



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

# Semiannual Report to the Congress

**October 1, 2001 - March 31, 2002**

# 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>PROTECTION OF FEDERAL FACILITIES AND PERSONNEL</b>	GSA is responsible for protecting the life and safety of employees and public visitors in Federal buildings. A broadly integrated security program is required.	2 – 5
<b>MANAGEMENT CONTROLS</b>	Management controls have been streamlined, resulting in fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed.	5 – 7
<b>PROCUREMENT ACTIVITIES</b>	Simplified processes have reduced order and delivery time, yet competitive principles are not always followed and opportunities may be missed for less costly services and products.	7 – 9, 12 – 18
<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.	10 – 11
<b>HUMAN CAPITAL</b>	GSA's corporate knowledge is eroding and efforts to obtain requisite skills for the future are impeded. Better recruitment and training programs are needed to develop the 21st century workforce.	No Reports This Period
<b>AGING FEDERAL BUILDINGS</b>	GSA is being challenged to provide quality space to Federal agencies using an aging, deteriorating inventory of buildings and facing critical budgetary limitations in its modernization program.	No Reports This Period

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## Foreword

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*This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the 6-month reporting period that ended March 31, 2002.*

*The beginning of this reporting period found us, like all Americans, still attempting to come to grips with the tragic events of September 11th. In the wake of those events, and the anthrax attacks that followed, security issues have become of paramount concern. In consultation with GSA officials, our office conducted an inspection review of security systems and equipment at Federal facilities across the nation. This was one of the largest reviews ever undertaken by the OIG with more than 50 professional staff members visiting buildings in nearly every state to evaluate whether security systems were installed and functioning properly.*

*Our inspection found that substantial progress has been made and that security equipment generally was in place and operating as intended. The review did raise two new issues requiring attention: aging surveillance equipment and the need for guidance on measures to deter bioterrorism threats. In another security related review, we provided program officials with information on how to improve the existing building security risk assessment process.*

*Even though a substantial amount of our resources were diverted to these unforeseen critical assignments, we were still able to carry on with most of our planned projects, albeit with some delays. We continued to work with GSA to identify sound business management and operational improvements in the Agency's programs and operations. We issued a number of reports focusing on the major management issues facing the Agency, including building security, management controls, procurement activities, and information technology. We reported that management control over the use of travel and purchase cards remains a major concern. Also in a recent review of GSA's development and implementation of a new accounting and financial management system, we noted that the Agency, while headed in the right direction on the project, needs to establish a plan to integrate the new system with its many existing financially-related operations.*

*We identified over \$82 million in financial recommendations on how funds could be put to better use and in other program savings. Also, we made 211 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 31 successful prosecutions. Savings achieved from management decisions on audit financial recommendations, civil settlements, and investigative recoveries totaled over \$107 million.*

*I want to express my appreciation to Congress, as well as the senior management of the Agency, for their support over this past year to the*

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## **Foreword**

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*mission of this Office. I also want to express my appreciation for the accomplishments of all OIG employees and commend them for their continued professionalism, dedication, and willingness to accept new challenges.*

*Daniel R. Levinson  
Inspector General  
April 30, 2002*

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



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## Summary of OIG Performance

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### ***OIG Accomplishments***

**October 1, 2001 - March 31, 2002**

Total financial recommendations \$82,946,633

These include:

• Recommendations that funds be put to better use \$82,242,253

• Questioned costs \$704,380

Audit reports issued 70

Referrals for criminal prosecution, civil litigation, and administrative action 211

### ***Results Attained***

Management decisions agreeing with audit recommendations; civil settlements; and court-ordered and investigative recoveries \$107,585,824

Indictments and informations on criminal referrals 18

Cases accepted for criminal prosecution 24

Cases accepted for civil action 7

Successful criminal prosecutions 31

Civil settlements 1

Contractors/individuals debarred 24

Contractors/individuals suspended 38

Employee actions taken on administrative referrals involving GSA employees 17





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## Executive Summary

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During this period, the OIG continued to direct its audit, investigative, and evaluative resources to activities that address what we believe to be the major management challenges facing the Agency. We provided a variety of traditional services, including program evaluations; contract and financial auditing; management control reviews; and investigative coverage and litigation support in contract claims, civil fraud and enforcement actions, and criminal prosecutions. We also continued to provide professional assistance through enhanced consulting services, alert reports designed to quickly inform management of potentially serious deficiencies, and reviews of proposed legislation and regulations.

### **Management Challenges**

We have highlighted a number of reviews that address major management issues facing GSA. In November 2000, we identified to members of the Congressional leadership the most serious management challenges currently facing the Agency. Some of these challenges are in the areas of Federal facilities and personnel protection, management controls, procurement activities, and information technology (IT). Our efforts during this period focused on the following:

#### **Protection of Federal Facilities and Personnel**

GSA is responsible for developing and managing a physical security program aimed at protecting Federal buildings and the people who work in and visit them. We have issued over 25 audit and special alert reports recommending corrective actions and improvements in all aspects of the program. In October 2001, the Inspector General and GSA management agreed that the best way the OIG could assist GSA in the near term was to assess whether building electronic security systems were in place and operational nationwide. In addition, the OIG completed its review of the new Federal Security Risk Manager Program, an assessment protocol designed to enhance the quality of building security surveys.

In order to provide real-time information on the functioning of security equipment at Federal facilities nationwide, more than 50 OIG professional staff members assessed 173 major buildings located in 46 states and the District of Columbia. With only minor exceptions, we found that security countermeasures were installed and operating as intended. However, the review found two issues that impact the overall security program. First, we noted that some of the electronic surveillance equipment was aging and in some cases not as effective as when new. The second issue raised was the need for more guidance on measures that should be added to building security plans to deter bioterrorism threats (page 3).

Security equipment within  
Federal facilities

Alarm testing

Although not a specific objective of the above review, one of our many field teams took steps to spot test alarm systems in several buildings. An alert report was issued after tests revealed that a significant number of

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## Executive Summary

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### Assessment of buildings' vulnerabilities

alarms, when triggered, failed to transmit a signal to the control center. Also, the alarm account information indicating where the problem exists contained inaccuracies and would not always direct authorities to the point of intrusion. Management immediately was made aware of these deficiencies and has initiated responsive action (page 4).

Federal Protective Service (FPS) introduced the Federal Security Risk Manager Program in early 2000 as an enhanced method to identify buildings' vulnerabilities and assess the adequacy of measures taken to lower the risks. FPS's goal is to reduce threats at each facility through specific countermeasures to address risks. Our review of the first cycle of assessments noted shortcomings in the implementation procedures and guidance for security officials. Risk assessments produced inconsistent results and corrective actions were at times misclassified if the needed corrective action was thought too difficult to address. Overall, the evaluation program is a positive step, but better guidance will produce more meaningful assessments (page 4).

### Travel and purchase card controls

#### Management Controls

As addressed in prior semiannual reports, non-adherence to management control over the use of travel and purchase cards still continues to be a major challenge facing GSA and across the government. In reducing administrative barriers and promptly responding to customer needs, management eliminated many of the checks and balances previously part of the control system. Reviews performed in four separate locations indicated that approving officials do not always review activities to assure cardholders comply with card usage and procurement guidelines (page 5).

### Occupancy Agreement

Recently disclosed cases of widespread credit card abuse by employees at several other Federal agencies underscores the significant financial risk and loss of public confidence faced by all agencies who lack proper oversight of their employees' use of charge cards to transact government business (page 6). In FY 2000, Federal employees used purchase cards provided under GSA contracts for more than \$12 billion of transactions. Over 670,000 employees held cards for travel, purchase, and fleet needs. Our concern with GSA management oversight of its own cardholders' compliance with credit card policies continues.

The Public Buildings Service (PBS) developed the Occupancy Agreement (OA) as a method to provide a complete, concise statement of the financial aspects of its customer space agreements as well as the responsibilities of both PBS and the customer agency. It is expected that by the end of FY 2006, all tenancies in government-owned space will be covered by OAs. At the time of the review, only 62 percent of the

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## Executive Summary

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1,700 rent billing records sampled had OAs. In addition, existing agreements were not routinely updated to reflect changes in space assignment. Currently, there is no incentive or immediate repercussion for not completing OAs. This has delayed improvement in PBS's overall billing and space management information processes (page 6).

### Desktop program

In 2000, the Federal Supply Service (FSS) awarded contracts to five vendors for office products and services and new products technology under the desktop program. The contracts require that when products made by the Federal Prison Industries, the National Industries for the Blind (NIB) and National Industries for the Severely Handicapped (NISH) are available, vendors must sell these items rather than the commercially equivalent ones.

In a previous review, we found that improvements needed to be made to the desktop program because the contracts included too few commercial items but too many NIB/NISH products. This reporting period, we did a follow-up review to determine the current status of the program. We concluded that FSS needs to consider the concerns of NIB/NISH, who believe vendors are not blocking sales of commercial equivalent products as required, and therefore harm these organizations by lost sales. We recommended that FSS contracting officials obtain, analyze, and determine whether government sales data for FY 2001 would help improve the desktop program. This will allow FSS to identify government customers; determine the extent of sales of NIB, NISH, and Federal Prison Industries items versus comparable commercial items; and analyze the types and prices of items being purchased by government customers (page 8).

### Lease award procedures

Leasing activities are an important part of PBS's operations (\$3.5 billion annually). This period we reviewed a sample of leases in one region and found that leasing personnel had not consistently followed appropriate procedures or had used faulty data when awarding some leases. In one case, this resulted in lease award to other than the lowest price offeror. In addition, we found that the physical security of prospective commercial properties was inadequately evaluated (page 9).

