommendations; one has been implemented.

The remaining recommendation involves modifying contract procedures to ensure the Government receives its share of reductions in real estate taxes. While all pertinent actions have been taken, it remains open until all recovery actions are completed. It is scheduled for completion by June 15, 2000.

### **Debarment Program**

*Period First Reported: October 1, 1996 to March 31, 1997*

The review identified opportunities for improving the Debarment Program. The report contained two recommendations; one has been implemented.

The remaining recommendation involves modifying the new contractor information system. GSA submitted a new action plan to the OIG on March 17, 2000. GSA is currently awaiting an opinion from the OIG.

### **Aircraft Management**

*Period First Reported: October 1, 1995 to March 31, 1996*

The review identified opportunities for improving GSA's program to assist civilian agencies with the management and cost-effectiveness of their aircraft operations. The report contained five recommendations; four have been implemented.

The remaining recommendation concerns the identification of aircraft data necessary for making informed decisions and is scheduled for completion by July 15, 2000.

## Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
<i>(Note: Because some audits pertain to contracting award or actions which have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)</i>				
<b>PBS Internal Audits</b>				
10/15/99	A995175	Alert Report on the Region 2 Security Guard Program		
11/17/99	A995267	Survey of the Mid-Atlantic Public Buildings Service, Property Management Center		
11/18/99	A995175	Alert Report on the Region 7 Security Guard Program		
11/29/99	A995318	Follow-up Report on Security at a Federal Facility		
12/15/99	A995099	Audit of the Public Buildings Service, Property Management Center in Birmingham, Alabama		
12/21/99	A995263	Review of Small Purchases, 300 North Los Angeles Street, Property Management Center, Public Buildings Service, Pacific Rim Region		
12/21/99	A995210	Audit of Custodial Services Contracts in the National Capital Region		
01/10/00	A995264	Review of Simplified Procurements in the Boise, Idaho, Customer Service Center		
01/21/00	A995160	Audit of the Public Buildings Service, Property Management Center in Detroit, Michigan		
02/16/00	A995196	Audit of PBS' Environmental Management Program		
03/02/00	A995188	Management Control Review of Controls Over Multiple Award Construction Term Contracts, Pacific Rim Region		

## *Appendix II–Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put To Better Use</b>	<b>Questioned (Unsupported) Costs</b>
03/28/00	A995175	Audit of the Federal Protective Service’s Contract Guard Program		
03/30/00	A995287	Limited Audit of the Public Buildings Service Performance Measures: “Percent of Construction Projects Delivered on Time” and “Percent of Repairs and Alterations Projects Delivered on Time”		
03/30/00	A995321	Review of General Services Administration Energy Conservation Program in the Greater Southwest Region		
03/31/00	A995010	PBS Needs to Complete STAR Development and Implement Management and System Controls to Fully Realize Improved Capabilities		

### ***PBS Contract Audits***

10/04/99	A995334	Review of Proposed Overhead and Time Value of Money Rates: Golub-WEGCO Kansas City I, L.L.C., Lease Number GS-06P-79048		
10/04/99	A995314	Preaward Audit of Supplemental Architect and Engineering Contract: Watson/Tate Architects, Inc., Solicitation Number GS-04P-99-RDD-0005		
10/04/99	A995275	Preaward Audit of Change Order Proposal to Contract Number GS-02P93CUC0071 for the Final Phase of the African Burial Ground Project, Howard University		
10/12/99	A995282	Preaward Audit of Cost or Pricing Data: Ross Barney + Jankowski, Inc., Solicitation Number GS06P99GZC0010		
10/13/99	A995262	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)		

## *Appendix II—Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put To Better Use</b>	<b>Questioned (Unsupported) Costs</b>
10/13/99	A995313	Preaward Audit of Supplemental Architect and Engineering Contract: Liollo Associates, Inc., Solicitation Number GS-04P-99-RDD-0005		
10/19/99	A000798	Preaward Audit of Architect and Engineering Services Contract: Oak Point Associates, Solicitation Number GS-01P-99-BZD-0009		
10/26/99	A995278	Preaward Audit of a Claim: Midlantic Erectors, Inc., Subcontractor to Metropolitan Steel Industries, Inc., Contract Number GS-02P-95-DTC-0014(N)		
10/28/99	A995290	Audit of Termination Settlement Proposal: HBS National Corporation, Contract Number GS06P97GXC0020		
11/01/99	A995332	Preaward Audit of Cost or Pricing Data: Cupples Products, Inc., Solicitation Number GS-06P-99-GZC-0309		
11/01/99	A995329	Preaward Audit of Architect and Engineering Services Contract: EPC Consultants, Inc., (Consultant to Huber, Hunt & Nichols, Inc.), Solicitation Number GS-09P-99-KTC-0020		
11/04/99	A995272	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)		
11/10/99	A995323	Preaward Audit of Architect and Engineering Proposal: Morphosis, Solicitation Number GS-09P-99-KTC-0019		
11/10/99	A995271	Preaward Audit of Architect and Engineering Services Contract: HLW International LLP, Contract Number GS-02P-93-CUC-0062		
11/10/99	A995324	Preaward Audit of Architect and Engineering Services Contract: SMP/SHG, Inc., Solicitation Number GS-09P-99-KTC-0019		

## Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
11/18/99	A995311	Preaward Audit of a Claim: Armour & Sons Electric, Incorporated, Subcontractor to SAE Americon Mid-Atlantic, Incorporated, Contract Number GS-03P-91-CDC-0006		
11/29/99	A000820	Limited Review of Subcontractor Payments: Metro Panel/Metro Framing Joint Venture, LLC, Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)		
11/30/99	A995289	Preaward Audit of Architect and Engineering Services Contract: Accu-Cost Construction Consultants, Inc., Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062		
12/06/99	A000852	Preaward Audit of Architect and Engineering Services Proposal: DLR Group, Solicitation Number GS-10P-99-LTC-0006		
12/09/99	A995180	Audit of Termination Claim: Kobane, Inc., Contract Number GS-11P95MQC0037		
12/09/99	A000838	Limited Review of Rental Rates: Newark Center Building Company, Lease Number GS-02B-22847		
12/09/99	A000824	Report on Audit of Claim for Increased Costs: Component Assembly Systems, Inc., Contract Number GS02P94CUC0039(N)		
12/13/99	A995286	Preaward Audit of Cost or Pricing Data: Hampshire College, Subcontractor to Howard University, Contract Number GS-02P-93-CUC-0071		
12/16/99	A000823	Preaward Audit of Cost or Pricing Data: Berkebile, Nelson, Immenschuh, McDowell Incorporated, Solicitation Number GS06P99GYC0008		
12/21/99	A995273	Preaward Audit of Architect and Engineering Services Contract: Narov Associates, Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062		

## *Appendix II—Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put To Better Use</b>	<b>Questioned (Unsupported) Costs</b>
12/23/99	A000883	Limited Scope Preaward Audit of Cost or Pricing Data: Singleton Electric Co., Inc., a Subcontractor to Morse Diesel International, Inc., Contract Number GS-11P-96-MKC-0015		
01/03/00	A000817	Preaward Audit of Architect and Engineering Services Contract: Moshe Safdie and Associates, Inc., Solicitation Number GS-01P-99-BWC-0016		
01/05/00	A000903	Limited Scope Preaward Audit of Cost or Pricing Data: John J. Kirlin, Inc., a Subcontractor to Morse Diesel International, Inc., Contract Number GS-11P-96-MKC-0015		
01/06/00	A000877	Preaward Audit of Architect and Engineering Services Contract: Swanke, Hayden, & Connell Architects, Solicitation Number GS-11P-99-ZGC-0061		
01/07/00	A000885	Preaward Audit of Architect and Engineering Proposal: Ove Arup and Partners California, Solicitation Number GS-09P-99-KTC-0019		
01/11/00	A995325	Preaward Audit of a Claim: Standard Refrig-Co., Inc., Subcontractor to Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033		
01/11/00	A000819	Preaward Audit of Architect and Engineering Services Contract: Gordon H. Smith Corporation, Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062		
01/19/00	A000878	Preaward Audit of Architect and Engineering Services Contract: Huber, Hunt and Nichols, Inc., Solicitation Number GS-09P-99-KTC-0020		
01/19/00	A995280	Preaward Audit of a Termination for Convenience Claim: SAE Americon Mid-Atlantic, Incorporated, Contract Number GS-03P-91-CDC-0006		
01/20/00	A000905	Audit of Proposed Overtime Billing Rates: Leonard Masonry, Inc., Contract Number GS06P99GZC0301		

## Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
01/20/00	A000816	Audit of Cost or Pricing Data: DHP Systems, Inc., Contract Number GS06P99GZC0312		
02/03/00	A000921	Preaward Audit of Small Business Administration 8(a) Pricing Proposal: Johnson Management Group CFC, Inc., Solicitation Number GS-04P-00-RDC-0003		
02/04/00	A000930	Preaward Audit of Change Order Proposal: NCS/ICS Joint Venture, Contract Number GS06P99GZC0302		
02/18/00	A000799	Postaward Audit of Cost or Pricing Data: Montgomery KONE, Inc., Contract Number GS06P99GZC0306		\$307,004
02/23/00	A000937	Audit of Termination Claim: CJP Contractors, Inc., Contract Number GS-11P93MKC0081		
03/06/00	A000963	Preaward Audit of a Claim: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033		
03/20/00	A000959	Preaward Audit of Change Order Proposal: Sachs Electric Company, Contract Number GS-06P-99-GZC-0300		
03/23/00	A000925	Audit of Claims for Increased Costs: Ellerbe Becket Architects and Engineers, P.C., The Federal Triangle Project		

### **FSS Internal Audits**

12/06/99	A995266	Advisory Review of GSA Fleet’s Monitoring of Citibank Visa Fleet Card Transactions		
01/06/00	A995287	Limited Audit of the Federal Supply Service’s “Government Airfare Savings” Performance Measure		
01/28/00	A995162	Review of Controls Over Federal Supply Service Payments		
02/29/00	A995326	Review of Management Controls Over Purchase Cards, Federal Supply Service, Pacific Rim Region		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
03/14/00	A000888	Review of the Federal Personal Property Donation Program: State of New Mexico		
03/29/00	A995287	Limited Audit of the Federal Supply Service's Reutilization and Donation of Excess Personal Property Performance Measure		
03/31/00	A000955	Review of Productivity Refund for the Voyager Fleet Services Card		
<b><i>FSS Contract Audits</i></b>				
10/12/99	A995284	Sales Data Analysis for Multiple Award Schedule Contract: Motorola, Incorporated, Contract Number GS-35F-1125-D for the Period July 25, 1998 Through April 2, 1999		
10/22/99	A995298	Postaward Audit of Multiple Award Schedule Contract: Classic Medallics, Inc., Contract Numbers GS-07F-8451C and GS-07F-9862H		\$4,753
10/29/99	A995315	Preaward Audit of Cost or Pricing Data: PerformTech, Inc., Solicitation Number 2FYG-JI-94-0004-B4		
11/09/99	A995328	Preaward Audit of Multiple Award Schedule Contract: Lab-Volt Systems, Inc., Extension to Contract Number GS-02F-0860G		
11/29/99	A995304	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1999 Through September 30, 2004: Coastal Video Communications Corp., Contract Number GS-02F-9309C		
11/30/99	A000867	Preaward Audit of Multiple Award Schedule Contract: Cetrom Consulting Engineering, Inc., Solicitation Number TFTP-ML-980874-B		
12/06/99	A995291	Postaward Audit of Overbillings, Multiple Award Schedule Contract: Dec Art Designs, Inc., Contract Number GS-03F-5106C, for the Interim Period July 1, 1995 Through June 30, 1999		\$49,682

## Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
12/06/99	A000884	Postaward Audit of Overbillings, Multiple Award Schedule Contract: National Education Training Group, Inc., Contract Number GS-02F-0429D, for the Interim Period September 19, 1996 Through May 24, 1999		\$174,575
12/08/99	A995330	Preaward Audit of Multiple Award Schedule Contract: Caswell International Corporation, Contract Number GS-02F-0434D		
12/10/99	A000875	Preaward Audit of Cost or Pricing Data: EMAssist, Inc., Solicitation Number TFTP-98-SW-8999-B		
01/07/00	A000821	Preaward Audit of the Extension of Multiple Award Schedule Contract Number GS-02F-1407H: Development Dimensions International, Inc.		
01/07/00	A000895	Preaward Audit of Multiple Award Schedule Contract: Firearms Training Systems, Inc., Contract Number GS-02F-0414D		
01/19/00	A000822	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1999 Through September 30, 2004: ATA Defense Industries, Inc., Contract Number GS-02F-1408H		
01/20/00	A72124	Postaward Audit of Multiple Award Schedule Contract: Engineered Data Products, Inc., Contract Number GS-00F-5053A		\$448,298
01/20/00	A000881	Postaward Audit of Multiple Award Schedule Contract for the Period December 15, 1997 Through September 30, 1999: Development Dimensions International, Inc., Contract Number GS-02F-1407H		\$2,772
01/28/00	A000818	Preaward Audit of Multiple Award Schedule Contract: Laerdal Medical Corporation, Extension to Contract Number GS-02F-9380C		
02/03/00	A000920	Preaward Audit of Multiple Award Schedule Contract: Sales and Management Training, Inc., Contract Number GS-02F-9319C		

## Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
02/08/00	A995167	Price Adjustments on Multiple Award Schedule Contract: National Education Training Group, Inc., Contract Number GS-02F-0429D for the Interim Period March 1, 2000 Through March 31, 2000		
02/15/00	A40910	Postaward Audit of Multiple Award Schedule Contract: McNaughton Book Service, Contract Number GS-02F-52166 for the Period February 24, 1989 to July 31, 1992		\$1,634,161
02/17/00	A000923	Preaward Audit of Multiple Award Schedule Contract: Shamrock Scientific Specialty Systems, Inc., Contract Number GS-14F-9732C		
02/24/00	A000896	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Instrumentation Laboratory, Contract Number GS-24F-1293C		\$17,649
03/01/00	A71858	Postaward Audit of Multiple Award Schedule Contract: Seco Products Corporation, Contract Number GS-07F-6647A for the Period January 29, 1993 Through September 29, 1996		\$623,771
03/02/00	A000934	Preaward Audit of Multiple Award Schedule Contract: TimeMed Labeling Systems, Inc., Contract Number GS-14F-0150D		
03/02/00	A995213	Postaward Audit of Multiple Award Schedule Contract: White Systems, Inc., Contract Number GS-28F-1043C		\$529,842
03/06/00	A000948	Preaward Audit of Multiple Award Schedule Contract: 3M Company, Contract Number GS-14F-0161D		
03/07/00	A000933	Limited Scope Preaward Review of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: Charlotte's Office Boutique, Contract Number GS-14F-9725C		

## *Appendix II—Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put To Better Use</b>	<b>Questioned (Unsupported) Costs</b>
03/09/00	A000876	Interim Postaward Audit of Multiple Award Schedule Contract: Yeatts Contract, Incorporated, Contract Number GS-21F-0094H		\$534
03/09/00	A000911	Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: Adams Marketing Associates, Inc., Contract Number GS-14F-9734C		
03/10/00	A000936	Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: George W. Allen Co., Inc., Contract Number GS-14F-0177D		
03/29/00	A81830	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Period March 8, 1991 Through February 29, 1996		\$433,876
03/29/00	A995122	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Interim Period March 1, 1996 Through April 30, 1998		\$51,765
03/30/00	A000804	Preaward Audit of Contract Number GS-22F-97501: Wright Express Corporation		

### ***FTS Internal Audits***

11/03/99	A995301	Management Assistance Review: Payments to Small Business Administration Contractors		
12/02/99	A995288	Alert Report on Reporting Procurement Actions to the Federal Procurement Data Center		
01/31/00	A995287	Limited Audit of the Federal Technology Service Performance Measure: “Total Business Volume as a Percent of the Federal IT Market”		
02/24/00	A995287	Limited Audit of the Federal Technology Service Performance Measure: “Percent Difference Between FTS2000 Prices and Commercial Prices”		

## *Appendix II—Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put To Better Use</b>	<b>Questioned (Unsupported) Costs</b>
03/21/00	A995246	Audit of the Duplication Between FTS's and FSS's Procurement Options for Information Technology Products and Services		
<b><i>FTS Contract Audits</i></b>				
11/03/99	A000806	Audit of Termination Claim: AT&T Communications, Contract Number GS-00K-89AHD0008		
<b><i>Other Internal Audits</i></b>				
10/15/99	A995287	Limited Audit of the Public Buildings Service Percent of Government-Owned Inventory Not Producing Revenue and Percent of Government-Leased Inventory Not Producing Revenue Performance Measures		
11/08/99	A995322	Report on Limited Audit of the Fiscal Year 1999 Federal Managers' Financial Integrity Act Assurance Statements		
11/30/99	A995281	Audit of GSA's Year 2000 Business Continuity and Contingency Planning		
02/28/00	A995287	Report on Internal Controls Over Performance Measures		
03/03/00	A000866	Audit of GSA's Integrated Solutions Program		
03/23/00	A000813	Review of Real Property Reporting for the Worldwide Inventory		
03/31/00	A995221	Audit of the General Services Administration's Internal Controls Over Payroll		
<b><i>Non-GSA Internal Audit</i></b>				
03/31/00	A000868	Audit of the Administrative Procedures of the National Capital Planning Commission		

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

Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), this appendix identifies those audit reports where final actions remain open 12 months

after the report issuance date. The GSA Office of the Chief Financial Officer, Office of the Controller, furnished the following information.

