



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

# Semiannual Report to the Congress

**April 1, 2010 – September 30, 2010**

# GSA's SIGNIFICANT MANAGEMENT CHALLENGES

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

CHALLENGES	BRIEF DESCRIPTION OF CHALLENGE	PAGE
<b>ACQUISITION PROGRAMS</b>	GSA's procurement organization awards and administers government-wide contracts worth \$100 billion. With growing programs and shrinking numbers of qualified acquisition personnel, attention to important fundamentals such as ensuring competition, meaningful price analysis, and implementation of statutory and regulatory compliance-type requirements has diminished.	2
<b>INFORMATION TECHNOLOGY</b>	Technology applications have increased exponentially as "E-Gov" is used to better manage operations and interface with the public, but complex integration and security issues exist.	No Reports This Period
<b>FINANCIAL REPORTING</b>	GSA systems, including its financial system of record (Pegasys), continue to have deficiencies in interoperability and interfaces. As a consequence, GSA management continues to rely heavily on manual workarounds and significant adjusting entries to prepare the financial statements and related note disclosures.	6
<b>PROTECTION OF FEDERAL FACILITIES AND PERSONNEL</b>	GSA is responsible for protecting the life and safety of employees and public visitors in Federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required.	6
<b>HUMAN CAPITAL</b>	GSA has an aging workforce and is facing significant loss of institutional knowledge due to retirements, including a loss of key management staff over the past year. Better recruitment and training programs are needed to develop the 21st century workforce.	No Reports This Period
<b>FEDERAL BUILDINGS FUND</b>	Faced with an aging, deteriorating inventory, GSA is challenged in making the best use of available funds to deliver high performance workplaces on schedule and within budget.	No Reports This Period

---

## Foreword

---

*I am pleased to provide this report to the people of the United States and their elected representatives in Congress. The Office of Inspector General (OIG) at GSA has been working successfully to identify and prevent waste, fraud, and abuse in connection with the programs and operations of GSA. This reporting period, we issued 66 audit reports and identified over \$342 million in funds recommended for better use and questioned costs. We also made 227 referrals for criminal prosecution, civil litigation, and administrative action—activities that both accomplish our mission and serve as a deterrent. In this reporting period, GSA achieved savings totaling almost \$419 million from management decisions on audit findings and from civil settlements and investigative recoveries.*

*One of our most notable successes of this reporting period was the settlement involving EMC Corporation, which agreed to pay the United States \$3.5 million to settle claims that it sold of defective or potentially defective computer platforms and integrated circuits. Following this settlement, on May 17, 2010, EMC Corporation agreed to pay an additional \$87.5 million to the United States to resolve allegations that its contract prices were inflated due to misrepresentations and that it engaged in an illegal kickback scheme. This reporting period saw four other major civil settlements, as well as other criminal restitutions and audit recommendations.*

*The GSA OIG also established an internal green initiative to better understand methods of environmental stewardship in GSA's practices and operations in response to the Agency's commendable environmental sustainability goals. Furthermore, the OIG recovered three more Works Progress Administration artworks in its effort to preserve these national historical treasures.*

*The banner accomplishments within this report reflect the OIG's effectiveness in combating waste, fraud, and abuse on behalf of the American taxpayer.*



*Brian D. Miller  
Inspector General  
September 30, 2010*



---

## *Table of Contents*

---

	<b>Page</b>
Summary of OIG Performance .....	v
Executive Summary .....	.vii
OIG Organization Chart .....	.xi
OIG Profile .....	1
Management Challenges .....	2
Acquisition Programs .....	2
Financial Reporting .....	6
Protection of Federal Facilities and Personnel .....	6
American Recovery and Reinvestment Act of 2009 .....	7
Other Initiatives .....	9
FAR Rule for Contract Disclosure .....	10
Promoting and Protecting Integrity .....	11
Governmentwide Policy Activities .....	18
Professional Assistance Services .....	20
Statistical Summary of OIG Accomplishments .....	22
<b>Appendices</b>	
Appendix I – Significant Audits from Prior Reports .....	31
Appendix II – Audit Report Register .....	36
Appendix III – Audit Reports over 12 Months Old, Final Agency Action Pending .....	43
Appendix IV – Government Contractor Audit Findings .....	49
Appendix V – Audits Without Management Decision .....	50
Appendix VI – Peer Review Results .....	51
Appendix VII – Reporting Requirements .....	52
Appendix VIII – OIG Offices and Key Officials .....	53



---

## *Summary of OIG Performance*

---

**April 1, 2010 – September 30, 2010**

### ***OIG Accomplishments***

Total financial recommendations \$349,014,107

These include:

• Recommendations that funds be put to better use \$342,061,997

• Questioned costs \$6,952,110

Audit reports issued 66

Referrals for criminal prosecution, civil litigation, & administrative action 227

### ***Results Attained***

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$419,654,428

Indictments and informations on criminal referrals 26

Cases accepted for criminal prosecution 38

Cases accepted for civil action 8

Successful criminal prosecutions 22

Civil settlements 12

Contractors/individuals suspended and debarred 74

Employee actions taken on administrative referrals involving GSA employees 12

---

## Fiscal Year 2010 Results

---

### ***During Fiscal Year 2010, OIG activities resulted in:***

- Almost \$520 million in recommendations that funds be put to better use and in questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayer.
- 122 audit reports that assisted management in improving the efficiency and effectiveness of Agency operations.
- Over \$501 million\* in management decisions agreeing with audit recommendations; \$620.4 million in criminal, civil, administrative, and other recoveries.
- 281 new investigations opened and 257 cases closed.
- 74 case referrals (126 subjects) accepted for criminal prosecution and 23 case referrals (27 subjects) accepted for civil litigation.
- 50 criminal indictments/informations and 58 successful prosecutions on criminal matters referred.
- 18 civil settlements.
- 40 employee actions taken on administrative referrals involving GSA employees.
- 72 contractor/individual suspensions and 64 contractor/individual debarments.
- 2543 Hotline calls and letters received of which 180 were referred for criminal or civil investigations, 84 were referred to other agencies for follow up, and 168 were submitted to GSA for review and appropriate administrative actions.

---

\* The management decision amount reported in the Semiannual Report to the Congress, dated April 30, 2010, included \$45,134 of funds be put to better use that has been excluded from the FY 2010 Results since the report containing these savings has been rescinded.

---

## Executive Summary

---

During this semiannual period, the OIG continued to direct its auditing and investigative resources toward what it has identified as the major management challenges facing GSA. The OIG conducted audit reviews and investigations to ensure the integrity of the Agency's financial statements, programs, and operations, and to ensure that the taxpayers' interests were being protected. The OIG also continued to initiate actions to prevent fraud, waste, and abuse, and to promote economy and efficiency throughout GSA. The OIG's resources have been directed specifically toward conducting preaward, financial, and programmatic audits; management control assessments; contract reviews; investigations of fraud, abuse, and related actions by GSA employees and government contractors; and litigation support in civil fraud actions, enforcement actions, criminal prosecutions, contract claims, and administrative actions, all in an effort to maintain the integrity of GSA programs.

### Management Challenges

The OIG continued to strive to provide the high level of quality in reviews and recommendations for which it is known, in order for GSA to continue leading the government in contracting and procurement. During this semiannual period, the focus has been on acquisition programs, financial reporting, protection of federal facilities and personnel, the federal buildings fund, and the American Recovery and Reinvestment Act (Recovery Act). The following are significant audits and reviews that identify major issues facing GSA.

### Acquisition Programs

**Significant Preward Reviews and Other Audits.** The OIG's preaward review program provides information to contracting officers (COs) for use in negotiating contracts. This period, the OIG performed preaward reviews of 40 contracts with an estimated value of \$5.4 billion. We recommended that more than \$342 million of funds be put to better use. During this reporting period, management decisions were made on 28 preaward reports, which recommended that over \$206 million of funds be put to better use. Management agreed with 100 percent of the recommended savings (page 2).

**Review of GSA's Suspension and Debarment Process.** Suspension and debarment are discretionary actions the Government takes to protect taxpayer dollars

by refusing to do business with irresponsible contractors. Auditors reviewed the GSA's Center for Suspension and Debarment (CSD), and found that the Office of the Chief Acquisition Officer had not fully addressed the CSD staffing deficiencies identified in a 2007 audit. In addition, the audit report recommends that the CSD expressly take timeliness into account in its performance measurements and more actively seek new potential cases (page 2).

**Audit of GSA's Acquisition of Services for the International Trade Center at the Ronald Reagan Building.** The Office of Audits reviewed a contract for the development, operation, and management of the International Trade Center space. The audit revealed that the contract's scope of work was expanded in violation of regulatory requirements; the contract's compensation terms and various expansions were highly favorable to the contractor and shifted performance and cost risk to the government; and the contract resulted in millions of dollars in payments to the contractor for work for which the contractor had already been compensated (page 3).

**Review of the Federal Acquisition Service's Client Support Centers.** In conjunction with the Department of Defense Inspector General, GSA OIG auditors reviewed the Federal Acquisition Service's Client Support Centers for compliance with federal and defense acquisition regulations. The review identified minor deficiencies in funds management, task order award and administrative processes, and task order file documentation procedures, as well as an illegal use of expired funds to pay for goods and services (page 4).

**Review of Controls within FAS's Office of Infrastructure Optimization – HSPD-12 Branch.** Auditors reviewed GSA's implementation of Homeland Security Presidential Directive 12 (HSPD-12), which creates heightened requirements for identification devices and security. The review disclosed weaknesses in the administrative control of funds as well as violations of the Federal Acquisition Regulation (FAR), including potential violations of the bona fide needs rule. In addition, the multi-agency contract to procure services needed for compliance with HSPD-12 administered by GSA has engendered various fiscal law and budgetary problems (page 5).

---

## Executive Summary

---

### Financial Reporting

#### **Audit of GSA's Fiscal Year 2009 Direct Pay Purchases.**

GSA's Office of the Chief Financial Officer requested that the GSA OIG review GSA's Fiscal Year 2009 direct pay purchases to determine whether these purchases followed proper procedures. The review found untimely-paid invoices, a weakness with regard to segregation of duties, and a transaction without supporting documentation, in contravention of GSA's Policy on Submission of Invoices to the Office of Finance and the Prompt Payment Act (page 6).

### Protection of Federal Facilities and Personnel

#### **Alert Report – Review of Health and Safety Conditions at the Bannister Federal Complex, Kansas City, Missouri.**

Pursuant to a congressional request, the Office of Audits reviewed the health and safety conditions at the Bannister Federal Complex in Kansas City, Missouri. To date, the review has determined that GSA has not been fully responsive to Freedom of Information Act requests regarding health and safety matters at the site (page 6).

### American Recovery and Reinvestment Act

#### **50 UN Plaza Renovation Project Construction Contract.**

A review of the GSA Public Buildings Service's (PBS's) \$121 million high performance green building modernization project at the federal building in San Francisco revealed that a "Comprehensive Project Plan" was not prepared for the project, although this is required by PBS's routine project planning process (page 7).

**Successful Purchase of Vehicles.** The GSA OIG's audit found that the Federal Acquisition Service (FAS) effectively carried out the replacement of federal fleet vehicles in accordance with the Recovery Act's goals and directives. Although of minimal impact, the lack of publicity regarding modifications to the replacement plan did not appear to fully support the Recovery Act's transparency objectives (page 8).

**Improper Obligation of Recovery Act Funds.** Ongoing oversight of the construction project at the St. Elizabeth's campus for the new Department of Homeland Security headquarters revealed that GSA may have improperly obligated \$28.9 million in Recovery Act funds. This matter has been referred to PBS's Office of Legal Counsel (page 8).

**Procurement of Photovoltaic System at the Denver Federal Center.** A review of the construction of a solar power system at the Denver Federal Center revealed that the \$18.4 million project will not see a return on investment for 85 years (page 8).

**Construction Management Services Projects in North Dakota.** A review of a task order issued by the Rocky Mountain PBS office revealed \$5,300 in unnecessary or unsubstantiated expenses (page 9).

#### **Renovations of the Roman Hruska Courthouse.**

Auditors found that a sole-source contract to replace the roofing systems of the federal courthouse in Omaha, Nebraska had several procurement irregularities, and was awarded neither to a local firm nor a small business as required by small business set aside guidelines (page 9).

**Letter to Congressman Issa.** In response to a congressional request, the GSA OIG determined that GSA's construction contracts funded by the Recovery Act require the projects to display signs indicating the Recovery Act funding, and that the requirements are generally being followed, but for a small number of size and quantity deviations (page 9).

### Other Initiatives

**FAR Contractor Disclosure Program.** The GSA OIG continues to process, evaluate, and act on the disclosures made by contractors pursuant to the FAR rule requiring a contractor code of business ethics and conduct, an internal control system, and disclosure to the government of certain violations of criminal law, violations of the civil False Claims Act, and significant overpayments. During this reporting period, the GSA OIG received 11 disclosures. These disclosures involved timekeeping system errors, compliance failures, employee fraud and inappropriate behavior, misuse of funds, and intentional and unintentional overbilling (page 10).

### Promoting and Protecting Integrity

GSA is responsible for providing working space for one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property, and operates a government-wide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars

---

## Executive Summary

---

worth of equipment, supplies, materials, and services each year. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil and other monetary recoveries totaled almost \$206 million.

### Significant Civil Actions and Criminal Investigations

**Civil Recoveries.** EMC Corporation agreed to pay the U.S. government \$3.5 million to settle claims that it sold defective or potentially defective computer platforms and integrated circuits. Following this settlement, EMC agreed to pay an additional \$87.5 million to resolve claims that by misrepresenting its commercial pricing practices, EMC fraudulently induced GSA to enter a contract with inflated prices (page 11). Hewlett Packard (HP) agreed to pay the government a total of \$55 million to resolve claims that HP made payments to influence the purchase of HP products by federal agencies in violation of the Anti-Kickback Act and that HP had knowingly failed to provide current, accurate, and complete commercial pricing information to GSA, resulting from a GSA OIG *qui tam* investigation (page 11). Cisco Systems, Inc., and Westcon Group North America, Inc., agreed to pay \$44.16 million and \$3.84 million respectively to the government after both companies admitted to failing to disclose relevant pricing information to the government and failing to comply with price reduction obligations under the contract and related letters of supply (page 11). Learning Tree International, Inc. agreed to a negotiated settlement payment of \$4.5 million to resolve claims arising from the company's billings to the government for training services that were not provided (page 11). Gilbane Building Company settled with the government for \$1.3 million for its alleged failure to make timely progress payments to its subcontractors in violation of its federal government contracts and the False Claims Act (page 12). Furuno USA, Inc., agreed to pay the government \$695,063 for violations related to the False Claims Act after the company knowingly misrepresented that its products sold under government contracts were manufactured in the U.S. or Japan, when in fact, many products were manufactured in China, in violation of the Trade Agreements Act (page 12).