### Information Technology

### Accounting and financial management system

In 1998, a contract was awarded to purchase a commercial-off-the-shelf product to replace GSA's aging National Electronic Accounting and Reporting (NEAR) system. The commercial product was to be used as the basis for the new Agency-wide accounting and financial management system known as "Pegasys," but required extensive modification to meet specific GSA needs. The Agency, however, underestimated the magnitude and complexity of the changes, which have significantly impacted the completion schedule and resulted in substantial cost

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## ***Executive Summary***

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increases. In FY 2001, management rescoped the work to bring it under a manageable schedule and cost control plan. Management no longer expects to completely replace NEAR in the foreseeable future. As part of the OIG's most recent oversight report, we offered our view that additional work steps were needed to ensure successful implementation of Pegasys. Especially important was the need to develop an enterprise-wide financial system architecture and establish a plan to integrate Pegasys with the Agency's many existing financially-related systems. The development approach is heading in the right direction; however, long-term plans for NEAR and Pegasys need to be better defined in order to fully support mission-based operations (page 10).

### ***Promoting and Protecting Integrity***

A construction contractor was convicted of Major Fraud Against the United States, and paid a \$694,322 fine. The contractor was also proposed for debarment, effectively suspending it from receiving new Federal contracts (page 12). A library furniture supplier agreed to pay \$575,000 to resolve potential civil liabilities under the False Claims Act. The company misrepresented itself when it granted a 16 percent discount to Federal agencies while state and local governments and other customers were given discounts of up to 61 percent (page 17).

As a result of a joint investigation, we were able to obtain restitution of \$6 million for fraudulent activities from two government contractors. Three executives of the two contractors were sentenced after being convicted of conspiracy to defraud the government, wire fraud, conspiracy to obstruct justice, and theft of government property: one of the three was sentenced to 60 months incarceration, another 20 months incarceration, and the third 3 years probation (page 13). Also, a Forest Service radio technician pled guilty to converting government property that he obtained for his own benefit. He was sentenced to 18 months incarceration, 3 years probation, and ordered to pay \$4,000 in restitution (page 14).

The OIG is a participant in the New York Electronic Crimes Task Force that investigates telecommunications fraud primarily involving facilities within the New York metropolitan area. As a result of our involvement with this task force, we completed investigations that resulted in four convictions this period (page 14). In addition, we completed an investigation that resulted in an owner of an automobile shop pleading guilty to submitting false claims to GSA in excess of \$150,000 over a 4-year period (page 15).

Two separate investigations resulted in the convictions of two government employees for converting public funds to personal use by making charges

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## ***Executive Summary***

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on GSA credit cards (page 16). Another investigation determined that the president of a janitorial company submitted a false certification of insurance to GSA. The company and its president entered into a pretrial diversion agreement to perform 12 months probation and reimburse GSA contract costs totaling \$7,200 (page 16). Also, we completed an investigation that resulted in the conviction of a former GSA employee and a private accountant for bribery and conspiracy to defraud the government. The employee conspired with several government contractors and the private accountant to submit false claims on repair and maintenance contracts in exchange for kickbacks to the employee (page 16).

### ***Summary of Results***

The OIG made over \$82 million in financial recommendations to better use government funds; made 211 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 226 legislative and regulatory actions; and received 913 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$107 million. (See page v for a summary of this period's performance.)



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## OIG Profile

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

### Organization

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

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

### Office Locations

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

### Staffing and Budget

As of March 31, 2002, our on-board strength was 282 employees. The OIG's Fiscal Year (FY) 2002 budget is \$36.3 million.

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## Management Challenges

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*Each year since 1998, we have identified and shared with Congress and senior management what we believe to be the major challenges facing the Agency. 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 some of these areas.*

### **Protection of Federal Facilities and Personnel**

*Providing a safe, healthful, and secure environment for over 1 million workers and the visitors to over 8,300 owned and leased Federal facilities nationwide is a major multifaceted responsibility of GSA. In recent years, the increased risks from terrorism have greatly expanded the range of vulnerabilities traditionally faced by building operations personnel. The complexities involved in establishing a broadly integrated safety/security program make this a major challenge.*

#### **Security in Federal Facilities**

Since the 1995 bombing of the Federal Building in Oklahoma City, GSA's Federal Protective Service (FPS) has had an increased responsibility for security and law enforcement in Federal facilities. The OIG has consistently cited the protection of Federal facilities and personnel as one of the key management challenges facing GSA.

The OIG has been continuously involved in the assessment of the physical security program managed by GSA. We have supported the Agency in its efforts to implement new security standards developed after Oklahoma City by performing, in a systematic manner, detailed reviews of the major elements of the overall security program. To date, we have issued more than 25 audit and special alert reports recommending improvements in all aspects of the physical security program.

While we have seen substantial improvements in the overall security program since we started our evaluation work, both we and GSA management are aware that the program still faces many challenges — challenges that have been greatly expanded in nature and dimension by the recent terrorists events.

In October 2001, the Inspector General and the GSA Administrator agreed that the most meaningful way that the OIG could assist GSA in ensuring that its building security systems were in place and operational would be for our office to conduct a large-scale nationwide review on an expedited basis. We also completed work on the new Federal Security Risk Manager Program. Details of these reviews follow.



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## Management Challenges

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

#### **Security Equipment Countermeasures**

The effort to provide real-time information on the functioning of security equipment at Federal facilities nationwide was one of the largest reviews ever undertaken by the OIG. More than 50 professional staff members inspected 173 major buildings located in 46 states and the District of Columbia, assessing whether all security systems called for were in fact installed and properly functioning. All field work was completed in a little over 8 weeks and summary results were available to senior managers soon thereafter.

***Operational status of electronic security systems has improved substantially nationwide.***

On March 29, 2002, we issued our final report on the operational status of security equipment countermeasures installed by FPS at Federal facilities. Prior audits had shown that GSA was not optimally implementing security equipment and structural enhancements recommended by Building Security Committees (BSCs), GSA's formal mechanism for addressing security concerns at each facility. These BSC-recommended countermeasures were designed to detect and prevent the introduction of weapons or explosives and access by unauthorized personnel at Federal facilities. In a follow-up review in 1999, we found that although progress had been made following our initial audit done during 1997 and 1998, further improvements were necessary concerning the physical installation of security equipment, as site inspections had identified uninstalled or non-operational countermeasures that had been reported by FPS as having been completed.

We were pleased to report that with only minor exceptions, security countermeasures were installed and operating as intended. This result showed that since our earlier reviews, GSA management had made marked improvements in the overall security program.

Our review did find two issues that have impact on the overall security program. First, we noted that some of the electronic surveillance equipment was aging and in some instances was not as effective as when new. Moreover, advances in technology have made newer devices more effective. We urged management to establish a more defined cycle of replacing equipment to better ensure proper functioning and to refresh the technology.

We also raised an issue with senior managers that had been brought to our attention by field personnel: the need for more guidance on measures that should be added to building security plans to deter bioterrorism threats. Field personnel are taking steps in many cases but would welcome the best professional advice available to address what the Federal law enforcement community considers to be a new and very real threat.

***New threats require expanded policy guidance.***

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## Management Challenges

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

We acknowledge the significant improvements in building security made by FPS since 1995. Now, however, officials need to address equipment obsolescence as many items are reaching the limits of their useful life. Careful planning and budgeting are necessary to ensure that facilities are not left unprotected when older equipment breaks down and must be replaced with very costly new units.

### **Alarm Testing**

While alarm testing was not a specific objective of the above review, one of our many field teams took steps to spot test alarm systems in several buildings undergoing security systems inspections. In these tests, a significant number of alarms, when triggered, failed to transmit the signal to the control center.

We also noted that the control center maintained critically important alarm account information (which shows the location of the problem), that contained inaccuracies and would not always direct authorities to the correct location of the sounding alarm. Due to the serious nature of these deficiencies, we issued a separate alert report to enable management to take immediate corrective action, which is underway.

### **The Federal Security Risk Manager Program**

FPS introduced the Federal Security Risk Manager (FSRM) Program in early 2000. The program represents a more sophisticated risk assessment survey methodology to better account for terrorism and emerging chemical and biological threats. The program is designed as a probability/likelihood-based assessment that links threats, risk levels, and countermeasure recommendations, while addressing vulnerabilities and the impact of loss should an incident occur. FPS's goal is to reduce threats at each facility through specific countermeasures to address risks classified as high, moderate, or low. FPS established a 2 to 4 year time cycle, depending on the building security level, between assessments of all GSA-controlled facilities.

The creation of the FSRM is a significant step forward in designing enhanced security programs for individual buildings. That said, the first cycle of assessments was marred by shortcomings in the implementation procedures and guidance.

Our review found the FSRM effort to assess and enhance security was impaired by ambiguous terminology, preparation errors, limited review and oversight, personnel resource issues, and the absence of a direct funding mechanism. We noted surveys that inadequately addressed security issues and/or included discrepancies and inconsistencies, such

***Effective risk assessment is the key to sound security plan decisions.***

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## Management Challenges

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

as underrated impact of loss or vulnerability ratings, countermeasure recommendations not directly linked to threats or vulnerabilities, and surveys lacking required intelligence data.

Many buildings with a high risk of vulnerability were rated low because “nothing could be done to lower it.” Some surveys did not include countermeasures to address the highest level threats, or included them as optional because they were considered difficult to accomplish or very costly. Some FPS officials believed that impact of loss addressed continuance of the tenant agency’s mission at a specific facility, while others believed it was the overall Agency’s mission regardless of the facility. Despite the very nature of weapons of mass destruction, security personnel tended to rate the impact of loss as moderate.