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

Date of Report	Audit Number	Title
<b>Contract Audits</b>		
09/20/96	A61534	Preaward Audit of a Claim: Marino Construction Company, Contract Number GS05P90GBC0101
11/01/96	A21882	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-07065 for the Period November 14, 1988 Through September 30, 1991
11/01/96	A31851	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02598 for the Period August 26, 1988 Through March 31, 1991
11/01/96	A31865	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02046 for the Period December 4, 1987 Through September 30, 1990
12/17/96	A70606	Postaward Audit of Travel Costs: Centel Federal Systems Corporation, Contract Number GS-00K-89AHD0007
01/10/97	A52159	Postaward Audit of Multiple Award Schedule Contract: Austin Computer Systems, Inc., Contract Number GS-00K-91-AGS-5201
02/06/97	A70622	Preaward Audit of Change Order Proposal: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)
03/24/97	A72434	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-88163, Calendar Years 1990 Through 1996
03/24/97	A72435	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-91634, Calendar Years 1993 Through 1996
04/03/97	A72450	Preaward Audit of a Claim for Increased Costs: Azteca Construction, Inc., Subcontractor to Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032
04/18/97	A70628	Postaward Audit of Multiple Award Schedule Contractor: Clayton Associates, Inc., Contract Number GS-07F-8188B, for the Interim Period June 1, 1994 Through January 31, 1997

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

Date of Report	Audit Number	Title
04/24/97	A71212	Preaward Audit of Cost and Pricing Proposal: The Logistics Company, Inc., Task Order Request GSC-TFGE-97-2002
06/06/97	A73619	Preaward Audit of Cost or Pricing Data: Symbiont, Inc., RFP Number GSC-TFGD-97-1010
06/06/97	A72466	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Brayton & Hughes Design Studio, Solicitation Number GS-09P-95-KTC-0029
06/11/97	A61827	Postaward Audit of Multiple Award Schedule Contract: Alexander Manufacturing Company, Contract Number GS-07F-3956A for the Period February 1, 1992 Through October 31, 1995
06/16/97	A70927	Preaward Audit of Cost or Pricing Data: JIL Information Systems, Inc., Proposal No. GSC-TFGD-97-1012
06/17/97	A72464	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Moore Ruble Yudell, Solicitation Number GS-09P-95-KTC-0029
06/17/97	A72470	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Frederick Brown Associates, Solicitation Number GS-09P-95-KTC-0029
06/24/97	A70928	Preaward Audit of Cost or Pricing Data: Criticom, Inc., Solicitation No. GSC-TFGD-97-1014
06/25/97	A72445	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032
06/26/97	A72471	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Tsuchiyama & Kaino, Inc., Solicitation Number GS-09P-95-KTC-0029
06/26/97	A72465	Preaward Audit of a Claim for Increased Costs: Lawson Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032
06/27/97	A71811	Audit of Claim for Increased Costs: Miscellaneous Subcontractors to Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/11/97	A71803	Audit of Claim for Increased Costs: Nicholson Construction Company, Contract Number GS06P94GYC0037
07/22/97	A71804	Audit of Claim for Increased Costs: Rodio/ICOS St. Louis Joint Venture, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/29/97	A61849	Postaward Audit of Multiple Award Schedule Contract: Hytorc, Division of Unex Corporation, Contract Number GS-06F-77977 for the Period November 1, 1989 Through October 31, 1994