**Theft and Fraud.** A GSA contractor for Omega Service Maintenance Corporation was sentenced to two years of supervisory release and a \$1,000 fine after a joint investigation by the GSA OIG, the Postal Service OIG, and

the Ports Authority of New York and New Jersey OIGs revealed mail fraud offenses (page 12). Former owner of M&A Supply pleaded guilty to federal violations related to his involvement in a conspiracy to filing false government claims on the GSA schedule program (page 12). A joint investigation conducted by the GSA OIG, the FBI, and the Treasury OIG led to the sentencing of a con man to serve 144 months for state theft violations and to pay over \$290,000 in restitution to his victims, after fraudulently using the Treasury and GSA seals to authenticate false information to secure investments in fictitious humanitarian projects and business ventures throughout the world (page 13). Two former United Rentals, Inc., employees were debarred from participating in government procurement programs after the OIG revealed that the Securities Exchange Commission had filed federal securities fraud charges against them (page 13). An FAA repair technician was sentenced to 42 months of incarceration, three years of supervisory release, and 100 hours of community service, and was ordered to make restitution of over \$186,600 after he was convicted of unlawfully obtaining excess government property (page 13). A former reserve police officer was sentenced to six months confinement for pawning a submachine gun acquired by his police department through the GSA Firearms Donation Program (page 13). A former Department of Energy employee was sentenced to 36 months of supervised release and ordered to pay a \$5,000 fine after pleading guilty to steering a federal renovation contract to her husband, who was also sentenced (page 14). An Army Reserve Staff Sergeant, Chief Warrant Officer, and Sergeant were convicted in separate incidents of illicit purchasing through the GSA Advantage system (page 14).

**False Statements and Obstruction of Justice.** In June 2010, the President of the Texas Firebirds Volunteer Fire Department pleaded guilty to making a false statement to the Federal Aviation Administration in connection with an aircraft obtained for conducting law enforcement and firefighting operations but not ever used for such operations (page 12).

**Fleet and Travel Card Abuse.** A former Public Building Service official was sentenced to three months confinement, 12 months of probation, and ordered to pay \$61,000 in restitution and a \$100,000 fine after pleading guilty to federal theft violations by improperly

---

## Executive Summary

---

charging \$61,000 to a GSA-issued purchase card for personal expenditures (page 15). An individual was sentenced to six months of incarceration in the San Bernardino County (California) jail after it was discovered that he modified a vehicle to hold several hundred gallons of fuel and used them in conjunction with a GSA Fuel & Management credit card to commit theft (page 15). An individual was arrested and charged with Illinois state misdemeanor theft violations after making \$35,000 in fraudulent charges on government-issued credit cards (page 15). A U.S. Navy Petty Officer was convicted after a GSA OIG investigation revealed that he misused a GSA Fleet Management fuel credit card for personal gain, resulting in losses to the government in excess of \$1,500 (page 15).

**WPA Artwork.** A coordinated initiative of the GSA OIG, the Department of Justice, and the Federal Bureau of Investigation recovered three more historic works of art produced through the Works Progress Administration during this reporting period. These include *The Accident*, produced by Adrian Troy in 1936 and recovered from its sale on eBay; *German Restaurant*, by Antoinette Gruppe and also found for sale on eBay; and *Cowboy Music from Broadway*, produced by Harold West in 1939. Notably, a short documentary film was produced on the WPA Art Recovery Project that contains interviews with possessors, art historians, and investigators. A premiere has been scheduled for October 2010 at the Detroit Institute of Arts (page 15).

### Suspension and Debarment – Highlights

During this reporting period, the OIG made 106 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 62 suspension and debarment actions based on current and previous OIG referrals (page 16).

### Integrity Awareness – Highlights

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees' roles in helping to ensure the integrity of Agency operations. This period, we presented 26 briefings attended by 597 regional and Central Office employees (page 16).

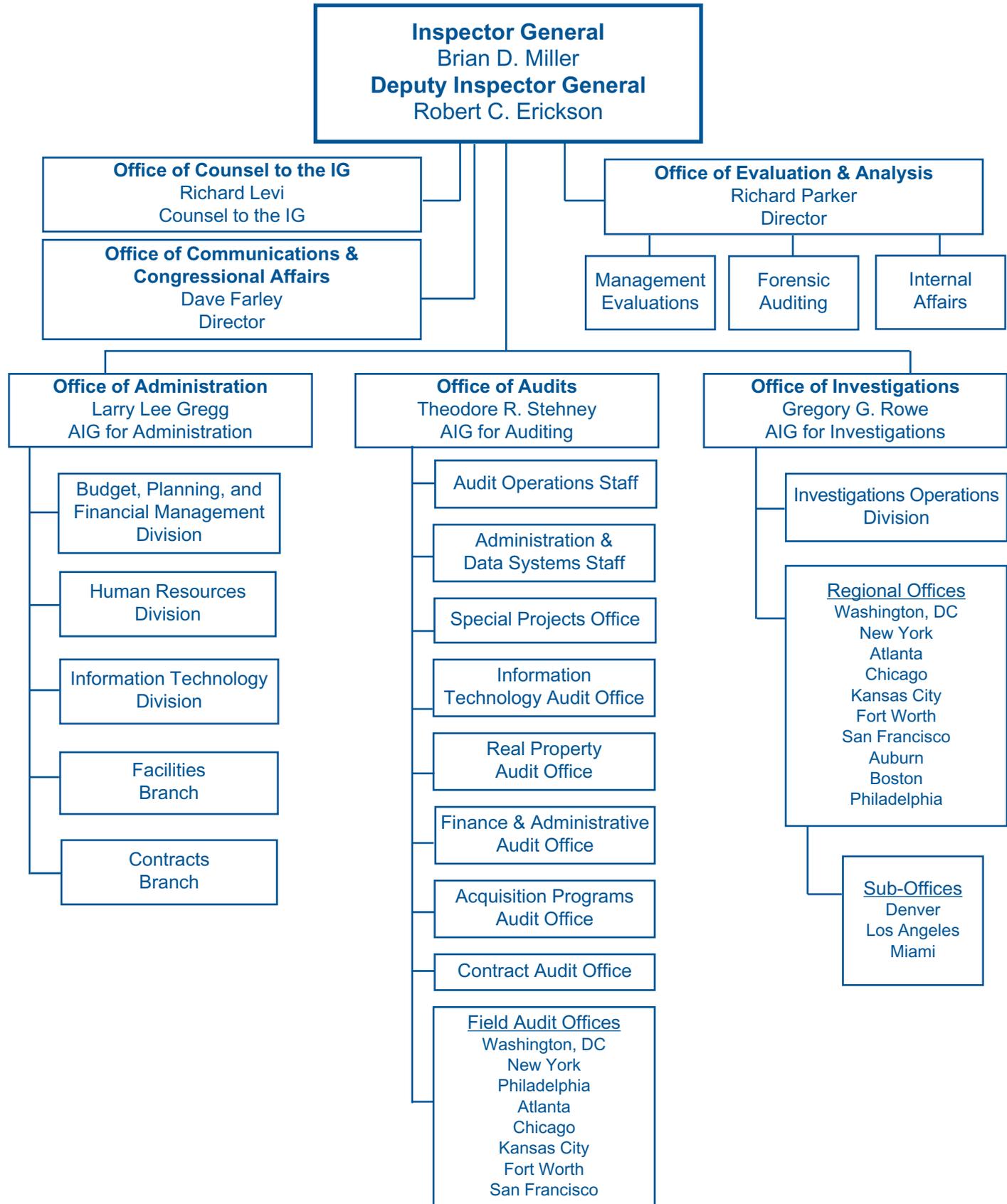
### OIG Hotline – Highlights

During this reporting period, we received 1,285 Hotline contacts. On the basis of these contacts, 229 Hotline cases were initiated. In 73 of these cases, referrals were made to GSA program officials for review and action as appropriate; 37 were referred to other Federal agencies for follow up; 88 were referred for OIG criminal/civil investigations or audits; and 12 did not warrant further review (page 16).

### Summary of Results

The OIG made over \$349 million in financial recommendations to better use government funds; made 227 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed numerous legislative and regulatory actions; issued 48 subpoenas; and received 1,285 Hotline contacts. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$419 million.

## OIG Organization Chart



*(This page was intentionally left blank.)*

---

## OIG Profile

---

### Organization

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

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

- The Office of Audits, an evaluative organization staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program reviews, assessments of management controls, and financial, regulatory, and system audits. The office conducts external reviews in support of GSA contracting officials to carry out their procurement responsibilities and obtain best value for Federal customers and the American taxpayers. The office also provides other services to assist management in evaluating and improving their programs.
- The Office of Investigations, an investigative organization that conducts a nationwide program to prevent, detect, and investigate illegal and/or improper activities involving GSA programs, operations, and personnel.
- The Office of Counsel, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative and regulatory review.
- The Office of Evaluation & Analysis is comprised of three divisions: Forensic Auditing; Internal Affairs; and Management Evaluations. The Forensic Auditing

Division employs innovative auditing and investigative techniques to detect fraudulent or abusive conduct within selected Agency operations and programs. It develops evidence that meets the admissibility standard required for prosecution of wrongdoers in federal courts. The Internal Affairs Division investigates allegations of wrongdoing by employees of the Office of Inspector General. It also conducts preliminary background investigations of new hires and undertakes suitability determinations. The Management Evaluations Division conducts operational assessments of OIG field offices and other operating components, and undertakes other duties as required by the Inspector General.

- The Office of Administration, a professional staff that provides information technology, budgetary, administrative, personnel, and communications support and services to all OIG offices.

### Office Locations

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

### Staffing and Budget

As of September 30, 2010, our on-board staffing level was 313 employees. The OIG's FY 2010 budget was \$61 million, which includes \$450,000 in reimbursable authority and \$1.55 million in funds appropriated under the American Recovery and Reinvestment Act of 2009.

---

## Management Challenges

---

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

### Acquisition Programs

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

#### Significant Preaward Reviews and Other Audits

The OIG's preaward review program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward reviews distinguishes them from other audits. This program provides vital and current information to the contracting officers, enabling them to significantly improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward reviews of 40 contracts with an estimated value of \$5.4 billion. We recommended that more than \$342 million of funds be put to better use. Three of the more significant Multiple Award Schedule (MAS) contracts we reviewed had projected government-wide sales totaling more than \$1.1 billion. The review findings recommended that \$226 million in funds be put to better use. The reviews disclosed that information provided by the vendors did not adequately support the proposed rates, mainly because the vendors did not have sufficient commercial sales. In these reviews, our examination of the alternate cost build-up information that was provided showed that the proposed rates were overstated. Additionally, the methodology used by one of the vendors to support its proposed rates did not accurately reflect the company's actual practices, and therefore, resulted in per-review adjustments to the proposed rates.

As of September 30, 2010, there were almost 19,000 MAS contracts under GSA's procurement programs with over \$38.9 billion in annual business. History has shown that for every dollar invested in preaward contract reviews, at least \$10 in lower prices, or more favorable terms and conditions, are attained for the benefit of the government and the taxpayer. The Office of Management

and Budget (OMB) has long recognized the dichotomy between the increasing dollar value of GSA's contract activities and our limited resources in providing commensurate audit coverage. From 2004 through 2009, OMB officials provided us additional financial support, through the Federal Acquisition Service (FAS) contract program revenue, to increase our work in this area. These funds enabled us to hire additional staff to support expanded contract review activities. These activities have included, primarily, an increase in preaward contract reviews, as well as more contract performance reviews. The reviews evaluate contractors' compliance with pricing, billing, contract terms, and periodic program evaluations to assess the efficiency, economy, and effectiveness of contracting activities. Starting with the Fiscal Year (FY) 2010 appropriations process, OMB has provided this additional support in direct appropriations to the OIG to provide continued service in this area. During this reporting period, management decisions were made on 28 of our preaward reports, which recommended that over \$206 million of funds be put to better use. Management agreed with 100 percent of our recommended savings. We will continue to work closely with FAS to develop preaward and contract performance assessment programs that strengthen government-wide contracts and provide value for the taxpayers.

#### Review of GSA's Suspension and Debarment Process

*Report Number A090221/OIA/F10005, dated September 30, 2010*

This review found that the Center for Suspension and Debarment (CSD) could increase its effectiveness by addressing staffing deficiencies, developing a performance measure for timeliness, managing case management documentation, and being more proactive in identifying potential referrals.

Suspension and debarment are discretionary actions that the Government takes to protect the public from conducting business with irresponsible contractors. The

---

## Management Challenges

---

### **Acquisition Programs (continued)**

Federal Acquisition Regulation (FAR) provides policies and procedures that govern suspension and debarment. The objective of this review was to determine the extent to which the CSD is effective in processing suspension and debarment case referrals and taking action in response to those referrals. The review was a follow-up to our 2007 review, in which we found inadequate staffing in the CSD that, in turn, led to a backlog of suspension and debarment case referrals.

Overall, we found that the Office of the Chief Acquisition Officer did not adequately address the staffing deficiencies identified during our 2007 review. Staffing shortages continued into 2008, with older cases remaining to be processed and/or completed, impacting the CSD's ability to respond to incoming cases in a timely manner. While the current Suspension and Debarment Officer (SDO) has made progress in terms of recruiting the appropriate number of qualified staff, management has not placed a sufficiently high priority on staffing this critical function. While the CSD took action on the majority of its workload in fiscal year 2009, it could have achieved greater productivity had management ensured adequate staffing.

In addition, we concluded that even though the SDO's decision-making process conformed to FAR and other relevant criteria, it could be improved by establishing performance metrics for timeliness. The CSD has not established performance goals related to timeliness in issuing initial protective action in suspension and debarment.

Further, we noted the CSD's new electronic case management system streamlines the process and provides for better management oversight. The system also generates an e-mail reminder to ensure case officers enter suspension and debarment actions into the Excluded Parties Listing System (EPLS) in a timely manner. We believe uploading documentation of all EPLS actions into the new system for verification would be beneficial.

Finally, the CSD could increase its efficiency and effectiveness by taking a more proactive approach in identifying potential referrals.

We recommended that the Associate Administrator for Governmentwide Policy ensure:

- The maintenance of adequate staffing for the suspension and debarment function; specifically,
  - There should be sufficient dedicated staff to support the function;
  - All staff members should have the necessary skill sets and qualifications to effectively work on suspension and debarment cases; and
  - The administrative process to fill vacancies should be efficient given the critical function of suspension and debarment.
- The SDO establishes a performance measure(s) for timeliness in processing case referrals.
- The CSD uploads documentation for all EPLS actions into the case management system.
- The CSD has direct access to resources that enable the division to efficiently obtain information required for documentation purposes and increases efforts to proactively obtain information for potential case referrals.

The Associate Administrator for Governmentwide Policy agreed with the report recommendations.

### **Audit of GSA's Acquisition of Services for the International Trade Center at the Ronald Reagan Building**

*Report Number A080106/PIWIR10004, dated May 3, 2010*

This audit identified numerous and substantial procurement irregularities under the prior contract with Trade Center Management Associates (TCMA) related to space in the Ronald Reagan Building. On March 7, 1995, GSA awarded a firm, fixed-priced contract to TCMA for the exclusive right to develop, operate, and manage the more than 500,000 occupiable square feet dedicated to the International Trade Center in the Reagan Building. Since that time, extensive changes have been made to the contract. Our objective was to assess whether these changes should have been made, and whether they were properly executed.

---

## Management Challenges

---

### Acquisition Programs (continued)

We identified several procurement irregularities including:

- TCMA's scope of work was expanded in a manner that was highly favorable to TCMA and contrary to provisions of the FAR.
- The contract was modified to incorporate parking garage management and operations resulting in excessive and unwarranted compensation, inappropriate risk assumption, unnecessary incurrence of taxes, penalties and interest, and improper payment of overhead on those taxes, penalties, and interest.
- A contractual compensation arrangement that inappropriately shifted all cost and performance risk to the Government, inappropriately reimbursed TCMA for in-house labor costs and marketing expenses, and represented an inherent conflict of interest.
- Acquisition of construction services through TCMA's contract using non-competitive awards, some of which were outside the scope of the contract, included unspecified deliverables and terms and conditions, and included multiple levels of cost mark-ups and fees.
- Reimbursement of \$4.5 million for additional administrative positions which are typically included in a contractor's general and administrative (G&A) expense and therefore should not have been reimbursed separately.
- Improper reimbursement of more than \$10.6 million in additional sales and sales management services for work already included in the fixed-price portion of the contract.
- A lack of oversight and enforcement of contract terms allowing TCMA to occupy substantially more International Trade Center space than provided for under the contract at no additional cost.
- Other program management deficiencies such as failing to enforce contract reporting requirements and existing audit rights, and permitting International Trade Center operations to be heavily subsidized by the Federal Buildings Fund.