If the FSRM program is to be meaningful, FPS needs to address the identified flaws to better ensure the safety and protection of employees and facilities. We recommended that FPS revisit the terminology and threat ratings with increased focus on major threats such as vehicle and mail bombings, and ensure that security officials have sufficient guidance to address emerging threats.

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

### ***Management Controls***

*Multiple management controls have been replaced, through reinvention initiatives, by fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed.*

*Streamlined processes have helped GSA achieve its goal of serving customers quicker and more efficiently, however, the Agency is exposed to the risk of abuse and mismanagement if program officials do not ensure the faithful application of existing safeguards.*

### ***Travel and Purchase Card Controls***

A key concern of ours, highlighted in previous semiannual reports and our annual report to Congress outlining what we believe to be the major challenges facing GSA, is the continued nonadherence to controls over the use of travel and purchase cards. GSA has been aggressive in empowering staff to look for ways to reduce administrative barriers and promptly respond to customer needs. In simplifying existing rules, operating procedures, and guidelines, management eliminated many of

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## Management Challenges

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**Charge cards are efficient, but without effective controls create risks.**

### Management Controls (continued)

the checks and balances previously part of the control system, and now relies on a few broad controls for reviewing and documenting transactions. In FY 2001, GSA employees used travel and purchase cards for about \$175 million of transactions. Currently, about 10,000 travel cards and 3,500 purchase cards are issued within GSA. Recently disclosed cases of widespread credit card abuse by employees at several other Federal agencies underscores the significant financial risk and loss of public confidence faced by all agencies who lack proper oversight of their employees' use of charge cards to transact government business. (See "Fleet Credit Card Abuse," page 16.)

For travel and purchase cards, GSA relies on the approving official as a primary point of control. Yet reviews in four separate locations show that approving officials do not always review transaction detail to assure cardholder compliance with card usage and procurement guidelines. We saw situations where approving officials should have questioned the actions of the cardholders — for example: cardholders did not submit receipts for purchases; they did not reconcile monthly bank statements to purchase records; they let other people use their card; and they did not document the authorization to make certain purchases. One cardholder had 12-month purchases of over \$9 million. The individual had complete control over the entire process including placing the order, determining where the goods or services should be sent, confirming receipt of such goods and services, and executing payment. Although we did not see evidence of questionable transactions, this lack of segregation of duties, compounded by the lack of oversight by the approving official, raised concerns regarding the potential misuse of the card and controls of the purchases.

Although the Chief Financial Officer has taken steps to inform and reinforce with users established policies on the use of credit cards, oversight weaknesses continue. Collectively, the reports show a pattern indicating that a potential for a widespread control issue may exist. With the number of orders and dollars expended via credit cards anticipated to grow, we consider the need for improved oversight a major concern. Accordingly, we referred this issue to the Agency's Management Control Oversight Committee to consider for inclusion as a control weakness in the Administrator's Federal Managers' Financial Integrity Act assurance statement.

### Use of the Occupancy Agreement

The Public Buildings Service (PBS) has faced two major problems associated with billing customers for their occupancy of GSA-managed space. First, there was no complete, concise statement of the financial

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## Management Challenges

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**Occupancy Agreements need to be uniformly adopted to improve space management.**

### Management Controls (continued)

aspects of the tenancy or of the responsibilities of both PBS and the customer agency. Secondly, the financial and management data for individual occupancies were frequently inaccurate or incomplete because PBS did not standardize data collection. Consequently, the results impaired both the accuracy of customer bills and PBS's management information used to control and make decisions about its 335 million square feet of space inventory.

To address these concerns, PBS developed the Occupancy Agreement, intended as a complete, concise statement of the financial aspects of the space agreement as well as the responsibilities of both PBS and the customer agency. PBS intends to track completed agreements in its information system as they are phased in. Agencies in leased space will enter into agreements as their leases expire, or they expand, alter space, or move. All tenancies in government-owned space should have an Occupancy Agreement in place by the end of FY 2006.

In November 2000, PBS' information system showed over 27,000 space assignment records nationwide, with about 4,300 associated Occupancy Agreement numbers. During a recent OIG review, we selected a sample of 1,700 rent billing records purportedly covered by an Occupancy Agreement, to determine accuracy of the data. However, we could link only 62 percent to an actual agreement, and, of these, only 40 percent included tenant signatures. Further, existing agreements are not routinely updated to reflect changes to the tenant space assignment. We did not find any aspect of the PBS internal process to be dependent on the agreement and saw no immediate repercussion from not completing one. This provides little direct incentive for PBS operating personnel to press for completion of the Occupancy Agreements, thus delaying improvement in PBS's overall billing and space management information processes.

The PBS Commissioner concurred with our recommendation that the Agency take steps to encourage full and uniform adoption of the Occupancy Agreement. PBS's goal is to integrate the Occupancy Agreement into the billing process so a customer's bill cannot be changed without a corresponding change to the agreement. However, system limitations need to be addressed and PBS may have to consider other means to ensure consistent information.

### Procurement Activities

*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.*

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## Management Challenges

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### *Procurement Activities (continued)*

#### **Desktop Program for Office Products**

In 1996, the Federal Supply Service (FSS) awarded contracts to office supply vendors for next day delivery of commercial office products, as well as products furnished by organizations affiliated with Federal Prison Industries (UNICOR), and the National Industries for the Blind (NIB) and the National Industries for the Severely Handicapped (NISH), both under the Javits-Wagner-O'Day (JWOD) Act. In 2000, FSS combined several Multiple Award Schedules and awarded 5-year contracts to five vendors for office products and services, and new products technology under the desktop program. In FY 2001, sales exceeded \$141 million.

When we first reviewed the program in 1999, we identified opportunities for FSS to improve upon it. At that time, the desktop vendors offered between 8,600 to 20,000 items for sale to government customers, although only 1,000 to 3,400 were included on the desktop contracts. Vendors were also required to sell about 1,000 JWOD products and block the sale of equivalent commercial items. About 50 to 73 percent of the vendors' sales to government customers were for non-contract items, at discounts that generally were lower than those offered on contract items.

In our follow-up review this period, we noted improvements in the program, mainly:

- at FSS' urging, vendors significantly increased the number of commercial items under contract – now ranging from 7,000 to 11,500, and
- JWOD has reduced the number of contract items to 661.

Nevertheless, NIB and NISH believe vendors are not blocking sales of equivalent commercial items, consequently harming these organizations through lost sales. In addition, vendors continue to complain of increased costs for managing JWOD products with low demand.

In our March 29, 2002 report, we recommended that, to address these issues, FSS needs to analyze product sales information. Vendors contacted indicated a willingness to provide FSS automated sales data. Analyzing the data will allow FSS to: (1) identify Government customers, the products they buy, and the prices they pay; and (2) compare sales of NIB, NISH, and UNICOR items to equivalent commercial items to show whether vendors are blocking equivalent product sales as required, or if

***Supply customers have benefited from program improvements but may not be fully supported.***

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## Management Challenges

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### ***Procurement Activities (continued)***

low demand products should be dropped from contracts. Since some vendors continue to have significant non-contract sales, FSS may find high-volume products that should be included in the contracts to help customers obtain the best possible prices on frequently purchased items.

### **Lease Award Procedures**

PBS obtains a substantial portion of its space to house tenant agencies by leasing from the private sector. Because leasing activities are such an important part of PBS operations (\$3.5 billion annually), we periodically review leasing activities throughout the regions.

Generally, we were concerned whether leasing personnel were using sound procurement procedures when acquiring space for tenant agencies, and if appropriate supervision and oversight were being provided.

In a sample of leases examined in one region this period, we found several leases awarded based on faulty data or where leasing personnel had not followed appropriate procedures. In one case, errors in the financial analysis supporting the lease resulted in the award to other than the lowest priced offeror. In another case, leasing personnel allowed the successful offeror to submit a lowered price after the deadline for the submission of offers, and the financial analysis of the final offers was incorrectly performed by the Contracting Officer. In both cases, supervision and oversight would likely have caught the errors.

In another action, a Contracting Officer with award authority limited to leases of \$1 million or less per year exceeded her authority when she awarded a lease for \$3.5 million per year. Both the Contracting Officer and her supervisor thought an unlimited warrant had been approved. However, this approval did not occur until we raised the issue during our review.

Finally, we found only limited evidence that physical security aspects of prospective commercial properties was adequately evaluated during the lease award process. We suggested that for determining the risk level of space under consideration for lease, it would be advisable to obtain the assistance of trained Federal Protective Service professionals to assure that only adequately secured space is leased.

***Leasing procedures are sound but weaknesses in applying them harm the results.***

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## Management Challenges

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### Information Technology

*GSA is in the process of replacing a number of its old information systems, in keeping with technological advances. Since GSA has had difficulty sharing usable data between systems, many of the new IT projects are designed to go beyond automating current business functions and create real change in the way that GSA does business. However, development of new GSA systems has typically been characterized by schedule delays and cost overruns, the need for frequent redesign, and a prolonged period of time in development.*

### Pegasys

The National Electronic Accounting and Reporting (NEAR) system has been GSA's financial management system for 26 years. In May 1998, the Chief Financial Officer (CFO) awarded a contract to purchase a commercial-off-the-shelf product to be named "Pegasys" to replace NEAR and to be used as the basis for the new Agency-wide accounting and financial management system. The project required extensive modification of the commercial product to meet the specific needs of GSA. The project commenced in October 1999 and was to be completed by October 2001. Management's goals were to satisfy at least 90 percent of GSA's core financial function requirements, reduce data entry by 50 percent, reduce full-time employees by 18 percent and, based on industry standards, reduce annual operating costs by 50 percent.