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
07/30/97	A71819	Postaward Audit of Commercial Acquisition of Multiple Products Contract: Hytorc of Virginia, Inc., Contract Number GS-06F-78361 for the Period November 1, 1994 Through December 18, 1996
07/31/97	A71820	Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
08/05/97	A73617	Refund From The Committee For Purchase From People Who Are Blind Or Severely Disabled, Agreement Number GS-02F-61511
08/22/97	A70646	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
08/28/97	A72463	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Gruen Associates, Solicitation Number GS-09P-95-KTC-0029
09/22/97	A70649	Preaward Audit of a Delay Claim: Consolidated Electric, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
09/24/97	A71526	Price Adjustments on Multiple Award Schedule Contract: Domore Corporation, Contract Number GS-00F-5232A for the Interim Period December 1, 1997 Through January 31, 2001
10/02/97	A72478	Audit of Claim for Increased Costs: Gonzales Construction Company, Inc., Contract Number GS-08P-95-JAC-0001
10/23/97	A70655	Preaward Audit of a Delay Claim: Denron Plumbing and HVAC, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
10/23/97	A72486	Audit of Claim for Increased Costs: Mountain Gravel & Construction Co., Subcontractor to Gonzales Construction Company, Inc., Contract Number GS-08P-95-JAC-0001
10/24/97	A70660	Preaward Audit of a Change Order Proposal: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
11/12/97	A70656	Preaward Audit of a Delay Claim: J.C. Higgins Corp., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
11/26/97	A22536	Postaward Audit of Multiple Award Schedule Contract: Ingres Corporation, Contract Number GS00K89AGS5589
11/26/97	A32476	Limited Audit of Government Billings: Ingres Corporation, Contract Number GS00K89AGS5589
12/10/97	A81512	Preaward Audit of a Claim for Increased Costs: Don-Lee, Inc., Subcontractor to D.L. Woods Construction Inc., Contract Number GS05P91GBC0057
12/24/97	A80602	Preaward Audit of a Delay Claim: Dan Lepore and Sons, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
01/12/98	A80604	Preaward Audit of a Delay Claim: Able Finishing, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
01/12/98	A80608	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
02/05/98	A80609	Preaward Audit of a Delay Claim: The Woodworks Architectural Millwork, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
02/11/98	A80607	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
02/27/98	A52155	Postaward Audit of Multiple Award Schedule Contract: Network General Corporation, Contract Number GS00K92AGS6109
03/19/98	A81515	Audit of Claim for Increased Costs: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-0017
03/30/98	A81525	Audit of Real Estate Tax Escalations, American National Bank, Trustee, Lease Number GS-05B-14966, Tax Years 1992 Through 1995
04/09/98	A72448	Postaward Audit of Multiple Award Schedule Contract: Ungermann-Bass, Inc., Contract Number GS00K94AGS5367
04/13/98	A80621	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
04/20/98	A81528	Audit of Real Estate Tax Adjustments: American National Bank, Trustee, Lease Number GS-05B-15448, Calendar Years 1994 Through 1996
05/27/98	A42146	Postaward Audit of Multiple Award Schedule Contract: Haworth, Incorporated, Contract Number GS-00F-07010
06/08/98	A80618	Postaward Audit of Recoverable Costs: Six World Trade Center, New York, NY, Lease Number GS-02B-15370
06/17/98	A83043	Preaward Audit of Architect and Engineering Services Contract: JVP Engineers, P.C., Solicitation Number GS11P98EGD0068
06/17/98	A82441	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010
06/24/98	A81535	Audit of Real Estate Tax Adjustments: Riggs National Bank of Washington, DC, Trustee for Multi Employer Property Trust (MEPT), Lease Number GS-05B-14919, Calendar Years 1992 Through 1997

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
07/17/98	A60934	Postaward Audit of Multiple Award Schedule Contract: Interface Flooring Systems, Inc., Contract Number GS-00F-0002A for the Interim Period October 8, 1992 Through February 28, 1997
08/07/98	A21578	Postaward Audit of Multiple Award Schedule Contract: Shaw-Walker Company, Contract Number GS-00F-94175
08/07/98	A10830	Postaward Audit of Multiple Award Schedule Contract: Shaw-Walker Company, Contract Number GS-00F-76677
08/12/98	A82451	Preaward Audit of a Claim for Increased Costs: Thermal Management, Inc., Contract Number GS05P95GBC0004
08/12/98	A82452	Audit of Termination Settlement Proposal: Thermal Management, Inc., Contract Number GS05P95GBC0004
09/04/98	A90302	Postaward Audit of Multiple Award Schedule Contract: Westinghouse Furniture Systems, Contract Number GS-00F-76574
09/22/98	A80931	Preaward Review of Multiple Award Schedule Contract For The Extension Period April 1, 1999 Through March 31, 2004: Computer Associates International, Inc., Contract Number GS-35F-5169H
09/24/98	A80934	Preaward Audit of Multiple Award Schedule Contract: Simple Green, a Division of Sunshine Makers, Inc., Solicitation Number TFTP-97-SC-7906B
09/24/98	A82456	Audit of Termination Settlement Proposal: Witherington Construction Corporation, Contract Number GS-07P-95-HUC-0068
10/13/98	A80636	Preaward Audit of a Claim: Structural Preservation Systems, Inc., Contract Number GS-02P-96-DTC-0033
10/20/98	A80639	Postaward Audit of Multiple Award Schedule Contract: Photon Technology International, Inc., Contract Number GS-24F-1140B
10/20/98	A80649	Preaward Audit of Architect and Engineering Services Contract: Gwathmey Siegel & Assoc. Architects, LLC, Solicitation Number GS-02P-98-DTC-0059(N)
10/22/98	A80935	Preaward Audit of Architect and Engineering Services Contract: Ove Arup & Partners, Contract Number GS-02P-98-DTC-0059(N)
10/22/98	A83027	Audit of Claim for Increased Cost: Clark Concrete Contractors, Inc., Contract Number GS-11P94MKC0078
10/27/98	A51568	Postaward Audit of Multiple Award Schedule Contract: Liebert Corporation, Contract Number GS-07F-3779A