We recommended that the Acting Regional Administrator:

- Correct the identified contracting and oversight deficiencies for current and future contract actions, including:
  - Non-compliance with all applicable government contract laws and regulations;
  - Uncompensated use of space by TCMA;
  - Lack of meaningful performance measures for the contractor;
  - Improper accounting treatment for assets including allocation of expenses and capitalization; and
  - Lack of effective acquisition planning for any contract modifications and awards.
- Address the inherent conflict of interest that results from TCMA as both trade center manager and owner/manager of the Aria restaurant.
- Evaluate and perform analyses of the contract to determine the best course of action to ensure GSA is obtaining fair and reasonable pricing, as envisioned at the time of the award of the second contract, before awarding additional extensions/option years. Included in this evaluation would be a review of the International Trade Center mission as it affects the stewardship of the asset.
- Establish and support an independent line of authority for the contracting officer and ensure transparency in the management of the contract.

Management repeatedly concluded that its contract actions were sound business decisions and that the modifications to the previous TCMA contract were appropriate. Further, management also contends that the audit report's findings have been addressed in the new contract with TCMA.

The OIG position stated in the audit report remains unchanged.

### Review of the Federal Acquisition Service's Client Support Centers

Report Number A090139/Q/A/P10011, dated September 17, 2010

---

## Management Challenges

---

### **Acquisition Programs (continued)**

In accordance with the National Defense Authorization Act for FY 2008 (Public Law 110-181), the Inspectors General of the General Services Administration (GSA) and the Department of Defense (DoD) jointly assessed the procurement policies, procedures, and internal controls of the Federal Acquisition Service's (FAS) Client Support Centers (CSC). This assessment was to determine whether the FAS's CSCs are administered in a manner compliant with FAR and defense procurement requirements. This is the fifth such joint review we have performed since 2004.

We determined that, overall, the CSCs comply with the FAR and defense procurement requirements. However, we identified minor deficiencies in funds management, task order award and administrative processes, as well as task order file documentation procedures. These deficiencies were reported to the FAS Commissioner in a consolidated report as well as to the applicable Regional Commissioners in individual regional reports.

We also identified a potential Antideficiency Act (ADA) violation. In this case, the bona fide needs rule was violated when expired funds were used to pay for goods and services received. Bona fide needs violations are correctable by replacing the incorrect FY funds with the correct FY funds. However, at the time of our report, this had not taken place. We addressed this issue in a report to the cognizant Regional Commissioner.

In the consolidated report, we recommended that the Commissioner of the Federal Acquisition Service:

- Strengthen and enhance current controls over funds management;
- Increase oversight and monitoring of task order award and administrative actions; and
- Develop a record keeping policy for all CSCs requiring the use of an electronic system to assist in maintenance and oversight of all task order files.

The FAS Commissioner concurred with the report recommendations.

For the region in which the potential ADA violation occurred, we recommended that the Regional Commissioner work in conjunction with the Chief Financial Officer, Office of General Counsel, and FAS Controller to determine whether prior period actions are matters subject to reporting under the Antideficiency Act.

The FAS Regional Commissioner concurred with this recommendation.

The additional four regional reports did not include formal recommendations.

### **Review of Controls within FAS's Office of Infrastructure Optimization – HSPD-12 Branch**

*Report Number A100055/Q/AIP10010, dated September 13, 2010*

Our review of the GSA implementation of Homeland Security Presidential Directive 12 (HSPD-12) disclosed that GSA did not always conduct the program's procurement activities in compliance with GSA policy and federal procurement regulations. We found weaknesses in the administrative control of funds as well as violations of the FAR, including potential violations of the bona fide needs rule. In addition, GSA's Managed Service Office (MSO) uses an Interagency Agreement (IA) that is inconsistent with guidance established by the Government Accountability Office's (GAO) Decision B-318425.

HSPD-12 is a program designed to enhance personal security, reduce identity fraud, and protect an individual's privacy. The Office of Management and Budget designated GSA as the lead agency for providing HSPD-12 and other identity management systems to Federal agencies. GSA created the MSO to establish a contract to help customer agencies facilitate this effort. However, we noted that, in administering the contract, the MSO:

- Incurred obligations that exceeded the contract funding limit;
- Created a scenario in which some customers placing orders using the IA may have violated the bona fide needs rule by inappropriately crossing fiscal years when obligating funds for contract services; and

---

## Management Challenges

---

### Acquisition Programs (continued)

- Placed the Government at risk for open-ended obligations with the HSPD-12 contractor.

The MSO has begun taking steps to address these issues including efforts to recompetete the contract.

We recommended that the Commissioner of the Federal Acquisition Service direct the MSO to continue:

- Its on-going efforts for the recompetete of the HSPD-12 contract; to include consideration of contract structures (direct-buy, direct-bill, or similar) and/or business processes that remove the MSO from a fund management or customer billing role; and
- Working with GSA's Office of General Counsel (OGC) to resolve the MSO's management of customer agency funding in light of GAO Decision B-318425 to include developing IAs for specific hardware and/or services to ensure proper management of client funds.

The FAS Commissioner agreed with the first recommendation. The FAS Commissioner also responded that FAS is currently working with OGC to respond to GAO's opinion.

### Financial Reporting

GSA systems, including its financial system of record (Pegasys), continue to have deficiencies in interoperability and interfaces. As a consequence, GSA management continues to rely heavily on manual workarounds and significant adjusting entries to prepare the financial statements and related note disclosures.

#### Audit of GSA's Fiscal Year 2009 Direct Pay Purchases

Report Number A100137/BIFIF10004, dated September 30, 2010

At the request of the Office of the Chief Financial Officer (OCFO), the Office of Inspector General reviewed Fiscal Year 2009 direct pay purchases. The OCFO wanted to know whether proper policies and procedures were being followed in making these purchases.

Our audit found instances in which GSA did not consistently adhere to the OCFO's *Policy on Submission*

*of Invoices to the Office of Finance* and the Prompt Payment Act. Specifically, we noted a transaction without supporting documentation and invoices that were not paid in a timely manner. In addition, we noted a weakness with regard to segregation of duties in which the same person served as the Direct Pay Approver, Account Classifier, and Funds Authorizer.

We recommended that the Office of the Chief Financial Officer:

- Ensure that the Office of the Chief Financial Officer's *Policy on Submission of Invoices to the Office of Finance* is consistently applied and followed Agency-wide, regarding record retention requirements.
- Ensure that payments are made on a timely basis as required by the Prompt Payment Act to avoid late payment interest penalties.
- Implement controls in Pegasys (GSA's Accounting System) to insure adequate separation of duties regarding the processing of direct pay purchases.

The OCFO concurred with the report recommendations.

### Protection of Federal Facilities and Personnel

GSA has a role in protecting the life and safety of employees and public visitors in Federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required.

#### Alert Report - Review of Health and Safety Conditions at the Bannister Federal Complex, Kansas City, Missouri

Report Number A100116/PI/6/W10001, dated June 24, 2010

At the request of Senator Christopher Bond (R-Mo.), we initiated a review of the health and safety conditions at the Bannister Federal Complex (Complex) in Kansas City, Missouri. During this review, we found that GSA's Heartland Region was not fully responsive to Freedom of Information Act (FOIA) requests pertaining to the health and safety conditions at the Complex (See Tit. 5 U.S.C. Sec. 552). We

---

## Management Challenges

---

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

issued an alert report dated June 24, 2010, to inform the Heartland Regional Administrator about this issue.

As part of our review, we obtained documentation from the Missouri Department of Natural Resources (MDNR). Included in this information was a letter dated January 7, 2005, from MDNR to GSA expressing concerns about environmental conditions at the Complex. GSA had received FOIA requests for this letter but did not produce it.

We provided a copy of the subject letter to a regional Public Buildings Service (PBS) official and asked him to determine whether PBS had the letter in its files. On June 21, 2010, a regional PBS official confirmed that the Heartland Region did have the letter. In response to our inquiry as to why the letter had not been produced, the official stated that the prior electronic search of records had not identified the document.

We recommended that the Heartland Regional Administrator review the FOIA request responses for compliance, and disclose the January 7, 2005, letter and all other responsive documents as required by law.

The Heartland Regional Administrator concurred with the report recommendations and directed an analysis of the FOIA responses to ensure full compliance with FOIA procedures.

### ***American Recovery and Reinvestment Act of 2009***

*The American Recovery and Reinvestment Act (Recovery Act) was enacted to create jobs and stimulate the economy through a variety of measures that modernize the nation's infrastructure and improve energy independence. The Recovery Act provides GSA with \$5.85 billion to renovate and repair Federal buildings to improve energy efficiency, construct land ports of entry (LPOE), and acquire fuel-efficient vehicles. The Recovery Act also provides \$7 million to the GSA OIG for oversight activities.*

*The oversight of GSA's implementation of the Recovery Act requires a full range of oversight activities including contract, financial, and internal audits, as well as criminal*

*investigations, over the long term. As part of its core oversight activities, the OIG performs internal audits that evaluate GSA functions and programs for economy, efficiency, and effectiveness; contract audits of proposals as well as high value contract modifications and claims under PBS construction contracts; and investigations of criminal activities that impact GSA programs.*

### **Recovery Act Report - 50 UN Plaza Renovation Project Construction Contract Review of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009**

*Audit Number A090172/PIR/IR10005, dated May 27, 2010*

GSA's Public Buildings Service (PBS) selected the 50 United Nations Plaza Federal Building (UN Plaza) in San Francisco, California to be a High Performance Green Building Modernization project and allocated \$121,033,000 of Recovery Act funds for this effort. The GSA Office of Inspector General is conducting oversight of these types of projects.

Our review of the planning phase of this project revealed that an approved project management plan, formally known as a Comprehensive Project Plan (CPP) was not prepared as required by PBS guidance. Under PBS's routine project planning process, the project would not have advanced past the planning stage without a CPP being approved by a division director. That such a plan was not prepared for the UN Plaza modernization may expose PBS to unnecessary project risks.

We initially notified PBS about this matter on August 18, 2009, and subsequently issued an Audit Memorandum on CPPs on September 29, 2009. PBS agreed that project management plans would be required for new construction and major modernizations, including UN Plaza, and that it would ask project managers to prepare the plans. However, as of January 25, 2010, no CPP had been prepared for this project.

---

## Management Challenges

---

### **American Recovery and Reinvestment Act of 2009 (continued)**

#### **Recovery Act Report – Review of American Recovery and Reinvestment Act Purchase of Vehicles**

*Report Number A090164/Q/5/IP10012, dated September 23, 2010*

This review found that the Federal Acquisition Service (FAS) effectively carried out the replacement of federal fleet vehicles in accordance with the Recovery Act's goals and directives. By the end of fiscal year 2009, FAS had obligated all of the \$300 million authorized by the Act.

FAS originally planned to replace only automobiles and small two-wheel drive sport utility vehicles (SUVs). However, when it did not receive a sufficient number of requests for replacements from customer agencies, FAS expanded the field to include pick-up trucks, vans, and larger SUVs. The vehicles added to the fleet were, on average, 7.25 miles per gallon or 42.5 percent more fuel efficient than the replaced vehicles. In addition, 35 hybrid and 5 compressed natural gas buses were added to the fleet via the award of a new definite quantity contract.

Sales of the existing vehicles were well organized and were conducted quickly and efficiently. FAS was able to sell the replaced vehicles at market prices. We noted, however, that FAS did not publicize modifications to its replacement plan, thereby limiting the public's knowledge of how Recovery Act funds were spent. Also, the addition of the pick-ups, SUVs, vans and buses to the plan was not publicized.

Although of minimal impact, the lack of publicity regarding changes to FAS's plan did not appear to fully support the Recovery Act's and management's objective that the vehicle replacement process be conducted in a highly transparent manner.

#### **Audit Memorandum: Improper Obligation of Recovery Act Funds**

*Dated June 18, 2010*

During the course of our ongoing oversight of the Department of Homeland Security (DHS) headquarters consolidation project at the Saint Elizabeths campus, we

noted that GSA may have improperly obligated \$28.9 million in Recovery Act funds.

Under the renovation contract, excavation for the U.S. Coast Guard Headquarters included a line item for soil remediation, which GSA paid for with Recovery Act funds. However, based on a Memorandum of Understanding between GSA and the Department of Health and Human Services (HHS), it appears HHS, not GSA, may have been responsible for these costs.

Accordingly, we advised that this matter be referred to the PBS's Office of Legal Counsel to determine if HHS was, in fact liable for the cost of the soil remediation and, if so, that PBS should initiate discussion with HHS for the purposes of cost recovery.

#### **Audit Memorandum: Procurement of Photovoltaic System at the Denver Federal Center: a Limited Scope Project Funded by the American Recovery and Reinvestment Act of 2009**

*Dated August 18, 2010*

Our audit of the construction of a photovoltaic electrical power system at the Denver Federal Center found that project will not produce a reasonable return on its \$18.4 million investment.

The system is to be constructed using carports. It is 65 percent more costly to produce a unit of power using carports as opposed to a ground-mounted system and will take approximately 85 years to recover the investment on carport construction.

PBS officials in the Rocky Mountain Region promoted many good reasons for investing in energy-efficient technologies. However, a payback range of 55 years (for the ground-mounted arrays) to 85 years is well beyond what can be construed as a significant return on investment for the taxpayer.

---

## Management Challenges

---

### ***American Recovery and Reinvestment Act of 2009 (continued)***

#### **Audit Memorandum: Procurement of Construction Management Services in Support of the American Recovery and Reinvestment Act of 2009 Projects in North Dakota**

*Dated August 19, 2010*

Our review of a \$179,680 firm-fixed price task order issued by the Rocky Mountain Region PBS office disclosed that it contained more than \$5,300 in unnecessary or unsubstantiated expenses. This task order was placed against a FAS multiple award schedule blanket purchase agreement for construction management services in support of Recovery Act projects at three federally-owned facilities in North Dakota.

We found that, as written, the task order contained duplicate expenses; specified personnel whose qualifications did not match those required by the contract; called for open market items that were not in accordance with contract terms and conditions; and resulted in improperly prepared invoices.

#### **Audit Memorandum: Procurement of Renovations for the Roman Hruska Courthouse (Omaha, Nebraska) - a PBS Limited Scope Construction Project Funded by the American Recovery and Reinvestment Act (ARRA) of 2009**

*Dated August 19, 2010*

Our review of a sole-source contract for the removal and replacement of the existing roof systems at the Roman Hruska U.S. Courthouse in Omaha, Nebraska identified three areas of concern related to the procurement process. First, PBS contracting personnel did not use the local Small Business Administration District Office to identify a fully qualified 8(a) contractor. Instead the award was made to a non-local roofing contractor for \$2.5 million. Second, we found multiple Government Cost Estimates that were inconsistent. Finally, the memo of negotiations was ambiguous and did not accurately depict any cost savings that were achieved.

#### **Letter to Congressman Issa**

*Dated July 30, 2010*

On June 24, 2010, Congressman Darrell Issa (R.-Ca.) wrote the Recovery Accountability and Transparency Board (Board) regarding signs displayed at Recovery Act projects. The Board requested the assistance of GSA's OIG in responding to the Congressman. Specifically, the Board asked the GSA OIG to review three areas related to this issue:

- account for all guidance issued by GSA on the posting of stimulus signs;
- determine whether GSA requires stimulus recipients to post signs and whether it has the statutory authority to do so; and
- determine whether the agency has relaxed such requirements.