The initial phase of Pegasys was designed to replace the old accounting system and implement new funds management capabilities within GSA that were not previously available in NEAR. In earlier semiannual reports we stated that, while the Agency anticipated the need for significant modification to the commercial product, it underestimated the magnitude and complexity of the needed changes. This significantly impacted the completion schedule and resulted in substantial cost increases. Both public and private sector advisors have analyzed alternatives and provided recommended approaches for maximizing Pegasys' effectiveness and expediting the elimination of NEAR operations.

In FY 2001, management prioritized its goals and rescoped the work into phases in an effort to bring the project under a manageable schedule and cost control plan. It no longer expects to completely replace NEAR in the foreseeable future. Currently, the objective is to develop the core accounting system functions to provide accounts payable, disbursement, and general ledger processing by October 2002. The Agency will continue to maintain NEAR for accounts receivable, asset management, and cost distribution functions until these can be added to the reengineering efforts.

**Redefined plans  
for new  
accounting  
systems are  
headed in the  
right direction.**



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## **Management Challenges**

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### ***Information Technology (continued)***

We agree with the direction the Pegasys project is taking. However, more planning and project decisions need to be accomplished. In our most recent oversight report, we offered our view that additional work steps are needed to ensure successful implementation. Most significant of these tasks is the need to develop an enterprise-wide financial system architecture and establish a plan to integrate Pegasys with the Agency's many existing financially-related systems. Without these critical measures, full system integration is uncertain.

Finally, the CFO needs to define its long-term plans for NEAR and Pegasys to fully support mission-based operations. Long-term plans will enable the CFO to have a clear understanding of the technology being used, decrease the risk of developing systems that may not meet GSA's future needs, and form the basis for migrating functions to a single system.

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## Promoting and Protecting Integrity

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*GSA is responsible for providing working space for almost one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a governmentwide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations and that the taxpayer's interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency.*

### **Significant Criminal and Civil Actions**

#### **GSA Construction Contractor Convicted; Pays \$694,322 Fine**

On March 19, 2002, AMEC Construction Management, Inc., formerly known as Morse Diesel International, Inc. (AMEC/MDI), a multinational provider of construction services, was convicted on a guilty plea of one count of Major Fraud Against the United States in connection with its GSA contract for the seismic and electrical upgrade of the United States Customs House in San Francisco, California. AMEC/MDI was assessed and has paid a \$694,322 fine.

An OIG investigation of AMEC/MDI found that MDI had submitted a false invoice to GSA for payment on the San Francisco Customs House. The criminal fraud involved providing GSA with an invoice for a bond premium which was falsely stamped "Paid," when MDI had not, in fact, at that time paid the premium. This fraudulent submission resulted in an increase of the overall contract price to GSA. While similar conduct involving the U.S. Courthouse and Federal Building in Sacramento, California was also alleged during the investigation, it was not included in the plea agreement reached by the Government and AMEC/MDI. A related civil fraud case against AMEC/MDI is currently being litigated in the U.S. Court of Federal Claims by the Department of Justice. That case includes fraud allegations against AMEC/MDI involving its GSA construction contracts for the Sacramento Federal Building, the San Francisco Customs House, and the Thomas F. Eagleton Courthouse in St. Louis, Missouri. In addition to allegations regarding false invoices for performance and payment bonds and violations of the Anti-Kickback Act involving a commission-splitting arrangement between AMEC/MDI's bond broker and AMEC/MDI's parent company AMEC, plc on all three projects, the Government's complaint also alleges fraudulent installation of defective doorframes and late payments to subcontractors on the Eagleton Courthouse contract.

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## ***Promoting and Protecting Integrity***

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On February 20, 2002, the GSA Office of Acquisition Policy proposed AMEC and AMEC, plc for debarment, effectively suspending the companies from receiving new Federal contracts pending a final determination on the debarment action period. The proposed debarment was based on AMEC/MDI's guilty plea in connection with the San Francisco Customs House, in combination with the company's previous guilty plea, dated December 12, 2000, for making a false claim against the Government by submitting a false bond invoice relating to the St. Louis contract, and the alleged violations of the Anti-Kickback Act.

### **Contractors Ordered to Pay \$6 Million for Conspiracy to Defraud the Government**

A joint investigation was initiated when information was received that Dynamics Research Corporation (DRC) was paying kickbacks through KKP Corporation (KKP) to two executives of DRC. We conducted the investigation along with the Defense Criminal Investigative Service, the Air Force Office of Special Investigations, the Internal Revenue Service, the Federal Bureau of Investigation, and the Defense Contract Audit Agency.

The investigation disclosed that two executives of DRC assisted KKP in obtaining a Small Business Administration certification, which allowed KKP to receive government contracts outside the usual competitive bidding channels. One of the DRC executives used his position as procurement manager to arrange for the Air Force to purchase millions of dollars worth of computer storage devices and memory units from KKP, acting as a government reseller, through GSA. This arrangement facilitated a multi-component scheme which enabled the two DRC employees and the president of KKP to substitute cheaper, clone memory in the computer storage devices at a mark-up of several hundred percent without the knowledge or consent of the Air Force. Over a 2-year period, they netted in excess of \$7 million in profits.

On February 22, 2002, the president of KKP was sentenced in U.S. District Court for conspiracy to defraud the government, wire fraud, and conspiracy to obstruct justice. He was sentenced to 3 years probation, ordered to pay \$350,000 in restitution, and fined \$25,000. KKP was sentenced to 2 years probation and ordered to pay restitution in the amount of \$3,745,302.

On March 8, 2002, the two DRC executives were sentenced in U.S. District Court for conspiracy to defraud the government, wire fraud, theft of government property, and conspiracy to obstruct justice. One executive was given 60 months incarceration, 24 months supervised release, and ordered to pay restitution of \$3.2 million. The other

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## ***Promoting and Protecting Integrity***

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executive was sentenced to 20 months incarceration, 24 months supervised release, and ordered to pay restitution of \$2.8 million. Both executives have subsequently been terminated from DRC.

### **Forest Service Employee Sentenced for Stealing Government Property Valued at \$9 Million**

We initiated an investigation when it was reported to the OIG that a U.S. Department of Agriculture Forest Service radio technician was obtaining surplus government property from the GSA Federal Excess Personal Property Disposal Program for his own benefit. The investigation disclosed that over a 10-year period the employee stole radio communications gear and surplus equipment valued at \$9 million. The employee used some of the equipment to support his radio hobby, sold about \$4,000 worth of equipment, and gave equipment to unauthorized users.

On January 2, 2002, the radio technician pled guilty to converting property that he obtained for his own benefit. He subsequently resigned his position with the Forest Service. On March 19, 2002, the technician was sentenced in U.S. District Court to 18 months incarceration, 3 years probation, ordered to pay \$4,000 in restitution, and fined \$3,000 for fraud against the government.

### **Telecommunications Fraud**

The OIG is a principal participant in the New York Electronic Crimes Task Force (NYECTF). NYECTF members include the Secret Service, Department of Defense, Department of Justice, New York City Police, and telecommunications industry representatives. The purpose of the task force is to investigate telecommunications fraud, primarily involving Federal facilities within the New York metropolitan area. GSA is the principal provider of telecommunications services for these facilities. The OIG is a permanent member of the NYECTF and frequently is the lead agency in the investigations.

The task force investigates several types of telecommunications fraud including cloned cellular telephones, stolen calling card numbers, and intrusions of Private Branch Exchange (PBX) telephone switches. Cellular telephones are cloned through the use of electronic devices that capture the electronic signatures of the telephones. These signatures are programmed into other cellular telephones, which are then used to illegally make unauthorized telephone calls. Calling card numbers are stolen either through the use of electronic devices, that intercept the caller's use of the number, or by "shoulder surfing," which is the simple act of watching someone dial in the card numbers. PBXs, or telephone switches, are usually breached through their voice mail systems.

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## ***Promoting and Protecting Integrity***

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Individuals may use their computers to locate and break into mailboxes that can be used to make outgoing telephone calls. In all of these scenarios, access is often sold to other individuals who make telephone calls around the world until the misuse is detected.

This reporting period, we had four criminal sentences resulting from the telecommunications fraud investigations.

In two separate investigations, the individuals pled guilty when it was disclosed that they had used their telephone lines to illegally access the PBX of government agencies. In the first case, the individual was ordered to pay restitution of \$686,803, and sentenced to 46 months imprisonment and 3 years supervised probation. In the second case, the individual was sentenced to 21 months imprisonment, 2 years probation, and ordered to pay \$460,267 in restitution.

Another investigation found that an individual sold stolen AT&T and Sprint FTS 2001 telephone calling card numbers. In this instance, the individual was sentenced to 24 months incarceration, 3 years supervisory release, and ordered to pay \$135,405 in restitution.

In the fourth case, the individual was sentenced to 5 months incarceration, 3 years probation, and ordered to pay \$78,618 in restitution. A number of Sprint FTS 2000 calling card numbers were compromised when this individual stole these numbers from unsuspecting travelers who were placing calls from public pay phones at major airports.

### **Owner of Automobile Repair Shop Sentenced for False Claims**

A joint investigation by GSA and the Defense Criminal Investigative Service (DCIS) was initiated when a GSA employee reported that an owner of an automobile repair shop was submitting suspicious invoices for repair work. It was alleged that the owner established multiple vendor account numbers with GSA and then forged the names of government officials authorizing and accepting work performed on government vehicles.