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
10/27/98	A51542	Postaward Audit of Multiple Award Schedule Contract: Liebert Corporation, Contract Number GS00F06964
11/13/98	A82471	Preaward Audit of a Claim for Increased Costs: Hensel Phelps Construction Company, Contract Number GS-08P-96-JFC-0006
11/16/98	A80646	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
12/15/98	A82472	Preaward Audit of a Claim for Increased Costs: Trautman & Shreve, Inc., Subcontractor to Hensel Phelps Construction Company, Contract Number GS-08P-96-JFC-0006
01/05/99	A95101	Preaward Audit of Claim for Increased Costs: Program and Construction Management Group, Contract Number GS-11P-94MKC-0019
01/21/99	A95123	Limited Review of Claimed Incurred Costs: Linpro New York Realty, Inc., 290 Broadway Retail Space
01/29/99	A95106	Postaward Audit of Overhead Rate: Turner Construction Company, Contract Number GS-05P-94GBC-0051
02/05/99	A95113	Preaward Audit of Supplemental Architect and Engineering Services Contract: Van Deusen & Associates, Solicitation Number GS-02P-98-PLD-0029(N)
02/10/99	A95158	Preaward Audit of Architect and Engineering Services Contract: H + G Architects, Solicitation Number GS-02P-98-PLD-0015
02/17/99	A95100	Preaward Audit of a Claim: Chereco Co., Inc., Subcontractor to TGMI/Contractors Inc., Contract Number GS-03P-96-DXC-0021
03/02/99	A95139	Preaward Audit of a Claim: Stromberg Metal Works, Inc., Subcontractor to W.M. Schlosser Company, Inc., Contract Number GS-03P-92-DXC-0021
03/11/99	A95133	Preaward Audit of Multiple Award Schedule Contract for the Extension Period April 1, 1999 Through September 30, 2002: IBM Corporation, Contract Number GS-35F-4984H
03/19/99	A95124	Audit of Claim for Increased Costs: Dawson Building Contractors, Inc., Contract Number GS-04P-95-EXC-0046
03/30/99	A95150	Preaward Audit of Supplemental Architect and Engineering Services Contract: Ammann & Whitney Consulting Engineers, P.C., Solicitation Number GS-02P-98-PLD-0015(N)

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

Date of Report	Audit Number	Title	Projected Final Action Date
<b>Internal Audits</b>			
03/27/96	A43005	Audit of GSA's Aircraft Management Program	07/15/00
03/29/96	A42720	Audit of Accounting and Billing Controls Over the Public Buildings Service, National Capital Region's Reimbursable Work Authorizations	06/15/00
12/02/96	A63019	Audit of the PAPCAP Price Adjustments	07/15/00
03/26/97	A61247	Review of the Public Buildings Service Debarment Program	Revised action plan/due dates being formulated
07/11/97	A60645	Audit of the Federal Protective Service's Criminal Investigation Program	04/15/00
09/26/97	A70627	Audit of Real Estate Tax and Janitorial Service Contract Payments	06/15/00
01/30/98	A72443	Audit of the Megacenter Program, Federal Protective Service, Public Buildings Service	07/15/00
03/30/98	A83007	Follow-up Review of the Contract Workload Management	12/15/00
06/23/98	A70924	Audit of Industrial Funding Fee, Federal Supply Service, Travel Management Center Program	04/15/00
09/14/98	A70642	Audit of The Federal Protective Service's Program for Upgrading Security at Federal Facilities	08/15/00
09/24/99	A83602	GSA's Information Systems Security Has Not Kept Pace With Increasing Internet and Intranet Risks	12/15/00
09/30/98	A72705	Arthur Andersen LLP, Fiscal Year 1997 Comments and Suggestions for Consideration (Management letter)	04/15/01
12/01/98	A80321	Audit of the Availability of Federal Building Design Plans	05/15/00
03/24/99	A83305	Audit of PBS Initiatives to Improve Space Alterations	06/15/00
03/24/99	A95025	Audit of Security Measures for New and Renovated Federal Facilities	01/15/01