We found that GSA requires signs on major Recovery Act projects, similar to its normal requirements for usage of signs for all of its major construction projects. GSA's PBS has issued internal guidance on signs for Recovery Act projects. This guidance is incorporated into the construction contracts funded by the Recovery Act. Generally, these requirements have not been relaxed and are being followed. However, as reported by PBS, there have been a limited number of size and quantity deviations from PBS's policy.

#### **Other Activities to Date**

The Office of Forensic Auditing conducted operations that led to the referral of seven Recovery Act contractors to the Office of Investigations for further examination. Forensic Auditing discovered the anomalies under its ongoing computer matching program

#### **Other Initiatives**

*In response to recent legislative actions regarding the Federal Acquisition Regulation (FAR) rule that requires government contractors to disclose to agencies' OIGs credible evidence of violations of Federal criminal law under U.S.C. Title 18 or the civil False Claims Act, we*

---

## Management Challenges

---

### **Other Initiatives (continued)**

*initiated a website for contractor self reporting, and internal procedures for evaluating such disclosures.*

### **FAR Rule for Contractor Disclosure**

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

Under the rule, a contractor must timely disclose to the relevant agency’s Office of Inspector General (OIG) in connection with the award, performance, or closeout of a Government covered contract performed by the contractor or a subcontract awarded thereunder, credible evidence of a violation of Federal criminal law involving fraud, conflict

of interest, bribery, or gratuity violations found in Title 18 of the United States Code, or a violation of the civil False Claims Act. The rule provides for the suspension or debarment of a contractor when a principal knowingly fails to timely disclose, in writing, such violations.

The GSA OIG has implemented a website for contractor self-reporting and GSA’s contractors may make the required disclosures through this website. Further, the OIG developed internal procedures to process, evaluate, and act on the disclosures made by contractors. As disclosures are made, the Office of Audits, Office of Investigations, and Office of Counsel to the Inspector General work together examining each acknowledgment and making a determination as to what actions are warranted. During this reporting period, the OIG received 11 disclosures. These disclosures included timekeeping system errors, compliance failures, contractor employee fraud/inappropriate behavior, misuse of task order funds, and overbilling (both intentional and unintentional.)

---

## Promoting and Protecting Integrity

---

GSA is responsible for providing working space for one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a government-wide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations, and that the taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions and inspections to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil, and other monetary recoveries totaled almost \$206 million (see Tables 5 and 6).

### Significant Civil Actions and Criminal Investigations

#### Electronic Component Supplier Settles Multiple Claims

On May 10, 2010, EMC Corporation agreed to pay the U.S. Government \$3.5 million to settle claims that it sold defective or potentially defective computer platforms and integrated circuits. Following this settlement, on May 17, 2010, EMC Corporation agreed to pay an additional \$87.5 million to the U.S. Government to resolve claims that (1) by misrepresenting its commercial pricing practices, EMC fraudulently induced GSA to enter a contract with inflated prices, and (2) EMC engaged in an illegal kickback scheme. These settlements are the result of two separate GSA OIG *qui tam* investigations that were conducted in close collaboration with the GSA OIG's Office of Audits, which revealed EMC knowingly sold the components to the government although they did not meet the requisite quality specifications, and over-billed the government for the products and services it provided.

#### Hewlett Packard Settles \$55 million in Government Claims

On August 30, 2010, Hewlett Packard (HP) agreed to pay the Government a total of \$55 million (\$46 million toward GSA Claims and \$9 million toward Civil Action Claims) to resolve claims resulting from a GSA IG *qui tam* investigation that was conducted in collaboration with the GSA OIG's Office of Audits. The agreement settles allegations that HP made payments to systems integrators and other business partners to influence the purchase of HP products by federal agencies in violation of the Anti-Kickback Act; that HP knowingly failed to provide current, accurate and complete commercial pricing information to GSA during the negotiation of a

contract or contract modifications; and that HP knowingly failed to pass on price reductions to customers buying through the GSA contract or offer the minimum GSA contract discount for sales to GSA customers.

#### Cisco and Westcon Agree to Pay \$48 million to Settle Contract Pricing Claims

On September 2, 2010, Cisco Systems, Inc., and Westcon Group North America, Inc., (formerly Comstor) agreed to pay \$44.16 million and \$3.84 million, respectively, to the United States Government to resolve claims resulting from a GSA OIG *qui tam* investigation that was conducted in collaboration with the GSA OIG's Office of Audits. Further, both companies admitted to having made inaccurate and/or incomplete disclosures and/or false statements, and/or presented or caused to be presented false claims to the United States, in that they failed to disclose relevant discount, rebate, true-up, benefits, credits, value-added, and pricing information to the United States. As a result, contract pricing and orders issued pursuant to the contract were inflated, and the companies failed to comply with price reduction obligations under the contract and related letters of supply.

#### Joint Investigation Reveals Scheme to Retain Government Payments for Unused Training

On April 6, 2010, Learning Tree International, Inc., agreed to a negotiated settlement payment of \$4.5 million with the Department of Justice, Commercial Litigation Branch, to resolve claims arising from the company's billings to the government for training services that were not provided. The settlement followed a joint GSA OIG, Department of Agriculture OIG and Department of Commerce OIG *qui tam* investigation that revealed that Learning Tree, during the time period of October 1996 through September

---

## Promoting and Protecting Integrity

---

2007, invoiced federal agencies for multi-course training services through the issuance of “vouchers” and “passports,” and retained prepaid federal monies for unused courses upon the expiration of the period of availability of those course packages, in violation of the contractual and statutory prohibitions on prepayment and expiration of funds.

### **Gilbane Building Company Pays \$1.3 Million in Settlement**

On September 23, 2010, GSA contractor, Gilbane Building Company settled with the U.S. Government for \$1.3 million for its alleged failure to make timely progress payments to its subcontractors in violation of its Federal Government contracts and the False Claims Act. In reliance on Gilbane’s numerous certifications on its progress payment applications that it had timely paid its subcontractors, the Government made hundreds of progress payments to Gilbane.

### **Furuno USA Resolves TAA Violations through Settlement**

On August 26, 2010, the U.S. Department of Justice executed a settlement agreement with Furuno USA, Inc., wherein the company agreed to pay the U.S. Government \$695,063.29 for violations related to the False Claims Act. This settlement was the result of a GSA OIG *qui tam* investigation conducted in collaboration with the GSA OIG’s Office of Investigations, Department of Homeland Security OIG and the Naval Criminal Investigative Service. The investigation revealed Furuno USA, Inc., knowingly misrepresented that its products sold under government contracts were manufactured in the United States or in Japan, when in fact, many of the products were manufactured in the People’s Republic of China, in violation of the Trade Agreements Act (TAA). After the company was notified that the products were in violation of the TAA, Furuno continued to supply products to the government that were manufactured in its newly opened Chinese factory.

### **GSA Contractor Employee Sentenced for Mail Fraud**

On September 23, 2010, Eduardo Alvarado, a Senior Project Manager for Omega Service Maintenance Corporation, a GSA contractor, was sentenced to two years of supervisory release and a \$1,000 fine. The

sentence is the result of a joint investigation conducted by GSA OIG, the Postal Service OIG, and the Ports Authority of New York and New Jersey OIGs, which revealed that Alvarado deliberately submitted fraudulent concrete test results in conjunction with government construction projects. The investigation also revealed that Omega had received approximately \$360,000 in payments from GSA for substandard concrete work performed in conjunction with the renovation of a loading dock at the Mitchell H. Cohen Federal Building & U.S. Courthouse in Camden, New Jersey. Previously, on August 6, 2009, Alvarado pleaded guilty to mail fraud.

### **GSA Contractor Pleads Guilty to Conspiracy**

On September 29, 2010, Jeffrey Blake, former owner of M&A Supply, pleaded guilty to federal violations related to his involvement in a conspiracy to filing false government claims. Blake’s pleading followed the May 6, 2010, guilty pleading of Michael Morand, who acknowledged his role in the scheme to defraud the government. These convictions follow a joint investigation conducted by GSA OIG and the Defense Criminal Investigative Service that revealed M&A Supply had submitted false freight invoices in excess of \$225,000. The investigation further identified a number of questionable invoices that the company submitted to various Department of Defense customers who were using the GSA schedule program.

### **President of Texas Firebirds Volunteer Fire Department Pleads Guilty to False Statement Violation**

On June 10, 2010, Darryl Reynolds, President of the Texas Firebirds Volunteer Fire Department (TFVFD), pleaded guilty to making a false statement to the Federal Aviation Administration in connection with an aircraft he obtained for the TFVFD through the Federal Surplus Property Program. This pleading follows a joint investigation conducted by the GSA OIG, the Defense Criminal Investigative Service, the Department of Transportation OIG, and the Texas Department of Public Safety, Texas Ranger Division, which revealed Reynolds applied for and received eight helicopters and one fixed wing aircraft that the U.S. Government donated through the Federal Surplus Property Program for the specific

---

## Promoting and Protecting Integrity

---

purpose of conducting law enforcement, aerial search and rescue and firefighting operations. However, agents found no records indicating that the aircraft had been ever used for such operations.

### **Con-Man Sentenced for Theft in Connection with Securities Scheme**

On July 12, 2010, Stephen Jones was sentenced to serve 144 months in the Texas Department of Corrections for state theft violations and ordered to pay \$290,875 in restitution to his victims. Previously, Jones had been indicted on 45 counts for violations of the Texas Securities Act and Texas Penal Code.

This sentence follows a joint investigation conducted by GSA OIG, the Federal Bureau of Investigation and the Treasury OIG, which revealed Jones fraudulently used the Treasury and GSA seals to ostensibly authenticate false information concerning the Department of the Treasury and the GSA Surplus Property and Donation Program and secure investments in fictitious humanitarian projects and business ventures throughout the world. In furtherance of his scheme, Jones told victims that he had resources in the government able to secure items for investors to use in their own projects, and that he was waiting for the Department of the Treasury to provide funding against \$1.3 billion of 1918 Chinese gold bonds he possessed.

### **Securities Fraud Leads to Three Year Debarment**

On May 17, 2010, the General Services Administration, Office of Acquisition Integrity, debarred Michael J. Nolan, former CFO of United Rentals, Inc. (URI), and John N. Milne, Former Vice-Chairman, President and CFO of URI, from participating in federal procurement and non-procurement programs for a three-year period. The debarment was based upon a GSA OIG investigation that revealed the Securities Exchange Commission had filed two separate series of federal securities fraud charges against Nolan and Milne as the result of fraudulent transactions they initiated to meet URI's earnings forecasts and analyst expectations. The duo committed fraud through a series of interlocking three-party transactions, structured as "minor sale-leasebacks," to allow URI to recognize revenue prematurely and to inflate profits generated from the sales.

### **FAA Repair Technician and His Brother Sentenced for Their Roles in Excess Federal Property Theft Scheme**

On June 30, 2010, Steven Smith was sentenced after pleading guilty to engaging in a scheme to defraud and deprivation of honest services. Smith was sentenced to 42 months of incarceration, three years of supervised release, and 100 hours of community service, and ordered to make restitution in the amount of \$186,619. Previously, on June 29, 2010, his co-conspirator Bradley Gardner was convicted of federal violations related to Wire Fraud, Mail Fraud, Theft of Honest Services and Unlawful Monetary Transactions, and he was later sentenced to 54 months in prison. These convictions follow a GSA OIG investigation that was initiated after an alert GSA property disposal specialist noticed that Smith, who was employed as an FAA repair technician, improperly used an unassigned activity code to screen federal excess property, although Smith was not authorized to screen and acquire federal property. Records indicated that he unlawfully obtained excess government property valued at approximately \$3 million, which included a 50-foot Cheoy Lee Fishing Yacht valued at \$500,000. Smith and Garner worked together to convert the majority of the excess federal property to their personal use and transported many items to Canada.

### **Former Reserve Police Officer Sentenced for Theft**

On July 13, 2010, Derrick Arrasmith pleaded guilty to a misdemeanor violation of the Kansas state criminal deprivation of property statute and was sentenced to six months of confinement in the county jail. The sentence was suspended and Arrasmith was placed on supervised probation for a period of six months. This GSA OIG investigation was initiated after a GSA property disposal specialist provided information revealing that Arrasmith, a former reserve police officer for the Udall (Kansas) Police Department, misappropriated and pawned a Colt 9 mm submachine gun (SMG) that his department had acquired through the GSA Firearms Donation Program. Arrasmith never returned to pay off the loan from the pawn shop and the SMG was put up for sale. The weapon was recovered by the Bureau of Alcohol, Tobacco, and Firearms during a compliance inspection at the pawn shop.

---

## Promoting and Protecting Integrity

---

### **Joint Investigation with DOE OIG Reveals Federal Employee Steered Contracts to Husband's Company**

On June 3, 2010, a former Department of Energy employee and her husband were each sentenced to 36-months of supervised release and ordered to pay a \$5,000 fine after Donna Scott (the former employee) pleaded guilty to federal conflict of interest violations and Timothy Scott pleaded guilty to federal false statement violations. The sentence follows a joint GSA OIG and Department of Energy OIG investigation which revealed that Donna Scott steered contracts to renovate the DOE Headquarters cafeteria to businesses that agreed to hire her husband as a consultant for the project. Timothy Scott denied receiving compensation for his role in the project, but agents determined he received approximately \$24,174 in commissions.

### **Staff Sergeant Sentenced in GSA Advantage Scheme**

On July 22, 2010, Staff Sergeant Joseph Copeland, U.S. Army Reserve, was found guilty through a court martial trial of violating Article 92 (Failure to Obey Order or Regulation) and Article 121 (Larceny) of the Uniform Code of Military Justice. He was sentenced to 120 days of confinement and a \$14,000 fine and reduced in rank from E-6 to E-3. The investigation leading to this conviction revealed that Copeland had used a U.S. Army account to purchase numerous items from the GSA Advantage Program, which he then sold on eBay for personal gain. A review of Copeland's activity on eBay disclosed items that matched what he previously had purchased from the GSA Advantage program with the U.S. Army funds. The approximate loss to the U.S. government was over \$80,000.

### **Army Chief Warrant Officer Convicted of Making Illicit Purchases Through GSA Advantage System**

On June 24, 2010, Chief Warrant Officer Frank A. Bailey, U.S. Army, was the subject of a court martial and sentenced to 23 months of confinement, dismissed from the U.S. Army, and required to forfeit all pay and allowances after pleading guilty to violation of Article 107 (False Official Statement), twenty-five counts of Article 121 (Larceny), one count of Article 81 (Conspiracy), one count of Article 92 (Failure to Obey Order or Regulation), nine counts of Article 80 (Attempted Larceny), and two counts of Article 134 (Adultery and Fraternization) of the Uniform Code of Military Justice. The investigation leading to this

conviction was conducted jointly by the GSA OIG and the U.S. Army Criminal Investigations Division after it was alleged that several soldiers were improperly ordering items from the GSA Advantage system.

### **Army Sergeant Convicted of Making Illicit Purchases Through GSA Advantage System**

On May 10, 2010, Sergeant Elizabeth Mendoza, U.S. Army, pleaded guilty to one violation of Article 107 (False Official Statement); seven counts of Article 121 (Larceny); two counts of the Article 81 (Conspiracy); and one count of Article 92 (Failure to Obey Order or Regulation) of the Uniform Code of Military Justice and was subsequently sentenced to a Bad Conduct Discharge and a reduction in rank to E-1. The investigation leading to this conviction was conducted jointly by the GSA OIG and the U.S. Army Criminal Investigation Division after it was alleged that several soldiers were improperly ordering laptops, computer hard drives, and other electronic components through the GSA Advantage system.