The owner used various vendor numbers and submitted invoices for unnecessary repairs and for services for which he had already received payment. Further, the owner submitted multiple invoices for the same service on the same vehicle and also submitted invoices for services that were not rendered.

On October 4, 2001, the owner was sentenced in U.S. District Court to 30 days in jail, 5 months home detention, 3 years supervised probation, 200 hours community service, and was ordered to pay \$40,000 in restitution for making false claims to the government.

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## ***Promoting and Protecting Integrity***

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### **Fleet Credit Card Abuse**

During this reporting period, two OIG investigations resulted in the conviction of two government employees for converting public funds to personal use. In both instances, the investigations were initiated when GSA management informed the OIG that questionable charges had been made on GSA issued fleet credit cards.

In one case, a Social Security Administration employee was indicted on charges of converting public funds based on a scheme to purchase gasoline for other people's vehicles using fleet cards. She retired from her position and subsequently pled guilty in U.S. District Court. She was sentenced on October 1, 2001 to 3 years probation and ordered to pay restitution of \$5,472. In the other case, a U.S. Army employee also pled guilty in U.S. District Court based on his use of a fleet card to make almost \$10,000 in unauthorized purchases of gasoline. The employee used the card to pre-pay for fuel and then obtained cash refunds for purchases that were overpaid. He resigned from his position and was sentenced on November 26, 2001 to 5 years probation and ordered to pay restitution of \$9,854.

### **Company Debarred for Submitting False Statement to GSA**

A GSA contract specialist reported to the OIG that the president of Trident Maintenance, Inc. submitted a false statement to GSA. He had submitted a false certification of insurance in support of a GSA janitorial contract. On December 11, 2001, the company and its president entered into a pretrial diversion agreement to perform 12 months probation and reimburse GSA for re-procurement contract costs totaling \$7,200. Based on the OIG's recommendation, Trident and its president were debarred.

### **GSA Employee Convicted of Fraud and Bribery Conspiracy**

A joint investigation by GSA, the Internal Revenue Service, and the Federal Bureau of Investigation was initiated when it was alleged that a GSA employee was receiving kickbacks from a GSA contractor. The employee conspired with several government contractors and a private accountant to submit false claims totaling over \$350,000 on small purchase repair and maintenance contracts for a Federal center in Maryland. In exchange, the contractors provided kickbacks to the employee. The accountant had assisted in incorporating companies who submitted false claims to GSA for work not performed.

Four contractors had previously pled guilty to charges of conspiring to submit false claims to the government. Their testimony aided in the November 21, 2001 conviction of the GSA employee and the private accountant in U.S. District Court on charges of bribery and conspiracy to defraud the government. Subsequently, the employee was terminated

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## ***Promoting and Protecting Integrity***

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from his position, sentenced to 7 years imprisonment, and ordered to pay \$418,536 in restitution. In addition, one of the four contractors was sentenced to 22 months imprisonment and ordered to pay \$91,044 in restitution.

### **Furniture Contractor Pays \$575,000 to Settle Potential False Claims Act Liability**

Gaylord Brothers (Gaylord), a division of The Croydon Company, Inc., paid a total of \$575,000 to settle its potential liability under the civil False Claims Act. The Government alleged that, in the course of negotiating two separate Multiple Award Schedule (MAS) contracts for the supply of library furniture, Gaylord misrepresented the nature and extent of the discounts that it gave to its commercial customers. Specifically, GSA had negotiated contracts with Gaylord in 1990 that provided that Federal agencies purchasing under the contracts would receive discounts of 16 percent. The OIG audit and investigation found, however, that Gaylord had granted discounts to state and local governments and other customers of up to 61 percent, contrary to what it represented to GSA. As such, GSA's Federal customers paid more than they should have for Gaylord's products.

### ***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 16 briefings attended by 219 regional employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

### ***Hotline***

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. We also developed and use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 913 Hotline reports. Of these, 124 complaints warranted further GSA action, 13 warranted other agency action, and 776 did not warrant action.

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

The OIG's preaward audit program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward audits distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the Government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 27 contracts with an estimated value of over \$1.6 billion. The audit reports contained over \$82 million in financial recommendations.

Three of the more significant Multiple Award Schedule contracts we audited had projected governmentwide sales totaling \$1.4 billion. The audit findings recommended that \$44.1 million in funds be put to better use. The audits disclosed that these vendors offered prices to GSA that were not as favorable as the prices other customers receive from these vendors.

We also audited several claims for increased costs. In four of the more significant audits, we found that the entire amounts claimed, totaling \$28.5 million, were not supported. In each audit, the contractor could not demonstrate that the Government was responsible for the excess costs claimed. In fact, we found documentation that ascribed the delays to other members of the construction team.

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

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

Each year, we review the Agency's FMFIA process to assess the completeness of management's reporting of known significant weaknesses and deficiencies. This year, we advised GSA's Management Control Oversight Council (MCOC) of three issues that had not been reported in the management assessment process. The issues we believe should be considered by the MCOC for inclusion in the Administrator's assurance statement are: background checks of contract employees, contract administration activities, and use of credit cards. We also advised the MCOC of our agreement with the Chief Financial Officer's (CFO) disclosure of financial management systems' non-conformances in the Agency's system security and system control processes as required by FMFIA, Section 4.

In several audit reports issued between FY 1999 and FY 2001, we noted recurring problems related to contract service personnel not undergoing



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## *Promoting and Protecting Integrity*

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required background checks. In a follow-up review on previously reported deficiencies regarding background checks for childcare employees, we found improvement in the number of checks made, but a need to ensure a more timely completion of these checks remains.

We have issued several reports detailing control weaknesses in administering service and construction contracts related to facility operations. We advised management of repair, alteration, and renovation construction projects that exceeded their completion dates by more than 30 days and of the need to establish a quality control program to ensure reports are completed for preventative building maintenance and to monitor contractor performance. We also advised management of the need to inspect completed construction work and to have an on-site supervisor present at all buildings undergoing major construction.

The OIG has issued FMFIA reports in prior periods on control weaknesses over payments related to credit card purchases. Even though the CFO has taken steps to inform users of established policies, we have once again found instances where credit card policies are not being followed. We reported cardholders not maintaining required logs and supporting receipts of purchases, inappropriate use of purchase cards for travel expenses, and improper payments of sales taxes. We also advised management that cardholders routinely bought office products at prices higher than those offered through GSA's own supply contracts, and that approving officials were not appropriately assigned to approve cardholders' transactions.

In our FMFIA, Section 4 review, we determined that the CFO had completely and accurately disclosed financial management systems' nonconformances regarding both the need to improve entity-wide system security management and oversight, and the need to improve system development, implementation, and change controls processes.

### ***Implementation Reviews***

Responsibility for implementing appropriate corrective action as the result of audit report recommendations rests with Agency management. The OIG performs, on a selective basis, independent reviews of the implementation actions to ensure that management is carrying out this responsibility according to established milestones. This period, the OIG performed one implementation review of the recommendation in the 1997 Limited Review of IMPAC Purchase Card Usage. We found that, while management's corrective actions did not fully remedy the reported conditions, the matter became moot when management migrated to a new system for processing purchase card transactions. A follow-up review will be planned to test the new system in the future.

### **Financial Statement Audit and Related Reviews**

Beginning with the passage of the Chief Financial Officers Act of 1990, the Congress, through legislation, and the Office of Management and Budget, through management circulars and bulletins, have established a framework of financial audits and reviews designed to foster overall enhancement of the Federal Government's financial management and reporting practices. Summarized below are the results of financial and financially-related reviews that our office completed this period.

#### **Financial Statement Audit for FY 2001**

This audit, as in years past, was performed by an independent public accounting (IPA) firm, with oversight, support work and guidance provided by the OIG.

For the 14th consecutive year, the GSA financial statements received an unqualified auditor opinion. This assessment means there is reasonable assurance that the Agency's financial position is fairly presented and free from material misstatement. In a related review, the IPA found no reportable instances of noncompliance with laws and regulations.

The auditors did suggest that GSA needs to do additional work to improve financial information and operations in the following four areas:

- The need to strengthen entity-wide system security management.
- The need to continue to improve controls over GSA systems development and implementation.
- The need to strengthen controls over the integrity of rent data.
- The need to better control the transfer of completed construction projects out of the work in process accounts in a more timely manner.

The Agency has developed plans and is taking steps to address these issues.

#### **Review of Payroll Operations**

As part of the financial audit, the OIG reviewed GSA's internal controls over the payroll function, which is performed at the National Payroll Center (NPC) located within the Heartland Finance Center. NPC uses the automated Payroll Accounting and Reporting System to process payroll for GSA's employees and a number of independent agencies and presidential commissions. We reported that the internal controls over the payroll functions appear to be operating effectively and efficiently to meet control objectives.

**For the 14th consecutive year, GSA earned an unqualified financial statement opinion.**

### Testing of the Performance Measure System

The OIG conducted the portion of the Financial Statements Audit related to the design and operation of the system of controls over the performance measures reported in GSA's FY 2001 Annual Report. Accordingly, we obtained an understanding of the design of the significant controls relating to the existence and completeness of data supporting individual performance measures, and determined whether they have been in operation, as required by the Office of Management and Budget (OMB) Bulletin No. 01-02.

In our FY 2001 audit, we reviewed the CFO's analysis of the test review that was conducted of PBS's performance data. In our last audit, we had identified a reportable condition wherein Agency managers needed to affirm the existence and completeness of the performance data and fully implement accountability requirements. In response, the CFO developed an action plan to improve the process Agency managers would use to assess controls over performance data. In the test review of PBS's performance measures, the CFO found that a number of data entry controls had been enhanced and determined that PBS had adequate controls and procedures over the performance data. PBS, however, is further enhancing the process to provide additional controls to the systems. We reported that the CFO needs to establish a plan to implement the process in other Services and Staff Offices before the reportable condition is resolved.