## Appendix IV—Delinquent Debts

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

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

During the period October 1, 1999 through March 31, 2000, GSA efforts to improve debt collection and reduce the amount of debt written off as uncollectible focused on upgrading the collection function and enhancing debt management. These activities included the following:

- From October 1, 1999 to March 31, 2000, GSA Finance Centers referred 639 delinquent non-Federal claims in the amount of \$1.5 million to the U.S. Department of the Treasury (Treasury) for collection cross-servicing activities. FY 2000 collections on these claims, to date, exceed \$1.2 million. Administrative offsets have resulted in an additional collection of \$510,000. GSA also collects non-Federal claims using Pre-Authorized Debits (PADs). From October 1, 1999 to March 31, 2000, 26 PADs totaling \$5,336 were issued.
- GSA continues to improve its new Accounts Receivable Claims System (ARCS). The new ARCS is completing enhancements to handle claims related to the collection of past due industrial funding fees owed by contractors in GSA's Multiple Award Schedule Program, to provide access by the Greater Southwest Finance Center, and to develop new reports to track statistical information on claims.
- Claims coordination efforts among regional contracting officers, Finance Center personnel, and Treasury personnel continue to strengthen our collection efforts. The Federal Supply Service is considering increasing the minimum amount assessed for liquidated damages to \$200, hoping this will encourage bidders to pay for and remove items purchased at GSA auctions and reduce the number of small dollar claims.
- We have increased the number and dollar amount of billings under the Memorandum of Understanding between the Federal Technology Service (FTS) and the Defense Finance and Accounting Service, and increased the collection of outstanding accounts receivable from the Department of Defense through the On-line Payment and Collection (OPAC) system.
- A task force is being created to focus on unbooked OPAC collections. A joint GSA Office of Finance/ FTS team is being formed to investigate and recommend improvements to the collection process for non-OPAC billings.
- We are conducting workshops and customer service visits, and soliciting assistance from GSA's Service and Staff offices in collecting delinquent accounts.
- We have provided two additional web sites for our customers to review Reimbursable Work Authorization billings and collections.

### **Non-Federal Accounts Receivable**

	As of October 1, 1999	As of March 31, 2000	Difference
Total Amounts Due GSA	\$38,843,640	\$30,241,398	(\$8,602,242)
Amount Delinquent	\$18,601,440	\$17,465,639	(\$1,135,801)
Total Amount Written Off as Uncollectible Between 10/1/99 and 3/31/00	\$195,604		

## Appendix V—Reporting Requirements

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

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

Requirement	Page
<b>Inspector General Act</b>	
Section 4(a)(2) - Review of Legislation and Regulations .....	29
Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies. ....	2, 13, 18
Section 5(a)(2) - Recommendations with Respect to Significant Problems, Abuses, and Deficiencies .....	2, 13, 18
Section 5(a)(3) - Prior Recommendations Not Yet Implemented .....	39
Section 5(a)(4) - Matters Referred to Prosecutive Authorities. ....	35
Sections 5(a)(5) and 6(b)(2) - Summary of Instances Where Information Was Refused. ....	None
Section 5(a)(6) - List of Audit Reports. ....	42
Section 5(a)(7) - Summary of Each Particularly Significant Report. ....	2, 13, 18
Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs .....	34
Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use .....	33
Section 5(a)(10) - Summary of Each Audit Report over 6 Months Old for Which No Management Decision Has Been Made .....	None
Section 5(a)(11) - Description and Explanation for Any Significant Revised Management Decision .....	None
Section 5(a)(12) - Information on Any Significant Management Decisions with Which the Inspector General Disagrees. ....	None
<b>Senate Report No. 96-829</b>	
Resolution of Audits .....	32
Delinquent Debts .....	60
<b>National Defense Authorization Act</b> .....	53

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Washington, DC metropolitan area  
(202) 501-1780

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



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