### **Wright Express Credit Card (WEX) Fraud Related Cases**

On April 30, 2010, Chief Petty Officer Luis Smith, U.S. Navy, was ordered to forfeit \$1,546 in pay and issued a formal letter of reprimand pursuant to a U.S. Navy Captain's Mast proceeding where it was determined Smith had violated Article 92 (Failure to Obey Order or Regulation) and Article 121 (Larceny) of the Uniform Code of Military Justice. GSA OIG initiated an investigation when information was developed indicating possible fraudulent fuel purchases were being made with a Wright Express Credit Card assigned to the U.S. Navy Recruiting District of Philadelphia between October 2009 and January 2010. Interviews and analysis of surveillance videos obtained from local fuel stations disclosed that Smith had made the fraudulent charges.

On August 5, 2010, Anton Poindexter was sentenced to five years of probation and ordered to pay \$6,584 in restitution for his fraudulent use of a government Wright Express Credit Card that was assigned to the U.S. Navy Recruiting District of Philadelphia. This sentence follows an investigation that was initiated after the OIG identified several suspicious transactions associated with the card occurring at various fuel stations throughout the Philadelphia area during September and October of 2007. The suspicious transactions included multiple same-day

---

## Promoting and Protecting Integrity

---

transactions and the purchase of fuel exceeding the vehicle's tank capacity. Interviews and analysis of surveillance videos obtained from local fuel stations revealed that the individual was using the card to fuel multiple vehicles, which included several local taxicabs.

### **Former GSA PBS Official Sentenced After Spending \$61,000 on Gov't Credit Card**

On August 5, 2010, Daniel Voll, a former GSA Region 9 Public Buildings Service executive, was sentenced to three months confinement, 12 months probation, and ordered to pay \$61,000 in restitution, a \$100,000 fine, and a \$100 special assessment fee after pleading guilty to federal theft violations. The sentence culminated a GSA OIG investigation that revealed the former executive misused his position from 2005 to 2009 by improperly charging approximately \$61,000 to a GSA-issued purchase card for personal expenditures at various lodging and dining establishments in the San Francisco, California, area.

### **Investigation Reveals Secret Fuel Tanks Used to Facilitate Fleet Credit Card Fraud**

On July 22, 2010, Tony Mawyin was sentenced to six months of incarceration in the San Bernardino County (California) jail and three years of probation for California theft violations. A restitution hearing is pending. The sentence is the result of a joint investigation conducted by GSA OIG, the Federal Protective Service, and the California Highway Patrol Investigative Services Unit that was initiated after GSA OIG received an alert from GSA Fleet Management Loss Prevention concerning suspect fuel purchases associated with a fuel credit card. The investigation discovered that Mawyin modified a vehicle to hold several hundred gallons of fuel in hidden compartments and used them in conjunction with the fuel credit card to commit the theft.

### **GSA OIG Agents Identify Over \$35,000 in Fraudulent Purchases Through Fleet Card**

On June 22, 2010, a person was arrested and charged with Illinois state misdemeanor theft violations following a joint investigation conducted by GSA OIG and the Chicago Police Department. The investigation revealed numerous unauthorized charges having been made on the same day through several credit cards issued to Amtrak and associated with GSA-leased vehicles. Several hours of

surveillance video and photographic images were obtained of involved parties. The fraudulent charges identified to date exceed \$35,000 and this case has been accepted for criminal prosecution by the United States Attorney's Office, Northern District of Illinois.

### **Petty Officer Sentenced for Misuse of Fleet Card**

On May 17, 2010, Petty Officer Darnell Hall, U.S. Navy, was convicted of Article 121, (Larceny) and Article 130 (Housebreaking) through court martial proceedings following a GSA OIG investigation that revealed that he misused a GSA Fleet Management fuel credit card for personal gain, with resulting losses to the government in excess of \$1,500. Hall was sentenced to a reduction in rank, ordered to 45 days of restriction and 45 days of extra duty, fined one half month's pay, issued a suspended fine of one half a month's pay for 6 months, and ordered to pay full restitution to the government.

### **GSA OIG Expands Works Progress Administration Artworks Recovery Efforts**

GSA is the custodian of the many works of art produced through the Works Progress Administration (WPA). Since commissioning art during the New Deal era, many precious historical pieces have unlawfully made their way into the marketplace and collectors' hands. The OIG continues its proactive efforts to recover these historical items by monitoring art sales in an effort to identify government-owned art and return it to GSA. These efforts have been coordinated with the Department of Justice and the FBI to maintain a list of lost and stolen WPA artwork and have resulted in the recovery of three WPA works of art during this reporting period. In September 2010, the GSA OIG expanded its efforts to recover "American Cultural Property" (historic works of art produced at government expense) to the worldwide arena by establishing a strategic partnership with Immigration and Customs Enforcement's art program staff.

On May 20, 2010, *The Accident*, a WPA era painting produced by Adrian Troy in 1936 with an appraised value of approximately \$25,000, was returned to U.S. Government custody after it was found to be for sale on eBay. Investigation leading to this recovery revealed the original possessor removed the WPA hallmarks from the painting prior to sale to disguise its true ownership.

---

## Promoting and Protecting Integrity

---

Research conducted by GSA OIG agents and GSA's Fine Arts Program (FAP) office established provenance through a photograph maintained in the National Archives. The possessor acknowledged ownership and voluntarily returned the painting to U.S. Government custody.

On June 2, 2010, *German Restaurant*, a WPA era painting produced by Antoinette Gruppe was returned to U.S. Government custody. The investigation leading to the recovery of this artwork was initiated in January 2010, after GSA's FAP office staff found the painting to be offered for sale on eBay. GSA OIG agents subsequently contacted the seller and advised them of the government's ownership of the painting. The seller subsequently agreed to maintain possession of the painting while contesting title through his attorney. GSA OIG agents and GSA FAP staff subsequently established provenance and the possessor returned the painting to U.S. Government custody, pending the identification of a suitable place for public display.

On June 10, 2010, *Cowboy Music from Broadway*, a WPA era painting produced by Harold West in 1939, was returned to U.S. Government custody. Efforts to recover this painting began after GSA OIG agents received information concerning its whereabouts, along with an April 2009 newspaper article published in the *Weatherford Democrat* (Texas) which described how a local resident had obtained the painting and wished to return it to the appropriate entity but did not know who to contact. GSA OIG agents contacted the possessor, verified its authenticity with the GSA FAP office and arranged for its return. The painting is currently conserved, pending its display at a suitable location.

A short documentary film on the WPA Art Recovery Project has been produced. The film includes interviews with possessors, art historians, investigators, Public Art Program staff, Federal prosecutors, and interested others. A premiere has been scheduled for October 2010 at the Detroit Institute of Arts, where John Sloan's *Fourteenth Street at Sixth Avenue*, a significant and valuable piece, is on loan. Additional screenings of the film are planned for Washington, DC.

### **Suspension and Debarment Initiative**

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

During this reporting period, the OIG made 37 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 74 suspension and debarment actions based on current and previous OIG referrals.

### **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 26 briefings attended by 597 regional and Central Office employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

### **Hotline**

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings

---

## Promoting and Protecting Integrity

---

### ***Significant Civil Actions and Criminal Investigations (continued)***

encourage employees to use the Hotline. We also use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 1,285 Hotline contacts. Of these contacts, 229 Hotline cases were initiated. In 73 of these cases, referrals were made to GSA program officials for review and action as appropriate, 37 were referred to other Federal agencies for follow up, 88 were referred for OIG criminal/civil investigations or audits, and 12 did not warrant further review.

### ***Evaluation & Analysis***

Inspections afford a flexible mechanism for optimizing resources by utilizing a multidisciplinary staff, expanding coverage, and using alternative review methods and techniques. The inspection process evaluates, reviews, studies or analyzes the Agency's programs and activities to provide factual and analytical information, monitor compliance, measure performance, assess the efficiency and effectiveness, share best practices, and inquire into allegations of fraud, waste, abuse, and mismanagement.

During the current period, the OIG Office of Evaluation & Analysis (OEA) reviewed the GSA FOIA Program. At the request of Senator Charles E. Grassley and Representative Darrell Issa, OEA reviewed GSA's Freedom of Information Act (FOIA) program to determine whether, and if so, the extent to which political appointees are made aware of information requests and have a role in request reviews or decision-making.

OEA found that (i) about half of the GSA positions responsible for FOIA decision-making are occupied by political appointees; (ii) formal participation by political appointees in the GSA FOIA program has not caused a disproportionate amount of untimely initial decisions; (iii) no one involved in GSA's FOIA process suggested that political appointees not formally connected to the Agency's FOIA program are involved in FOIA decision-making or seek information about FOIA requestors; and (iv) a media-initiated FOIA request for email exchanges between the staffs of three members of Congress and GSA was not processed in accordance with GSA's procedure.

---

## Governmentwide Policy Activities

---

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

### Interagency Committees and Working Groups

We participate in a number of interagency committees and working groups to address government-wide issues that cut across agency lines including:

- **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The IG is a member of the Investigations Committee, Professional Development Committee, and Homeland Security Roundtable.

- **Federal Audit Executive Council (FAEC) Contracting Committee.** The Deputy Assistant Inspector General for Auditing, Acquisition Programs Audit Office, is our office's designee to this committee, created in December 2007. This Committee provides a forum to share information about and coordinate reviews of significant contract and procurement issues of interest to the IG community as well as the entire Federal Government. The Committee also develops and recommends best practices to be used by IGs in addressing contracting issues.

- **Recovery Accountability and Transparency Board Working Group (Recovery Working Group).** The GSA OIG is a participating member of the Recovery Working Group, comprised of the 29 OIGs that are responsible for performing oversight of Recovery Act funds. The Recovery Working Group is responsible for examining oversight issues that cross all of the federal agencies that received Recovery Act funds. Further, the Recovery Working Group provides advice and makes recommendations to the Recovery Funds Working Group Committee on coordinated oversight efforts that cross the federal, state, and local governments.

- **Regional Procurement Fraud Working Group.** The Special Agent in Charge and the Regional Inspector

General for Auditing, Heartland Region Office of Inspector General, participate in the quarterly meetings of the Western District of Missouri and Kansas Regional Procurement Fraud Working Group. The goal of this Working Group is to detect, prevent, and prosecute procurement fraud. The meetings are chaired by the Chief of the Fraud and Corruption Unit, U.S. Attorney's Office, for the Western District of Missouri and are attended by investigators, agents, and auditors from various Federal Government agencies, including Offices of Inspectors General, the Federal Bureau of Investigation, and the Department of Justice. In addition to improving contact among these agencies, the meetings have produced innovative methods to identify and prosecute fraud and have helped develop collaborative cases involving multiple Government agencies.

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

### Government Infrastructure Protection Investigation

In 2007, the GSA OIG's Office of Investigations observed a rise in the number of investigations involving counterfeit products. The sale of counterfeit information technology equipment poses a significant vulnerability to government infrastructure. As the government-wide purchasing agent for many U.S. Government agencies, GSA must be cognizant of the dangers posed by counterfeit products. As a result of their investigations, the GSA OIG recognized the critical need to more efficiently identify government purchases that pose a vulnerability to government information and systems and established the Government Infrastructure Protection Investigation initiative (GIPI). Partnering with the U.S. Department of Homeland Security, Immigration

---

## ***Governmentwide Policy Activities***

---

and Customs Enforcement's (ICE) Intellectual Property Rights Center in April 2010, the OIG can better facilitate the identification of counterfeit suppliers.

### ***Legislation, Regulations, and Subpoenas***

During this reporting period, the OIG reviewed legislative matters and proposed regulations as well as commented on agency directives. We also responded to

requests from Congressional members on behalf of their constituents. Additionally, we issued 48 subpoenas in support of our audit, inspection, evaluative, and investigative work. The OIG also made substantive comments on several proposed laws and regulations.

---

## Professional Assistance Services

---

*Government Auditing Standards prohibit Federal audit organizations (such as our OIG Office of Audits) from performing certain types of management consulting projects because they may impair the independence of the auditors when performing subsequent audit work in the same area. To maintain our independence when working closely with GSA management, we carefully assess our services to ensure compliance with the standards. As allowed for under the standards, we participate in Agency improvement task forces, committees, and working groups in an observer or advisor capacity.*

### Task Forces, Committees, and Working Groups

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

Our participation with the Agency on task forces, committees, and working groups – typically as nonvoting advisory members – allows us to contribute our expertise and advice, while improving our own familiarity with the Agency’s rapidly changing systems. We nevertheless maintain our ability to independently audit and review Agency programs.

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

- **The Multiple Award Schedule (MAS) Working Group.** The Working Group (Group) was established as a result of an August 2001 OIG report related to MAS pricing. It is primarily comprised of members from the Federal Acquisition Service (FAS) and the OIG. However, the Office of the Chief Acquisition Officer and other Agency ad hoc members are also represented. The Group serves as an effective communications channel for both broad policy issues and discrete issues having to do with specific contracts or reviews. It has had several areas of focus, including preaward contract reviews and MAS negotiations issues. It has developed guidance to MAS contracting officers (COs) regarding the performance and use of preaward MAS contract reviews. Further, it has reinvigorated the process by which FAS and the OIG collaboratively select and commence preaward reviews of vendors. This process includes a specific mechanism by which COs can request reviews of individual vendors. The Working Group has focused on issuing guidance to

COs regarding negotiation objectives and discrete negotiation issues for MAS contract awards. The Group also provided input to FAS regarding its efforts to upgrade or enhance pricing performance measures for MAS contracts.

- **GSA IT Governance Groups.** In collaboration with the GSA Chief Information Officer (CIO) and other key Agency officials, our Information Technology Audit Office monitors the Agency’s efforts to establish a streamlined, enterprise-level IT governance structure and agency-wide processes in which key roles and responsibilities for GSA’s Service, Staff, and Regional Offices are clear. For instance, the IT Executive Council advises GSA’s senior management team regarding agency-wide challenges that include strategic technology solutions and risk management practices for major IT investments and systems. The Office of the CIO also co-chairs the following seven committees and agency-wide task force groups: (1) Portfolio Management Committee, (2) Information Assurance Committee, (3) Enterprise Architecture Committee, (4) Enterprise Infrastructure Committee, (5) Enterprise Applications and Services Committee, (6) Identity Credential Access Management Task Force, and (7) Data Management Task Force.

### Internal Evaluation

- **Operational Assessments.** The OIG Office of Evaluation & Analysis (OEA) conducts operational assessments of OIG field offices and other operating components.
- **Office of Forensic Auditing.** The Office of Forensic Auditing (Forensic Auditing) employs innovative auditing and investigative techniques to detect fraudulent or abusive conduct within Agency operations and programs. It develops evidence that meets the admissibility standards for prosecution in federal courts.

During this period, Forensic Auditing conducted operations that led to the referral of seven American Recovery and Reinvestment Act contractors to the

---

## *Professional Assistance Services*

---

### *Internal Evaluation (continued)*

Office of Investigations for further examination. Forensic Auditing also provided data mining and data analysis support to the Offices of Investigations and Audits, uncovered and referred suspicious purchase card activity, and notified the GSA Data Integrity Board Chairman of the existence of anomalies in the data associated with GSA's transit benefit program.