### Evaluation of Specific Performance Measures

The OIG, as part of the financial statement audit process, performs an assessment of internal controls over the existence and completeness of data supporting individual performance measures.

Using the standards for these reviews established in OMB Bulletin No. 01-02, we assessed the defined attributes for six performance measures from PBS, FSS, and FTS. We found the risk levels for each of these measures to be no greater than moderate, and most were found to be low risk with reasonable controls in place.

### Results Act Testing

Finally, in our review of GSA's FY 2000 Annual Performance Report, we reported that GSA generally complied with the performance reporting requirements of the Government Performance and Results Act and OMB Circular A-11. We found, however, that the CFO could enhance the report preparation process by providing formal guidance to the Services and Staff Offices regarding the content and format of their respective sections of the Annual Performance Report. This would help make the report more consistent.

**Agency  
performance  
measure efforts  
show signs of  
improving.**

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## Governmentwide Policy Activities

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*On a continuing basis, we provide advice and assistance on governmentwide policy matters to the Agency, as well as to other Federal agencies and Committees of Congress, in many different forums, including particularly the President's Council on Integrity and Efficiency (PCIE). The PCIE was established by Executive Order to address governmentwide integrity, economy, and efficiency issues. 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 impact governmentwide issues in areas such as procurement, travel, and government management and information technology systems.*

This period, we provided advice and assistance to OMB and to the House Committee on Government Reform on various procurement policy issues, particularly in the area of services contracting. In addition, we participated on a number of interagency committees and working groups that deal with cross-cutting and governmentwide issues:

### **Interagency Committees and Working Groups**

- The PCIE Information Technology (IT) Roundtable discusses various IT audit activities throughout the Inspector General community.
- Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the PricewaterhouseCoopers TeamMate Users Group to discuss concerns or new challenges facing TeamMate users. TeamMate is an automated audit workpaper management system that should make the audit process more efficient.
- The Inspector General serves on the Human Resources and Legislation committees of the PCIE. The Human Resources Committee fosters educational opportunities for members of the Inspector General community and assists in ensuring the professional development of OIG personnel. The Legislation Committee develops, coordinates, and represents to Congress official PCIE positions on particular legislative issues.
- Our Assistant Inspector General for Auditing represents all civilian government agencies on the Cost Accounting Standards Board, an independent board within OMB's Office of Federal Procurement Policy, which promulgates, amends, and revises Cost Accounting Standards designed to achieve uniformity and consistency in cost accounting practices by individual government contractors.

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## Governmentwide Policy Activities

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- Our Assistant Inspector General for Investigations serves as the Chair of the Assistant Inspectors General for Investigations Subcommittee. This subcommittee reports to the PCIE Investigative Committee. The subcommittee deals with investigative issues that affect all OIG Offices of Investigations, such as statutory law enforcement, peer review, and coordinated assistance to the Department of Justice.

### Legislation

During this period, the OIG reviewed 206 legislative matters and 20 proposed regulations and directives. The OIG addressed the following legislative item:

- *Services Acquisition Reform Act, S. 3832*. We provided comments to the House Government Reform Committee, Subcommittee on Technology and Procurement Policy, on S. 3832, the Services Acquisition Reform Act. Generally, we endorsed the bill's focus on increasing the efficiency of service contracting, but we expressed concerns regarding a number of the bill's provisions that expanded commercial items procurement authorities for services procurements. Specifically, we noted that the bill's expansion of the definition of commercial items to include services — both by eliminating the current substantial quantities requirement and by allowing any item or service sold by a commercial business entity to qualify as a commercial service — would be problematic; the changes eliminate the current pricing safeguards that ensure that such services are bought and sold competitively in the commercial marketplace. In our view, instead of expanding the universe of services that can be acquired using streamlined authorities, the bill should focus on addressing current pricing and competition-related problems in the services contracting area.

We also expressed concerns about the bill's apparent sanctioning, through a proposal to implement the Federal Acquisition Regulation, of the use of time-and-materials contracts in appropriate circumstances for services contracts. We noted that such contracts are inherently risky for the government, and that our audit experience has indicated certain recurring problems under such contracts, including situations where contractors have not actually expended the number of hours for which they have billed the government or contractors who have employed workers on government jobs who do not have the contract-specified qualifications. We suggested that any regulatory coverage expanding the use of such contracts also specifically include accompanying safeguards such as audit authority or payment protections.

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## Governmentwide Policy Activities

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### Regulations

The OIG also provided comments on the following proposed regulations:

- *Acquisition Letter on Pricing Multiple Award Schedule Services.* Our Office provided comments on a draft Federal Supply Service (FSS) Acquisition Letter relating to pricing services under Multiple Award Schedule (MAS) contracts. This was the second time we reviewed and provided FSS with comments on this Acquisition Letter. We noted that proposed coverage in the Acquisition Letter, which generally stated that contracting officers (COs) have the authority to ask for additional proposal information, should be modified to provide specifically that the additional information can include cost information other than certified cost or pricing data. We also noted that the Acquisition Letter should be revised to provide that all proposal information be current, accurate and complete, and that coverage regarding audit assistance for COs seeking to price service contracts be emphasized and amplified. Finally, we suggested adding language to the discussion of basing MAS pricing on other Federal Government contracts that clarified that this method of price analysis is only valid if the other Federal Government contract is comparable to the MAS vehicle; we cautioned that such other Federal pricing should be closely examined.
- *Acquisition Letter on Economic Price Adjustments for Acquisitions that are not Based on Commercial Catalogs or List Prices.* We provided comments to FSS on a draft Acquisition Letter providing guidance to COs on economic price adjustment (EPA) mechanisms for contracts. We expressed our general concerns that the guidance appeared to be making EPAs an automatic mechanism, with little or no individualized analysis required on the part of FSS contracting personnel, and recommended that COs require vendors seeking EPAs to provide substantiation that the increase is being passed on to all customers and is supported by an actual increase in the cost of its operations. With respect to either the market indices or fixed-price methods used to calculate EPAs, we generally noted that the Acquisition Letter's coverage should emphasize the need for such adjustments to be made only if they reflect the vendor's commercial pricing.
- *Acquisition Letter Governing Electronic Modifications for MAS Contracts.* We provided comments to FSS on a draft Acquisition Letter proposing to implement electronic modifications for MAS contracts. Generally, we agreed that processing routine contract modifications electronically would be appropriate and would reduce the administrative burden on COs. However, we expressed concerns regarding electronic processing of more substantive modifications, including those involving the addition of significant products, where price negotiations would be appropriate. We also emphasized the importance of establishing a workable and reliable archive system to store and track all modifications.

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## Governmentwide Policy Activities

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- *Notice of Proposed Rulemaking Regarding Nonprocurement Suspension and Debarment.* We provided comments to an interagency group on a notice of proposed rulemaking that would make a variety of changes to the nonprocurement common rule for suspension and debarment. We expressed our concerns regarding the notice's proposed elimination of a certification required by potential participants in government grant or other programs. Such participants are required to certify that they are not currently excluded or disqualified from participating in such programs. We noted that it is imperative that entities that participate in such programs, including GSA's surplus property donation program, have the requisite integrity, and that we felt the certification ensured that Agency program officials would have accurate, updated information as to whether a particular entity has been deemed ineligible. We also noted that such a certification, and the information underlying it, would not be burdensome for an entity to provide. Generally, we urged retention of the certification.

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## Partnering with GSA Management

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### **Professional Assistance Services**

We continued to offer a variety of professional services to GSA management, including consulting services and advisory reviews. We also continued our participation on Agency improvement task forces, committees, and working groups. Our efforts help the Agency become more efficient and effective by providing management with timely information, often at its request, to improve decision-making, program outputs, and mission accomplishment. These services are provided in addition to our more traditional services.

**Consulting Services.** These OIG efforts are initiated by Agency officials and are designed to provide management with quick responses to specific program concerns. Requesting officials both define and limit the scope of the consulting project. Information objectively developed by the OIG is provided for the interpretation and discretionary use of the requesting official in a partnering relationship with management. Consulting service products contain observations and alternatives for consideration in lieu of formal audit recommendations. One recent effort is highlighted below:

- **Need for Detailed Telecommunications Billings.** With recent changes in Federal Telecommunications laws and regulations, agencies are no longer required to review call detail records or to certify payment for long distance calls. Nevertheless, agencies continue to request call detail records, which concerned FTS management. In our discussions with customer agency representatives, they conveyed several reasons for wanting to continue receiving this data. Customers want the ability to perform ad hoc queries to respond to specific requests related to phone usage, and find record analysis helps them efficiently manage their telecommunication resources. Accordingly, FTS management should retain detailed billing from the vendors as a contract requirement.

**Advisory Reviews.** These OIG services are designed to develop information useful to Agency managers who are responsible for making decisions and initiating program improvements. Typically, we identify benchmarks and analyze best practices used in both private industry and government agencies to determine if GSA is delivering comparable products and services as effectively as other provider entities. Advisory reviews are usually initiated by the OIG, although management may request them as well. Our reports provide observations and conclusions, without recommending corrective actions. The following highlights two such reviews accomplished during this period:

**Telecommunications  
billing detail still  
important to  
customers.**



*Identifying the source and causes for error can reduce future workloads.*

- **PBS Purchase Order Rejections.** We examined the processing of PBS purchasing orders by the Office of Finance to determine if there were steps that could be taken to reduce the high volumes of orders that are rejected and require rework before processing. In a 6-month period, 10,000 orders were rejected.