- **Statistical Support for OIG Audits and Investigations.** The Office of Evaluation & Analysis continued to provide assistance in scientific sampling and database analysis to the OIG auditors and investigators. Workload and resource analyses were performed for both Investigations

and Audits to identify areas of staffing needs across the field offices and to assist in strategic and succession planning. During this period, OEA has applied statistical methods to a variety of areas of concern including assessments of the quality and completeness of procurement data, suspension and debarment data, and small business data. Sampling and sample designs were also developed focusing on topics ranging from pricing to discounts received for purchases. In addition, OEA statistical staff has served as consultants to an examination of "green" initiatives, particularly focusing on usage of fleet vehicles, and has provided assistance in responding to information and congressional requests.

## Statistical Summary of OIG Accomplishments

### Audit Reports Issued

The OIG issued 66 audit reports. The 66 reports contained financial recommendations totaling \$349,014,107 including \$342,061,997 in recommendations that funds be put to better use and \$6,952,110 in questioned costs. Due to GSA's mission of negotiating contracts for government-wide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other Federal agencies.

well as the status of those audits as of September 30, 2010. Table 1 does not include 2 implementation reviews that were issued during this period because they are excluded from the management decision process. Table 1 also does not include 1 report issued to another agency this period. Furthermore, Table 1 does not include 4 reports excluded from the management decision process because they pertain to ongoing investigations.

### Management Decisions on Audit Reports

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as

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

	Number of Reports	Reports with Financial Recommendations*	Total Financial Recommendations
For which no management decision had been made as of 04/01/2010			
Less than six months old	18	8	\$26,085,141
Six or more months old	8	5	\$3,765,690
Reports issued this period	63	36	\$349,014,107
<b>TOTAL</b>	<b>89</b>	<b>49</b>	<b>\$378,864,938</b>
For which a management decision was made during the reporting period			
Issued prior periods	26	13	\$29,850,831
Issued current period	40	25	\$186,921,670
<b>TOTAL</b>	<b>66</b>	<b>38</b>	<b>\$216,772,501</b>
For which no management decision had been made as of 09/30/2010			
Less than six months old	23	11	\$162,092,437
Six or more months old	0	0	\$0
<b>TOTAL</b>	<b>23</b>	<b>11</b>	<b>\$162,092,437</b>

\*These totals include audit reports issued with both recommendations that funds be put to better use and questioned costs.

## 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>Number of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 04/01/2010		
Less than six months old	6	\$24,010,910
Six or more months old	3	\$1,146,952
Reports issued this period	<u>27</u>	<u>\$342,061,997</u>
<b>TOTAL</b>	<b>36</b>	<b>\$367,219,859</b>
For which a management decision was made during the reporting period		
Recommendations agreed to by management	28	\$206,356,167
Recommendations not agreed to by management	<u>0</u>	<u>\$0</u>
<b>TOTAL</b>	<b>28</b>	<b>\$206,356,167</b>
For which no management decision had been made as of 09/30/2010		
Less than six months old	8	\$160,863,692
Six or more months old	<u>0</u>	<u>\$0</u>
<b>TOTAL</b>	<b>8</b>	<b>\$160,863,692</b>

## Statistical Summary of OIG Accomplishments

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

	Number of Reports	Questioned Costs
For which no management decision had been made as of 04/01/2010		
Less than six months old	4	\$ 2,074,231
Six or more months old	2	\$2,618,738
Reports issued this period	<u>11</u>	<u>\$6,952,110</u>
<b>TOTAL</b>	<b>17</b>	<b>\$11,645,079</b>
For which a management decision was made during the reporting period		
Disallowed costs	9	\$7,725,111
Costs not disallowed	<u>4</u>	<u>\$2,691,223</u>
<b>TOTAL</b>	<b>13</b>	<b>\$10,416,334</b>
For which no management decision had been made as of 09/30/2010		
Less than six months old	4	\$1,228,745
Six or more months old	<u>0</u>	<u>\$0</u>
<b>TOTAL</b>	<b>4</b>	<b>\$1,228,745</b>

## Statistical Summary of OIG Accomplishments

### **Investigative Workload**

The OIG opened 157 investigative cases and closed 122 cases during this period. In addition, the OIG received and evaluated 52 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

### **Referrals**

The OIG makes criminal referrals to the Department of Justice or other authorities for prosecutive consideration, and civil referrals to the Civil Division of the Department of Justice or to U.S. Attorneys for litigative consideration. The OIG also makes administrative referrals to GSA officials on certain cases disclosing wrongdoing on the part of

GSA employees, contractors, or private individuals doing business with the government.

During this period, the OIG also made 4 referrals to GSA officials for information purposes only.

### **Actions on OIG Referrals**

Based on these and prior referrals, 38 cases (62 subjects) were accepted for criminal prosecution and 8 cases (8 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 26 indictments/informations and 22 successful prosecutions. OIG civil referrals resulted in 12 case settlements. Based on OIG administrative referrals, management debarred 30 contractors/individuals, suspended 44 contractors/individuals, and took 12 personnel actions against employees.

**Table 4. Summary of OIG Referrals**

Type of Referral	Cases	Subjects
Criminal	61	107
Civil	18	20
Administrative	52	63
Suspension	12	18
Debarment	10	19
<b>TOTAL</b>	<b>153</b>	<b>224</b>

## Statistical Summary of OIG Accomplishments

### Monetary Results

Table 5 presents the amounts of fines, penalties, settlements, recoveries, forfeitures, judgments, and restitutions payable to the U.S. Government as a result

of criminal and civil actions arising from OIG referrals.

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

**Table 5. Criminal and Civil Recoveries**

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$301,147	
Settlements		\$200,591,906
Recoveries		
Forfeitures	1,737,351	
Seizures	1,157	
Restitutions	1,252,912	
<b>TOTAL</b>	<b>\$3,292,567</b>	<b>\$200,591,906</b>

**Table 6. Other Monetary Results**

Administrative Recoveries	\$1,684,272
Forfeitures	4,405
<b>TOTAL</b>	<b>\$1,688,677</b>

# ***APPENDICES***



---

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

---

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

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

### **Federal Acquisition Service Blanket Purchase Agreements for Acquisition Management Support Services**

*Period First Reported: October 1, 2009 to March 31, 2010*

The objectives of the audit were to evaluate controls FAS implemented over the use of the BPAs and to determine if the GSA Federal Acquisition Service (FAS) planned and executed the procurement in accordance with the FAR and Recovery Act requirements. The report contained four recommendations; two have not been implemented.

The remaining recommendations involve FAS developing and implementing a plan to monitor the effectiveness of the BPA ordering guidance; and ensuring that future PBA awards reflect consideration of the factors listed in FAR Subpart 8.405-3(a)(1) when determining the number of BPAs to establish for BPA awards. They are scheduled for completion by March 15, 2011.

### **Multiple Award Schedule Vendors' Invoicing Practices Relative to Prompt-Payment Discounts**

*Period First Reported: October 1, 2009 to March 31, 2010*

The objective of the audit was to determine the extent to which the Government may be at risk of losing Prompt Payment Discount (PPD) savings as the result of Multiple Award Schedule (MAS) vendors citing incorrect payment terms on their invoices. The report contained seven recommendations; four have not been implemented.

The remaining recommendations involve the Federal Acquisition Service seeking recoveries, when economical, advisable, and feasible from MAS vendors when there is a

failure to cite contractual PPD terms on invoices; issuing a Procurement Information Notice (PIN) that ensures that acquisition personnel include applicable PPD terms in accordance with the GSAM when manually preparing GSA Forms 300; issuing guidance in the form of an Instructional Letter (IL) or PIN on corrective actions contracting officers may take when MAS vendor invoicing discrepancies are reported by the Industrial Operations Analysts (IOAs) via Contractor Assistance Visits (CAV) reports or by any other means; and taking a formal position as to whether ordering activities can or cannot negotiate away PPDs. They are scheduled for completion by August 15, 2011.

### **Opportunities Exist to Improve GSA's Implementation of the E2 Travel System**

*Period First Reported: October 1, 2009 to March 31, 2010*

The objective of the audit was to determine whether GSA's implementation of the E2 system is effectively and efficiently meeting management and user needs, including program and financial requirements, and the achievement of intended goals and benefits for an e-Government travel management system. The report contained two recommendations, which have not been implemented.

The recommendations involve the Chief Financial Officer taking the necessary actions to improve system usability and controls for system operations across GSA. They are scheduled for completion by April 15, 2011.

### **GSA's Fiscal Year 2009 Financial Statements**

*Period First Reported: October 1, 2009 to March 31, 2010*

The objective of the audit was to provide a report on internal controls over financial reporting including safeguarding assets and compliance with laws and regulations, and if necessary, to report instances in which GSA's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996. The report contained 85 recommendations; 14 have not been fully implemented.

The remaining recommendations involve the Chief Financial Officer working with other agency officials to correct three significant deficiencies relating to controls

---

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

---

over: (1) budgetary accounts and transactions (2) accounting and reporting of non-cancellable occupancy agreements and (3) financial reporting. They are scheduled for completion by October 15, 2011.

### **PBS's Controls over Security of Building Information in Online Environments**

*Period First Reported: October 1, 2009 to March 31, 2010*

The objective of the audit was to determine if the Public Buildings Service (PBS) has implemented managerial, physical, and technical controls to effectively mitigate risks inherent to sensitive but unclassified building information in online systems. The report contained two recommendations, which have not been implemented.

The recommendations involve PBS working within the framework of the GSA Office of the Chief Information Officer security program to develop and implement a security strategy for e-PM applications; and developing and conducting additional security awareness training for project management and contracting personnel, especially to those with significant security responsibilities. They are scheduled for completion by April 15, 2011.

### **Recovery Act Report – Austin Courthouse Project**

*Period First Reported: October 1, 2009 to March 31, 2010*

The objective of the audit was to determine if PBS is planning, awarding, and administering contracts for major construction and modernization projects in accordance with prescribed criteria and Recovery Act mandates. The report contained two recommendations, which have not been implemented.

The recommendations involve PBS taking action to correct the infirmities in the award of the option for Construction Phase Services for the Austin Courthouse Project; and performing a review of the cost of construction for the Austin Courthouse project to ensure that it is fair and reasonable based on information that is current, accurate, and complete. They are scheduled for completion by August 15, 2011.

### **Consistency in Implementing Policy Across Acquisition Centers**

*Period First Reported: April 1, 2009 to September 30, 2009*

The objectives of the audit were to determine if policy and related guidance for the Multiple Award Schedule (MAS) Program are being implemented effectively by the Centers, and to identify best practices for use by the Centers. The objectives were further narrowed to focus on pricing, including rate escalation and price adjustment. The report contained four recommendations, which have not been implemented.

The recommendations involve developing and implementing policy and training for acquisition personnel on a number of subjects, including most favored customer pricing, the use of cost analyses, and the use of volume discounting during negotiations; assessing the viability of developing or establishing resources at the national level to support contracting officers in all Centers; fully implementing FSS Acquisition letter FX-03-1; and ensuring the accuracy of contract information published in GSA Advantage. They are scheduled for completion by December 15, 2011.

### **The Procurement Management Review (PMR) Process**

*Period First Reported: April 1, 2009 to September 30, 2009*

The objectives of the audit were to determine whether the PMRs are effective in identifying and communicating compliance issues to improve contracting officer performance in complying with Federal acquisition laws and regulations; and the Chief Acquisition Officer has a mechanism for measuring the effectiveness of PMRs. The report contained two recommendations, which have not been implemented.

The recommendations involve implementing program improvements, including the use of a broad risk-based approach across contracting activities and modifying the contract sampling process, the dissemination and use of best practices, and pursuing focused reviews when appropriate; and improving the Outcome Analysis Tool and refining its usage to enhance quantification and trend analysis of PMR results. They are scheduled for completion by November 15, 2010.

---

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

---

### **Performance Measurement Improvements for the MAS Program**

*Period First Reported: April 1, 2009 to September 30, 2009*

The objective of the audit was to determine if the Federal Acquisition Service (FAS) has performance measures for MAS contracting officers that stress the importance of contract quality, including pricing, and if not, to identify potential performance measures FAS could implement to ensure that MAS contracts reflect the intent and goals of the Schedules program. The report contained three recommendations, which have not been implemented.

Two recommendations involve the development of organizational measures emphasizing the importance of pricing to the Schedules program, and price analysis for risk-based sample of proposed awards or modifications for FY 2010 and future scorecards. The third recommendation centers on the establishment of an internal review program that can quantifiably assess whether MAS contracts meet requirements for quality in terms of compliance with laws, regulations and guidelines. They are scheduled for completion by November 15, 2011.

### **Unnecessary Duplication within the Office of General Supplies and Services (GSS)**

*Period First Reported: April 1, 2009 to September 30, 2009*

The audit objective was to determine if unnecessary duplication exists within General Supply Service (GSS), with a specific focus on OMB's assertion that unnecessary duplication exists between GSS and MAS. The report contained four recommendations, which have not been implemented.

The recommendations involve creating an accurate and complete inventory of GSS MAS duplication; developing and implementing a plan regarding prior audit recommendations on the 1649 process; issuing updated guidance on the 1649 process; and submitting a formal Federal Procurement Data System change request to resolve the issue that requires GSS to award separate MAS contracts for small business set-asides. They are scheduled for completion by December 15, 2010.

### **Implementation of GSA's IT Infrastructure Support Services Consolidation Initiative**

*Period First Reported: April 1, 2009 to September 30, 2009*

The audit objective was to assess whether risks with GSA's IT support services consolidation have been adequately mitigated. The audit focused on determining if: the GSA Infrastructure Technology Global Operations (GITGO) initiative is generating expected cost savings and other benefits; GSA's consolidated IT Service Desk is operating effectively, efficiently, and securely; and GSA and the GITGO contractor are developing and implementing Information Technology Infrastructure Library (ITIL) processes to align IT support services to customer needs. The report contained eight recommendations; one has not been implemented.

The remaining recommendation involves the Chief Information Officer addressing GITGO security vulnerabilities, including mitigating the identified vulnerabilities; enhancing hardening procedures for web application, databases, and operating system platforms; and ensuring that IT security performance measures allow for adequate oversight of the IT service desk. It is scheduled for completion by November 15, 2010.

### **Management Controls over the Lease Prospectus Process**

*Period First Reported: April 1, 2009 to September 30, 2009*

The objective of the audit was to determine if management controls are in place to provide reasonable assurance that Public Buildings Service's (PBS) leasing transactions adhere to prospectus requirements. The report contained five recommendations; four have not been implemented.

The remaining recommendations involve: establishing a consistent approach for evaluating leasing actions for prospectus compliance; improving communication and coordination among the prospectus process participants; developing controls to monitor prospectus leases after award; and removing or identifying superseded prospectus guidance in PBS' internal websites. They are scheduled for completion by January 15, 2011.

---

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

---

### **Cost Estimates for the Los Angeles Courthouse Project**

*Period First Reported: April 1, 2009 to September 30, 2009*

The objective of the audit was to address Congress's request to determine if the project alternatives cost estimates are supported and based on valid criteria, analysis and assumptions. The report contained one recommendation, which has not been implemented.

The recommendation involves improving PBS's construction cost-estimating accuracy by monitoring cost estimates against actual results to identify factors that could be enhanced. It is scheduled for completion by December 15, 2010.

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

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

The objectives of the audit were to assess the effectiveness of controls over GSA systems and data and to address specific questions and reporting requirements identified by OMB. Four systems were reviewed, including one contractor system, to assess implementation of GSA's IT Security Program. The report contained five recommendations; three have not been implemented.