The Office of Finance could substantially lower future rejection rates if it employed data analysis techniques to pinpoint the prime sources and underlying causes for rejected orders. For example, in our study of the 10,000 rejected orders, we found that 35 percent came from only 9 of PBS's 753 organizational units. We also noted that the Office of Finance did not analyze errors made within its operations to determine if a root cause could be found and eliminated.

In our January 24, 2002 report, we concluded that data sorting and analysis might identify problem areas and indicate rejection trends. Finance also needs to track keying errors to determine if the keying contractor is exceeding its error rate threshold.

- **Real and Personal Property at Closing Supply Facilities.** GSA consolidated its supply distribution operations during calendar year 2001, closing four forward supply points and two distribution centers. Our assignment was to assess whether real and personal property was adequately accounted for, secured, and properly transferred. At the time of our review, inventory stock and equipment in the closing facilities was valued at over \$13 million.

We used the General Accounting Office's Best Practices Guide on conducting inventory counts as our guide for this assessment. GSA put together an experienced and knowledgeable closure team to manage the process. We found that overall, inventory stock and equipment were secure and accounted for properly. The closure activities did find additional inventory items that had to be identified and recorded, taking additional time. Overall, closure operation was considered successful. We offered a few suggestions for strengthening inventory management.

Our observations and suggestions for enhancing future inventory procedures were presented to management on March 25, 2002.

**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

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## *Partnering with GSA Management*

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management controls are provided when installing new or modifying existing Agency systems, and offer possible solutions when addressing complex financial issues.

Our direct participation with the Agency on task forces, committees, and working groups allows us to contribute our expertise and advice, while improving our own familiarity with the Agency's rapidly changing systems. We also benefit by expanding our new initiatives within the Federal community. We nevertheless maintain our ability to independently audit and review programs. Our participation in the task forces is typically as a non-voting advisory member.

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

- **Federal Supply Service (FSS) Working Group.** FSS has convened a working group to address certain negotiations and audit issues that were the subject of a recent OIG special report entitled "Multiple Award Schedule Pricing Practices." The group, which is comprised of FSS and OIG representatives, is working towards issuing guidance to contracting officers and developing training initiatives on these issues.
- **Reimbursable Work Authorization (RWA) Committee in the National Capital Region.** The OIG participates in periodic meetings of this committee, which assesses national and regional issues impacting financial or operational aspects of RWAs.
- **PBS Building Delegation Program.** The Agency has been providing the OIG information on policy changes and has asked us to attend meetings for purposes of providing any input regarding controls and effects these changes may have on operations within buildings under the program.
- **The Information Technology (IT) Council.** The Council monitors policies and programs to ensure IT consistency throughout the Agency. It is comprised of the Chief Information Officers of the various GSA Services and Staff Offices. Representatives of our office participate in meetings at the request of the Agency on such matters as systems controls, architecture, or new legislation requirements.

## Statistical Summary of OIG Accomplishments

### **Audit Reports Issued**

The OIG issued 70 audit reports during this reporting period. The 70 reports contained financial recommendations totaling \$82,946,633, including \$82,242,253 in recommendations that funds be put to better use and \$704,380 in questioned costs. Due to GSA's mission of negotiating contracts for governmentwide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other Federal agencies.

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

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of March 31, 2002. Three reports more than 6 months old were awaiting management decisions as of March 31, 2002; two of them were preaward audits, issued before February 10, 1996, which are not subject to the 6-month management decision requirement. Table 1 does not include 4 reports issued to other agencies this period. Table 1 also does not include 6 reports excluded from the management decision process because they pertain to ongoing investigations.

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

	No. of Reports	Reports with Financial Recommendations	Total Financial Recommendations
For which no management decision had been made as of 10/1/01			
Less than six months old	39	26	\$ 18,140,508
Six or more months old	3	2	41,263,418
Reports issued this period	<u>66</u>	<u>29</u>	<u>82,895,412</u>
<b>TOTAL</b>	<b>108</b>	<b>57</b>	<b>\$142,299,338</b>
For which a management decision was made during the reporting period			
Issued prior periods	39	26	\$ 59,198,703
Issued current period	<u>43</u>	<u>12</u>	<u>33,232,850</u>
<b>TOTAL</b>	<b>82</b>	<b>38</b>	<b>\$ 92,431,553</b>
For which no management decision had been made as of 3/31/02			
Less than six months old	23	17	\$ 49,662,562
Six or more months old	<u>3</u>	<u>2</u>	<u>205,223</u>
<b>TOTAL</b>	<b>26</b>	<b>19</b>	<b>\$ 49,867,785</b>

## Statistical Summary of OIG Accomplishments

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

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

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

	<u>No. of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 10/1/01		
Less than six months old	20	\$ 17,791,465
Six or more months old	2	41,263,418
Reports issued this period	<u>24</u>	<u>82,191,032</u>
<b>TOTAL</b>	<b>46</b>	<b>\$ 141,245,915</b>
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
•management action	—	\$ 90,033,970
•legislative action	—	—
Recommendations not agreed to by management	—	<u>1,401,537</u>
<b>TOTAL</b>	<b>29</b>	<b>\$ 91,435,507</b>
For which no management decision had been made as of 3/31/02		
Less than six months old	16	\$ 49,607,065
Six or more months old	<u>1</u>	<u>203,343</u>
<b>TOTAL</b>	<b>17</b>	<b>\$ 49,810,408</b>

## Statistical Summary of OIG Accomplishments

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

	No. of Reports	Questioned Costs
For which no management decision had been made as of 10/1/01		
Less than six months old	6	\$ 349,043
Six or more months old	0	0
Reports issued this period	5	704,380
<b>TOTAL</b>	<b>11</b>	<b>\$1,053,423</b>
For which a management decision was made during the reporting period		
Disallowed costs	—	\$ 641,496
Costs not disallowed	—	354,550
<b>TOTAL</b>	<b>9</b>	<b>\$ 996,046</b>
For which no management decision had been made as of 3/31/02		
Less than six months old	1	\$ 55,497
Six or more months old	1	1,880
<b>TOTAL</b>	<b>2</b>	<b>\$ 57,377</b>

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## Statistical Summary of OIG Accomplishments

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### ***Investigative Workload***

The OIG opened 100 investigative cases and closed 121 cases during this period. In addition, the OIG received and evaluated 62 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

### ***Referrals***

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

**Table 4. Summary of OIG Referrals**

<b>Type of Referral</b>	<b>Cases</b>	<b>Subjects</b>
Criminal	45	63
Civil	4	7
Administrative	86	141
<b>TOTAL</b>	<b>135</b>	<b>211</b>

In addition, the OIG made 37 referrals to GSA officials for information purposes only.

### ***Actions on OIG Referrals***

Based on these and prior referrals, 24 cases (39 subjects) were accepted for criminal prosecution and 7 cases (11 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 18 indictments/informations and 31 successful prosecutions. OIG civil referrals resulted in 1 case settlement. Based on OIG administrative referrals, management debarred 24 contractors/individuals, suspended 38 contractors/individuals, and took 17 personnel actions against employees.

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## Statistical Summary of OIG Accomplishments

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### **Monetary Results**

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

In addition, the OIG had administrative recoveries of \$2,530 during the course of its investigations and recovered property with a fair market value of \$3,773,206.

**Table 5. Criminal and Civil Recoveries**

	<b>Criminal</b>	<b>Civil</b>
Fines and Penalties	\$ 736,709	\$ —
Settlements and Judgments	—	575,000
Restitutions	11,822,913	—
<b>TOTAL</b>	<b>\$12,559,622</b>	<b>\$575,000</b>





# ***APPENDICES***



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

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

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

### **Asbestos Management**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review assessed the administrative aspects of asbestos management in one region. The report contained two recommendations; one has been implemented.

The remaining recommendation involves establishing management control techniques. It is scheduled for completion by January 15, 2003.

### **PBS's Fire Safety Risk Management**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review evaluated fire safety risk management in PBS facilities. The report contained one recommendation; it has not been implemented.

The recommendation includes implementing a comprehensive fire safety management system that focuses on a national fire safety strategy. The recommendation is scheduled for completion by October 15, 2002.

### **Utility Procurements—Natural Gas Program**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review examined GSA's Natural Gas Program. The report contained four recommendations; three have been implemented.

The remaining recommendation involves developing procedures, performing invoice verification, and reviewing tax receipts. It is scheduled for completion by April 15, 2002.

### **FSS's Marketing Program**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review assessed FSS's marketing program. The report contained three recommendations; one has been implemented.

The remaining recommendations include obtaining electronic sales data and other customer information, and continuing to develop the sales automation system. The recommendations are scheduled for completion by June 15, 2002.

### **Overseas Supply Activity**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review focused on the establishment of Express Stores. The report contained seven recommendations; two have been implemented.

The remaining recommendations involve proceeding with cautious deliberation when opening a new store; developing a more complete tolerance concerning recounting variances; using store employees in the counting process and maintaining integrity over count procedures; recounting bulk items during inventory counts; and ensuring that inventory reports are submitted in a timely manner. The recommendations are scheduled for completion by April 15, 2002.

### **Procurement Center Follow-Up Review**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review examined the operations of FSS's Hardware SuperStore. The report contained five recommendations; three have been implemented.

The remaining recommendations include reevaluating the staffing requirements for the Special Order

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## Appendix I—Significant Audits from Prior Reports

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Program (SOP) and formalizing and reporting performance measures for the SOP. The recommendations are scheduled for completion by April 15, 2002.