The remaining recommendations involve working with the Office of the Chief Acquisition Officer (OCAO) to develop standard requirements and deliverables for IT service contracts and task orders that promote compliance with GSA IT Security Policy and procedures; working with OCAO and the Office of the Chief Human Capital Officer (OCHCO) to ensure consistent background investigation requirements in policies, procedures, and task orders; and expediting actions to implement encryption of mobile devices and two-factor authentication and to work with the OCHCO to promptly fulfill responsibilities for implementing a comprehensive breach notification policy. They are scheduled for completion by March 15, 2011.

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

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

The objectives of the audit were to determine if GSA: manages sensitive personal information pursuant to legal and regulatory requirements, including e-Government provisions for privacy controls; has implemented technical, managerial, and operational privacy-related controls to effectively mitigate risks inherent to Privacy Act systems of records; and, has established procedures and automated mechanisms to verify control efficacy. The report contained four recommendations; one has not been implemented.

The remaining recommendation involves ensuring that the Privacy Act Program is integrated with the agency's security program. It is scheduled for completion by February 15, 2011.

### **Multiple Award Schedule Program Contract Workload Management**

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

The objective of the audit was to determine if the Federal Acquisition Service was effectively managing the workload associated with processing contract actions in the Schedules program. The report contained ten recommendations; four have not been implemented.

The remaining recommendations involve adopting a more structured approach to reduce the number of existing underutilized schedule contracts; establishing specific nationwide guidance related to Price Analysis Documentation Requirements and Negotiation Policies and Techniques for schedule contracts; establishing performance measures that evaluate (a) verification of vendor disclosures related to Commercial Sales Practice, (b) effectiveness in analyzing prices and conducting negotiations, and (c) consideration of the field pricing assistance; and developing standardized procedures for the initial screening of offers. They are scheduled for completion by April 15, 2012.

---

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

---

### ***Security of GSA's Electronic Messaging Services***

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

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

The remaining recommendation involves the GSA-CIO working closely with Services/Staff Offices/Regions to inventory all GSA's Lotus Notes databases and applications and remove those that are outdated, lack necessary controls, or do not adhere to guidelines. It is scheduled for completion by April 15, 2011.

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs

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

### ***PBS Internal Audits***

05/03/10	A080106	Audit of GSA's Acquisition of Services for the International Trade Center at the Ronald Reagan Building		
05/27/10	A090172	Recovery Act Report — 50 UN Plaza Renovation Project Construction Contract Review of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		
06/24/10	A100116	Alert Report, Review of Health and Safety Conditions at the Bannister Federal Complex, Kansas City, Missouri		
09/29/10	A100222	Review of Overpayments: Ackerman Decatur, L.P., One West Court Square, Decatur, Georgia, Lease Number GS-04B-39044		

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

04/19/10	A100158	Report on Audit of Parts of a Proposal Submitted as a Subcontractor in Response to Solicitation No. GS11P05MKC0033: Chermayeff & Geismar Partners, LLC		
04/19/10	A100159	Report on Audit of Parts of a Proposal Submitted in Response to Solicitation No. GS11P05MKC0033: Beyer Blinder Belle Architects and Planners, LLP		
05/05/10	A100004	Examination of a Termination Settlement Proposal: TMV, LLC, dba Triune Associates, Contract Number GS-07P-07-UT-C-0017		
05/06/10	A090165	Examination of a Claim: Permasteelisa Cladding Technologies, LTD, Subcontractor to Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
05/28/10	A090195	Review of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Contract Number GS-02P-01-DTC-0032		
06/02/10	A100084	Review of Proposed Rental Rate Increase Lease Number GS-06P-40004, Internal Revenue Service Center, 315 West Pershing Road, Kansas City, Missouri		\$169,380
06/16/10	A100147	Limited Scope Postaward Examination of Architect/Engineering Proposal: AECOM Transportation, a Division of AECOM U.S., Subcontractor to Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091		\$709,183
07/01/10	A100102	Examination of a Termination Settlement Proposal: Comark Building Systems, Incorporated, Subcontractor to TMV, LLC, dba Triune Associates, Contract Number GS-07P-07-UT-C-0017		
07/15/10	A090060	Preaward Review of Change Order Proposal: PAL Environmental Safety Corp., Subcontractor to Cauldwell Wingate Company, LLC, Contract Number GS-02P-05-DTC-0021(N)		
07/16/10	A090225	Review of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Contract Number GS-02P-04-DTC-0048(NEG), Modification No. PS09		
07/21/10	A100126	Examination of a Claim: TechTeam Government Solutions, Inc. Task Order GSV0008PD0485 Under Contract Number GS00V08PDD0071		
07/23/10	A100147	Limited Scope Postaward Examination of Architect/Engineering Proposal: Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091		\$851,633
07/30/10	A100042	Examination of a Claim: Performance Contracting, Inc., Subcontractor to Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
08/19/10	A100090	Examination of a Claim: Rosendin Electric, Incorporated, Subcontractor to Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002		
09/16/10	A100148	Examination of a Change Order Proposal: Alutiiq International Solutions, LLC, Contract Number GS-08P-JF-C-0005		
<b><i>FAS Internal Audits</i></b>				
04/20/10	A100104	Implementation Review of the Review of Federal Supply Service's Special Order Program in the Heartland Region, Audit Report Number A020204/F/6/V04010, Dated September 27, 2004		
06/04/10	A090139	Review of Federal Acquisition Service's Client Support Center, Mid-Atlantic Region		
06/04/10	A090139	Review of the Federal Acquisition Service's Client Support Center, Southeast Sunbelt Region		
06/04/10	A090139	Review of the Federal Acquisition Service's Client Support Center, National Capital Region		
06/07/10	A090139	Review of the Federal Acquisition Service's Client Support Center, Greater Southwest Region		
06/11/10	A090203	Review of Controls over Contract Awards and Modifications within the Center for Information Technology Schedule Programs		
06/21/10	A090139	Review of the Federal Acquisition Services's Client Support Center, Pacific Rim Region		
08/17/10	A090018	Review of the Use of Multiple Award Schedule Contracts for Acquisition Management Support Services		
09/13/10	A100055	Review of Controls within FAS's Office of Infrastructure Optimization — HSPD-12 Branch		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
09/17/10	A090139	Review of the Federal Acquisition Service's Client Support Centers		
09/23/10	A090164	Review of American Recovery and Reinvestment Act, Purchase of Vehicles		
<b><i>FAS Contract Audits</i></b>				
04/07/10	A100060	Preaward Review of Multiple Award Schedule Contract Extension: Dynetics, Incorporated, Contract Number GS-23F-0103K		
04/21/10	A090197	Preaward Review of Multiple Award Schedule Contract Extension: Data Systems Analysts, Inc., Contract Number GS-35F-0074K		
05/04/10	A090226	Preaward Review of Multiple Award Schedule Contract Extension: Synnex Corporation, Contract Number GS-35F-0143R		
05/20/10	A090210	Preaward Examination of Multiple Award Schedule Contract Extension: Tremco Incorporated, Contract Number GS-06F-0047R		\$28,482
05/27/10	A090263	Preaward Review of Multiple Award Schedule Contract Extension: Mantech SRS Technologies, Inc., Contract Number GS-23F-0083K		
06/02/10	A100106	Preaward Review of Multiple Award Schedule Contract Extension: Tetra Tech, Inc., Contract Number GS-10F-0268K		
06/15/10	A090077	Examination of Multiple Award Schedule Contract Number GS-10F-0268M for the Period May 1, 2002 to June 14, 2009: Unisys Corporation		\$4,254
06/15/10	A100093	Preaward Review of Multiple Award Schedule Contract Extension: Executive Information Systems, LLC, Contract Number GS-35F-0170K		
06/23/10	A090222	Preaward Review of Multiple Award Schedule Contract Extension: Force 3, Inc., Contract Number GS-35F-0785J		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
06/24/10	A090108	Preaward Review of Multiple Award Schedule Contract Extension: Integrated Data Services, Inc., Contract Number GS-35F-0272J		
06/24/10	A090160	Preaward Review of Multiple Award Schedule Contract Extension: Pelican Products, Inc., Contract Number GS-07F-0214J		
06/30/10	A100081	Preaward Review of Multiple Award Schedule Contract Extension: Fleishman-Hillard, Inc., Contract Number GS-23F-0117K		
07/06/10	A080070	Preaward Review of Multiple Award Schedule Contract Extension: Accenture, LLP, Contract Number GS-35F-4692G		
07/07/10	A100061	Preaward Review of Multiple Award Schedule Contract Extension: Akimeka, LLC, Contract Number GS-35F-0234K		\$3,090,825
07/09/10	A100092	Preaward Examination of Multiple Award Schedule Contract Extension: L-3 Services, Inc., Contract Number GS-23F-0180K		
07/15/10	A090261	Preaward Review of Multiple Award Schedule Contract Extension: U.S. Training Center, Inc., Contract Number GS-07F-0149K		
07/21/10	A090174	Preaward Review of Multiple Award Schedule Contract Extension: Odyssey Systems Consulting Group, Contract Number GS-35F-0207K		
07/27/10	A090258	Preaward Review of Multiple Award Schedule Contract Extension: Cray Inc., Contract Number GS-35F-0196R		
08/03/10	A100110	Preaward Examination of Multiple Award Schedule Contract Extension: MVM, Inc., Contract Number GS-07F-0366K		
08/12/10	A100164	Preaward Examination of Multiple Award Schedule Contract Extension: Jardon and Howard Technologies, Inc., Contract Number GS-00F-0059M		\$12,379

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
08/16/10	A090130	Limited Review of Multiple Award Schedule Contract Number GS-28F-7018G for the Period January 8, 2002 to November 7, 2005: Cort Business Furniture		\$83,696
08/17/10	A100076	Preaward Review of Multiple Award Schedule Contract Extension: Jacobs Technology Incorporated, Contract Number GS-23F-0111K		
08/17/10	A100124	Preaward Examination of Multiple Award Schedule Contract Extension: Camber Corporation, Contract Number GS-23F-0374K		
08/23/10	A100072	Preaward Review of Multiple Award Schedule Contract Extension: Tecolote Research, Inc., Contract Number GS-23F-0105K		
08/24/10	A090140	Postaward Review of Multiple Award Schedule Contract: Systems Research and Applications Corporation, Contract Number GS-35F-0735J		\$392,685
08/31/10	A100141	Preaward Examination of Multiple Award Schedule Contract Extension: Teledyne Brown Engineering, Incorporated, Contract Number GS-23F-0424K		
09/02/10	A100066	Limited Scope Postaward Review of Multiple Award Contract: Fleishman-Hillard, Inc., Contract Number GS-23F-0117K		\$869,608
09/08/10	A100150	Preaward Examination of Multiple Award Schedule Contract Extension: CAS, Incorporated, Contract Number GS-23F-0002L		
09/13/10	A090102	Preaward Review of Multiple Award Schedule Contract Proposal: Protiviti Government Services, Inc., Solicitation Number FCIS-JB-980001B		
09/15/10	A080124	Limited Scope Postaward Review of Contract Number GS-35F-4027D for the Period July 1, 2003 to December 29, 2008: ASAP Software Express, Inc.		\$739,985

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
09/30/10	A100082	Preaward Review of Multiple Award Schedule Contract Extension: Pacific Maritime Freight, Incorporated, Contract Number GS-07F-5721R		
09/30/10	A100077	Preaward Review of Multiple Award Schedule Contract Extension: Northrop Grumman Systems Corporation, Contract Number GS-23F-0058K		

### *Other Internal Audits*

04/16/10	A100083	Implementation Review of Corrective Action Plan, Review of GSA's University for People National Capital Region, Report Number A050250/O/W/F06017 Dated August 28, 2006		
09/30/10	A100137	Audit of GSA's Fiscal Year 2009 Direct Pay Purchases		
09/30/10	A090221	Review of GSA's Suspension and Debarment Process		

### *Non-GSA Internal Audits*

09/30/10	A100086	General Services Administration Office of Inspector General's Independent Report on Applying Agreed-Upon Procedures to the Office of Personnel Management		
----------	---------	---	--	--

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

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

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

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

Date of Report	Audit Number	Title
<b>Contract Audits</b>		
04/30/01	A010127	Audit of Billing under Contract Number GS-06P-99-GZC-0315: DKW Construction, Inc., Contract Number GS-06P-99-GZC-0315
10/18/01	A63630	Postaward Audit of Multiple Schedule Contract: The Presidio Corporation, Contract Number GS-00K-95-AGS-6170
03/25/03	A030140	Limited Scope Review of Termination Claim: Science Applications International Corp., Contract Number GS-35F-4461G
03/09/04	A030186	Postaward Audit of Multiple Award Schedule Contract: Nova Solutions, Contract Number GS-29F-0173G
03/09/04	A040162	Price Adjustments on Multiple Award Schedule Contract: Nova Solutions, Inc., Contract Number GS-29F-0173G
10/12/05	A050105	Preaward Review of Multiple Award Schedule Contract Extension: BCOP Federal, Contract Number GS-14F-003K
03/30/06	A050248	Postaward Review of Lease Costs and Pricing Data: Information Systems Support, Inc., Contract Number GS-09K-99-BHD-0006
04/18/06	A050122	Review of Industrial Funding Fee Remittances: Fastenal Company, Contract Number GS-06F-0039K
10/31/06	A060206	Postaward Review of Lease Costs and Pricing Data: Information Systems Support Incorporated, Contract Number GS-09K-99-BHD-0006
04/30/07	A060245	Preaward Review of Multiple Award Schedule Contract Extension: Comstor, Division of Westcon Group N.A., Inc., Contract Number GS-35F-4389G
08/28/07	A060196	Preaward Review of Request for Equitable Adjustment: Tigard Electric, Incorporated, Contract Number GS-10P-02-LTC-0025
04/10/08	A070168	Preaward Review of Multiple Award Schedule Contract Extension: MSC Industrial Direct Company, Inc., Contract Number GS-06F-0010N
04/29/08	A080084	Review of Change Order Proposal for Resolution of Wage Rate: Kenmor Electrical Company, LP, Contract Number GS-07P-05-URC-5007
05/05/08	A080107	Preaward Review of Multiple Award Schedule Contract Extension: Superior Protection Service, Inc., Contract Number GS-07F-0605N

---

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

---

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
06/05/08	A070095	Preaward Review of Multiple Schedule Contract Extension: GTSI Corporation, Contract Number GS-35F-4120D
06/11/08	A040224	Review of Multiple Award Schedule Contract: ADT Security Services, Inc., Contract Number GS-07F-8854D
08/05/08	A080077	Preaward Review of Multiple Award Schedule Contract Extension: Gartner, Inc., Contract Number GS-35F-5014H
10/29/08	A080151	Preaward Review of Multiple Award Schedule Contract Extension: SeaArk Marine, Inc., Contract Number GS-07F-0012J
10/30/08	A080001	Review of MAS Contract: SunGard Availability Services, LP, Contract Number GS-35F-0545K
12/12/08	A080177	Preaward Review of Multiple Award Schedule Contract Extension: Tecolote Research, Incorporated, Contract Number GS-35F-5115H
12/16/08	A080185	Review of a Claim: Pacific Coast Steel, Contract Number GS-09P-02-KTC-0002
12/29/08	A090042	Postaward Audit Report on Direct Costs Incurred on Trilogy Project: Computer Sciences Corporation, Contract Number GS-00T-99-ALD-0204
12/31/08	A080191	Preaward Review of Multiple Award Schedule Contract Extension: Corporate Lodging Consultants, Inc., Contract Number GS-33F-0009P
01/09/09	A080220	Review of a Claim: Boyett Door and Hardware, Contract Number GS-09P-02-KTC-0002
01/20/09	A080136	Preaward Review of Multiple Award Schedule Contract Extension: Dynamic Decisions, Inc., Contract Number GS-35F-5879H
01/28/09	A090005	Preaward Review of Multiple Award Schedule Contract Extension: Intratek Computer Incorporated, Contract Number GS-35F-0178J
02/04/09	A080067	Preaward Review of Multiple Award Schedule Contract Extension: Haworth, Inc., Contract Number GS-28F-8014H
03/03/09	A080085	Preaward Review of Multiple Award Schedule Contract Extension: The HON Company, Contract Number GS-28F-8047H
03/23/09	A080212	Preaward Review of Multiple Award Schedule Contract Extension: Phillips Corporation-Federal Division, Contract Number GS-07F-7729C
04/01/09	A040224	Review of Multiple Award Schedule the Period February 1, 1996 through December 31, 2006: ADT Security Services, Inc., Contract Number GS-07F-8854D
04/07/09	A080137	Review of a Claim: Webcor Construction, Incorporated, Subcontractor to Dick Corporation/Morganti Group, Contract Number GS-09P-02-KTC-002
04/07/09	A080181	Preaward Review of Multiple Award Schedule Contract Extension: i2, Inc., Contract Number GS-35F-0241J

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
04/10/09	A090068	Preaward Review of Multiple Award Schedule Contract Extension: BAE Systems Specialty Group, Inc., Contract Number GS-07F-5778P
04/23/09	A080203	Preaward Review of Multiple Award Schedule Contract Extension: SimplexGrinnell LP, Contract Number GS-06F-0054N
04/27/09	A080210	Preaward Review of Multiple Award Schedule Contract Extension: immixTechnology, Inc., Contract Number GS-35F-033J
05/28/09	A090041	Preaward Review of MAS Contract Extension: Specialized Products Company, Contract Number GS-06F-0011J
06/11/09	A080077	Limited Scope Postaward Review of Multiple Award Schedule Contract: Gartner, Inc., Contract Number GS-35F-5014H
07/08/09	A090007	Preaward Review of Multiple Award Schedule Contract Extension: Booz Allen Hamilton, Inc., Contract Number GS-35F-0306J
08/06/09	A090145	Preaward Review of Multiple Award Schedule Contract Extension: BTAS, Inc., Contract Number GS-35F-0546J
08/19/09	A090106	Preaward review of Multiple Award Schedule Contract Extension: Perot Systems Government Services, Inc., Contract Number GS-00F-0049M
08/19/09	A080223	Preaward Review of Multiple Award Schedule Contract Extension: AT&T Corp., Contract Number GS-35F-0249J
08/20/09	A090117	Preaward Review of Multiple Award Schedule Contract Extension: Monster Government Solutions, Contract Number GS-02F-0010P
08/21/09	A090090	Preaward Review of Multiple Award Schedule Contract Extension: Ezenia! Inc., Contract Number GS-35F-0475P
08/21/09	A080030	Preaward Review of Multiple Award Schedule Contract: Hewlett-Packard Company, Solicitation Number FCIS-JB-980001-B
08/21/09	A080112	Preaward Review of Multiple Award Schedule Contract Extension: Altarum Institute, Contract Number GS-35F-4912H
08/24/09	A090131	Preaward Review of Multiple Award Schedule Contract Extension: Avid Technology, Inc., Contract Number GS-35F-0638J
08/27/09	A090228	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the New St. Elizabeths West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center: Greenhorne & O'Mara, Inc., Solicitation Number GS-11P-08-MKC-0079
09/03/09	A090089	Preaward Review of Multiple Award Schedule Contract Extension: Mohawk Carpet Corporation, Less Carpets Division, Contract Number GS-27F-0031N
09/03/09	A090072	Preaward Review of Multiple Award Schedule Contract Extension: BAE Systems Survivability Systems, LLC, Contract Number GS-07F-0177J

---

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

---

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
09/04/09	A090254	Report on Audit of Parts of a Firm Fixed price Proposal for Architectural and Engineering Services on the New St. Elizabeths West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center: Greenhorne & O'Mara, Inc., Solicitation Number GS-11P-08-MKC-0080
09/04/09	A090074	Preaward Review of Multiple Award Schedule Contract Extension: Tech Flow, Inc., Contract Number GS-35F-0210J
09/08/09	A090217	Preaward Review of Architect/Engineering Change Order Proposal: AECOM U.S., Subcontractor to Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091
09/09/09	A090232	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the New St. Elizabeths West Campus of the United States Department of Homeland Security Headquarters and Consolidated National Operations Center in Washington, DC: Haley & Aldrich, Inc., Solicitation Number GS-11P-08-MKC-0079
09/09/09	A090230	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the New St. Elizabeths West Campus of the United States Department of Homeland Security Headquarters and Consolidated National Operations Center in Washington, DC: Goody, Clancy, and Associates, Inc., Solicitation Number GS-11P-08-MKC-0079
09/10/09	A090234	Report on Audit of Direct Labor Rates, Indirect Rates, and Other Direct Costs: HDR Architecture, Inc., Solicitation Number GS-11P-08-MKC-0079
09/11/09	A090242	Audit of Firm Fixed Price Subcontract Proposal: Olin Partnership, Solicitation Number GS-11P-08-MKC-0080
09/14/09	A090239	Audit of Proposed Subcontract to Goody Clancy: Shen Milsom & Wilke, Solicitation Number GS-11P-08-MKC-0079
09/15/09	A090233	Report on Audit of Parts of a Subcontract Proposal: HC YU and Associates, Solicitation Number GS-11P-08-MKC-0079
09/16/09	A090215	Preaward Review of Architect/Engineering Change Order Proposal: Ross Cusenbery Architecture, Incorporated, Solicitation Number GS-09P-03-KTC-0091
09/16/09	A090237	Report on Audit of Parts of a Subcontract Firm Fixed Price Proposal: Rhodeside and Harwell, Inc., Solicitation Number GS-11P-08-MKC-0079
09/17/09	A090246	Report on Audit of Parts of a Proposal: A&F Engineers, Inc., Solicitation Number GS-11P-08-MKC-0080
09/21/09	A090231	Audit of a Proposed Subcontract to Goody Clancy: Gruzen Samton Architects, LLP, Solicitation Number GS-11P-08-MKC-0079
09/21/09	A090253	Report on Audit of Parts of a Proposal: O'Neal Technologies, Inc., Solicitation Number GS-11P-08-MKC-0080

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
09/21/09	A090252	Report on Audit of Subcontract Proposal to Zimmer Gunsul Frasca for St. Elizabeths West Campus of the U.S. Department of Homeland Security: Code Consultants, Inc., Solicitation Number GS-11P-08-MKC-0080
09/22/09	A090229	Audit of Parts of a Proposal for Architect & Engineering Professional Services: Arup USA, Inc., Contract Number GS-11P-08-MKC-0079
09/23/09	A090245	Report on Audit of Parts of a Proposal: Thornton Tomasetti, Inc., Solicitation Number GS-11P-08-MKC-0080
09/24/09	A090247	Firm Fixed Price Subcontract Proposal to Zimmer Gunsul Frasca: Hinman Consulting Engineers, Inc., Solicitation Number GS-11P-08-MKC-0080
09/24/09	A090144	Preaward Review of Multiple Award Schedule Contract Extension: TMP Worldwide Advertising & Communications LLC, Contract Number GS-23F-0076J
09/25/09	A090250	Report on Audit of Subcontract Proposal to Zimmer Gunsul Frasca for Architect Engineering Professional Services: RTM Consultants, Inc., Solicitation Number GS-11P-08-MKC-0080
09/25/09	A090241	Report on Audit of Parts of a Proposal for EYP Project: Einhorn Yaffee Prescott Architecture & Engineering, P.C., Solicitation Number GS-11P-08-MKC-0080
09/25/09	A090118	Interim Postaward Review of Multiple Award Schedule Contract: Murray-Benjamin Electric Co., Contract Number GS-35F-0088N
09/28/09	A090251	Report on Audit of Parts of a Firm-Fixed-Price Subcontract Proposal for the St. Elizabeths East-west Campus, U.S. Department of Homeland Security: Kroll Security Group, Solicitation Number GS-11P-08-MKC-0080
09/28/09	A090244	Report on Audit of Parts of a Proposal: JVP Engineers, P.C., Solicitation Number GS-11P-08-MKC-0080
09/29/09	A090243	Report on Audit of Parts of a Proposal: Syska & Hennessy, Inc., Solicitation Number GS-11P-08-MKC-0080
09/29/09	A090235	Report on Audit of Parts of a Firm-Fixed Price Subcontract Proposal: Kohnen-Starkey, Inc., Solicitation Number GS-11P-08-MKC-0079
09/29/09	A090248	Report on Audit of Parts of a Subcontract Proposal: Schnabel Engineering, LLC, Solicitation Number GS-11P-08-MKC-0080

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Projected Final Action Date</b>
-----------------------	---------------------	--------------	------------------------------------

### **Internal Audits**

07/31/07	A060190	Review of Multiple Award Schedule Program Contract Workload Management	04/15/2012
----------	---------	--	------------

---

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

---

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Projected Final Action Date</b>
09/12/07	A070180	Alert Report on Security of GSA's Electronic Messaging Services and National Notes Infrastructure	04/15/2011
03/31/08	A060228	Improvements to the GSA Privacy Act Program are Needed to Ensure that Personally Identifiable Information is Adequately Protected	02/15/2011
09/11/08	A080081	FY 2008 Office of Inspector General FISMA Review of GSA's Information Technology Security Program	03/15/2011
06/18/09	A070113	Review of the Implementation of GSA's IT Infrastructure Support Services Consolidation Initiative	11/15/2010
06/23/09	A080125	Review of Cost Estimates for the Los Angeles Courthouse Project	12/15/2010
07/15/09	A070199	Review of Management Controls over the Lease Prospectus Process	01/15/2011
09/30/09	A080226	Determination of Unnecessary Duplication within the Office of General Supplies and Services Federal Acquisition Service	12/15/2010
09/30/09	A070171	Review of Program Performance Measurement for Procurement	11/15/2011
09/30/09	A070118	Review of Consistency in Implementing Policy Across Acquisition	12/15/2011
09/30/09	A080121	Review of GSA's OCAO's Procurement Management Review Process	11/15/2011

---

## ***Appendix IV–Government Contractor Audit Findings***

---

The *National Defense Authorization Act for Fiscal Year 2008*, P.L. 110-181, requires each Inspector General appointed under the *Inspector General Act of 1978* to submit an annex on final, completed contract audit reports issued to the contracting activity that contain significant audit findings – unsupported, questioned, or disallowed costs in an amount in excess of \$10 million, or other significant findings – as part of the Semiannual Report to the Congress. During this reporting period, the OIG issued no contract review reports that met this requirement.

---

## ***Appendix V—Audits Without Management Decision***

---

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

---

## ***Appendix VI—Peer Review Results***

---

The *Dodd-Frank Wall Street Reform Act* requires each Inspector General to submit an appendix containing: the results of any peer review conducted by another Office of Inspector General (OIG) during the reporting period or if no peer review was conducted, a statement identifying the date of the last peer review conducted; a list of any outstanding recommendations from any peer review conducted by another OIG that have not been fully implemented, the status of the recommendation and an explanation why the recommendation is not complete; and, a list of any peer reviews conducted by the OIG of another Office of Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review that have not been fully implemented.

During this reporting period, the Office of Audits and the Office of Investigations had no peer reviews conducted on their operations by another OIG. The last peer review conducted for the Office of Audits was September 2009, and the last peer review for the Office of Investigations was conducted by the Department of the Treasury, Office of Inspector General, in 2007. No material findings were reported from any peer review. In addition, we did not conduct any peer reviews of another OIG during this reporting period. As such, there are no outstanding recommendations made from any previous peer reviews that have not been fully implemented.

## Appendix VII—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 . . . . .	19
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies . . . . .	2–10
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies . . . . .	2–10
Section 5(a)(3) – Prior Recommendations Not Yet Implemented . . . . .	31
Section 5(a)(4) – Matters Referred to Prosecutive Authorities . . . . .	25
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused . . . . .	none
Section 5(a)(6) – List of Audit Reports . . . . .	36
Section 5(a)(7) – Summary of Each Particularly Significant Report . . . . .	2–10
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs . . . . .	24
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use . . . . .	23
Section 5(a)(10) – Summary of Audit Reports Issued Before the Commencement of the Reporting Period 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 . . . . .	22
<b>National Defense Authorization Act</b>	
Public Law 104-106, 5 U.S.C. app. 3, § 5 note . . . . .	43
Public Law 110-181 . . . . .	49

---

## **Appendix VIII—OIG Offices and Key Officials**

---

### **Office of the Inspector General**

Inspector General, Brian D. Miller (J) . . . . . (202) 501-0450  
Deputy Inspector General, Robert C. Erickson (JD) . . . . . (202) 501-0450  
Director of Communications and Congressional Affairs, Dave Farley (JX) . . . . . (202) 219-1062

### **Office of Counsel to the Inspector General**

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

### **Office of Evaluation & Analysis**

Director, Richard Parker (JE) . . . . . (202) 501-1641  
Office of Forensic Auditing, Director Patricia D. Sheehan (JEF) . . . . . (202) 273-4989

### **Office of Audits**

Assistant IG for Auditing, Theodore R. Stehney (JA) . . . . . (202) 501-0374  
Principal Deputy Assistant IG for Auditing, Regina M. O'Brien (JAD) . . . . . (202) 501-0374  
Director, Audit Planning, Policy, and Operations Staff, Lisa Blanchard (JAO) . . . . . (202) 501-4865  
Director, Administration and Data Systems Staff, Thomas P. Short (JAS) . . . . . (202) 501-1366  
Director, Special Projects Office, Paul J. Malatino (JA) . . . . . (202) 208-0021

### **Deputy Assistant Inspectors General for Auditing**

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

### **Regional Inspectors General for Auditing**

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

---

## Appendix VIII—OIG Offices and Key Officials

---

### Office of Investigations

Assistant IG for Investigations, Gregory G. Rowe (JI) . . . . . (202) 501-1397  
Deputy Assistant IG for Investigations, Geoffrey A. Cherrington (JID) . . . . . (202) 501-1397  
Director, Investigations Operations Division, Gerald R. Garren (JIB) . . . . . (202) 501-4583

### Special Agents in Charge (SAC)

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

### Office of Administration

Assistant IG for Administration, Larry Lee Gregg (JP) . . . . . (202) 219-1041  
Deputy Assistant IG for Administration, Stephanie Burgoyne . . . . . (202) 273-5006  
Budget, Planning, and Financial Management Division,  
    Director Stephanie Burgoyne (JP) . . . . . (202) 273-5006  
Human Resources Division, Director Denise McGann (JPH) . . . . . (202) 501-1734  
Information Technology Division, Director Michael McLaughlin (JPM) . . . . . (202) 219-2319  
Facilities Branch, Team Leader Carol Mulvaney (JPF) . . . . . (202) 501-3119  
Contracts Branch, Team Leader Myra R. Hayes (JPC) . . . . . (202) 501-2887

---

## *Notes*

---

---

## *Notes*

---

---

## *Notes*

---

---

## *Notes*

---

**Make  
like  
it's  
your  
money!**

**It is.**

To report suspected waste, fraud, abuse, or  
mismanagement in GSA, call your

**Inspector General's Hotline**

Toll-free 1-800-424-5210  
Washington, DC metropolitan area  
(202) 501-1780

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

or access the Web: [www.gsaig.gov/hotline.htm](http://www.gsaig.gov/hotline.htm)

Office of Inspector General  
U.S. General Services Administration

**Office of Inspector General**  
**U.S. General Services Administration**  
1800 F Street, NW  
Washington, DC 20405  
<http://www.gsaig.gov>