### **Electronic Commerce Systems Security**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review examined nine selected electronic commerce (EC) systems. The report contained four recommendations; they have not been implemented.

The recommendations include establishing a process for review of system security requirements; providing guidance to clarify GSA Order 2100.1; tasking appropriate Agency officials with responsibility for GSA's systems; and establishing a process to ensure responsibilities of key security personnel. The recommendations are scheduled for completion by August 15, 2002.

### **Controls over Smart Cards**

*Period First Reported: October 1, 2000 to March 31, 2001*

The review examined management controls over smart cards at a regional office building. The report contained three recommendations; two have been implemented.

The remaining recommendation involves amending procedures to include GSA employees and occupants of GSA-controlled space. The Audit Followup and Evaluation Branch is awaiting a revised action plan to address the report's recommendation.

### **Operating Equipment Inventories**

*Period First Reported: April 1, 2000 to September 30, 2000*

The review focused on equipment maintenance maintained by contractors. The report contained two recommendations; one has been implemented.

The remaining recommendation involves identifying the responsibility for maintenance programs to contractors. It is scheduled for completion by October 15, 2003.

### **Controls over Proceeds from Real Property Sales**

*Period First Reported: April 1, 2000 to September 30, 2000*

The review focused on management controls over proceeds from real property sales. The report contained three recommendations; two have been implemented.

The remaining recommendation involves testing compliance with controls. It is scheduled for completion by September 15, 2002.

### **Information Tracking Process**

*Period First Reported: April 1, 2000 to September 30, 2000*

The review assessed FTS' Integrated Task Order Management System. The report contained two recommendations; one has been implemented.

The remaining recommendation involves continuing current procurement methods and using FTS Chief Information Office resources. It is scheduled for completion by August 15, 2002.

### **Contract Security Guard Program**

*Period First Reported: October 1, 1999 to March 31, 2000*

The review assessed the Contract Security Guard Program. The report contained eight recommendations; six have been implemented.

The remaining recommendations include developing a national training program, and witnessing firearm qualification sessions and tracking qualification status of contract guards. They are scheduled for completion by June 15, 2002.

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

*Period First Reported: October 1, 1999 to March 31, 2000*

The review evaluated the System for Tracking and Administering Real Property (STAR). The report contained four recommendations; one has been implemented.

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

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The remaining recommendations include identifying capabilities needed in STAR, developing a project plan, and establishing a project management team. They are scheduled for completion by June 15, 2002.

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

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

The review focused on the local area network (LAN) security. The report contained four recommendations; two have been implemented.

The remaining recommendations include establishing processes for managing accounts and contingency plans, and identifying controls for remote access to LANs. Both are scheduled for completion by August 15, 2002.

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

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

The review evaluated security standards for new and renovated Federal buildings. The report contained two recommendations; they have not been implemented.

The recommendations include defining roles and responsibilities of individuals involved in building standards, and creating security standards for newly acquired leased space. They are scheduled for completion between August 15, 2002 and November 15, 2002.

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

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

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

The remaining recommendation involves reporting cost data for future countermeasures. It is scheduled for completion by April 15, 2002.

### **Information Systems Security**

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

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

The remaining recommendation involves specifying roles and responsibilities to ensure security. It is scheduled for completion by August 15, 2002.

### **Megacenter Dispatch Services**

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

The review focused on GSA's plans to consolidate security control centers into four megacenters. The report contained four recommendations; three have been implemented.

The remaining recommendation involves implementing a preventive alarm maintenance program. It is scheduled for completion by September 15, 2002.

### **Contract Workload Management**

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

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

The recommendation involves the need to automate key activities of the contracting process. It is scheduled for completion by June 15, 2002.

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
<i>(Note: Because some audits pertain to contract award or actions that have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)</i>				
<b>PBS Internal Audits</b>				
10/05/01	A010205	Management Consulting Review, County Data and Custodial Market Survey, Region 1 PBS Operations Divisions		
10/17/01	A001122	Review of PBS Use of the Occupancy Agreement		
01/15/02	A010269	Limited Review of Purchase Card Transactions in the National Capital Region		
01/31/02	A020087	Limited Audit of the Public Buildings Service’s Capital Investment Contribution Performance Measure		
02/26/02	A020087	Limited Audit of the Public Buildings Service’s Performance Measure: “Percentage Difference Between General Services Administration’s Operating Costs Per Rentable Square Foot for Office and Office-Like Space and Private Sector Costs”		
03/05/02	A020087	Limited Audit of the Public Buildings Service’s Performance Measure: “Percentage of Tenants that Rate PBS Owned and Operated Services as Satisfactory or Better”		
03/12/02	A020093	Alert Report on Review of Building Security Countermeasures, Great Lakes Region		
03/27/02	A010129	Audit of the Federal Protective Service’s Federal Security Risk Manager Program		
03/28/02	A010232	Audit of the Great Lakes Region Public Buildings Service Lease Award Procedures		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
03/29/02	A020092	Report on Federal Protective Service Security Equipment Countermeasures Installed at Federal Facilities		
<b><i>PBS Contract Audits</i></b>				
10/03/01	A010251	Audit of Supplemental Architect and Engineering Services Contract: C.M. Architecture, P.A., Contract Number GS05P01GBD0051		
10/04/01	A010250	Audit of Supplemental Architect and Engineering Services Contract: Ross Barney & Jankowski, Inc., Contract Number GS05P01GBD0050		
10/16/01	A010126	Audit of Claim for Increased Costs: Clark Construction Group, Incorporated, Contract Number GS-04P-96-EXC-0020		
10/19/01	A010215	Preaward Audit of a Claim for Increased Costs: Century Steel, Inc., Subcontractor to J.A. Jones Construction Company, Inc., Lloyd D. George U.S. Courthouse, Las Vegas, Nevada, Contract GS-09P-97-KTC-0014		
10/19/01	A010273	Audit of Supplemental Architect and Engineering Services Contract: Interactive Design, Inc., Contract Number GS05P00GBD0048		
10/23/01	A010172	Audit of Billings under Various Contracts: Jensen Electric and Service Company		\$19,306
10/24/01	A010261	Audit of Claim for Increased Costs: The St. Paul Companies, Contract Number GS-04P-96-EXC-0020		
10/31/01	A010265	Preaward Audit of Architect and Engineering Services Contract: HNTB District of Columbia Architecture, P.C., Solicitation Number GS-11P-00-MQC-0041		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
11/08/01	A010214	Preaward Audit of a Claim for Increased Costs: Strocal, Inc., Subcontractor to J.A. Jones Construction Company, Lloyd D. George U.S. Courthouse, Las Vegas, Nevada, Contract Number GS-09P-97-KTC-0014		
11/30/01	A020039	Preaward Audit of Architect and Engineering Services Contract: Kohn Pedersen Fox Associates, P.C., Solicitation Number GS-02P-01-DTC-0018(N)		
11/30/01	A020072	Preaward Audit of Supplemental Construction Management Services Contract: Parsons Brinckerhoff Construction Services, Inc., Solicitation Number GS-02P-01-DTD-0028(N)		
12/11/01	A020081	Preaward Audit of Architect-Engineering Services Term Contract: OEST Associates, Inc., Solicitation Number GS-01P-01-BZD-0016		
12/12/01	A010208	Audit of Small Business Subcontracting Plan: J.A. Jones-GMO, LLC, Contract Number GS-02P-99-DTC-0006(N)		
12/12/01	A010270	Preaward Audit of Pricing Proposal for Construction Manager Contract: Jacobs Facilities, Inc., Contract Number GS06P01GYD0010		
12/13/01	A010271	Preaward Audit of Change Order Proposal: John C. Grimberg Co., Inc., Contract Number GS-11P99MAC0057		
12/18/01	A020080	Preaward Audit of Architect-Engineering Services Term Contract: Salamone & Associates, P.C., Solicitation Number GS-01P-01-BZD-0016		



## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
01/09/02	A020084	Preaward Audit of Supplemental Architect and Engineering Services Contract: CHMP, Inc., Solicitation Number GS-05P-01-GAD-0072		
01/11/02	A010281	Preaward Audit of a Claim for Increased Costs: Lawson Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032		
01/17/02	A020085	Preaward Audit of Supplemental Architect and Engineering Services Contract: Doshi Associates, Inc., Solicitation Number GS-05P-01-GAD-0072		
01/23/02	A010275	Audit of Termination Settlement Proposal: Ross Barney + Jankowski, Inc., Contract Number GS06P99GZC0010		
02/20/02	A010138	Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014		
02/26/02	A010220	Preaward Audit of a Claim for Increased Costs: J.A. Jones Construction Company, Inc., Lloyd D. George U.S. Courthouse, Las Vegas, Nevada, Contract Number GS-09P-97-KTC-0014		
03/25/02	A010280	Postaward Audit of Cost Accounting System: Seattle Security Services, Inc., Armed Guard Services Contract for Oregon and Northwest Washington, Contract Number GS-10P-00-LSD-0017		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
<b><i>FSS Internal Audits</i></b>				
02/14/02	A020087	Limited Audit of the Federal Supply Service's Performance Measure: "Percent of Schedule Contracts Accessible through GSA Advantage!"		
03/13/02	A020087	Limited Audit of the Federal Supply Service's Performance Measure: "Percentage of Responses in the Category 'Highly Satisfied'"		
03/25/02	A020016	Review of Real and Personal Property at Closing Supply Facilities		
03/29/02	A010153	Follow-up Review of the Desktop Program for Office Products		
03/29/02	A010276	Review of Controls over FSS Employees' Use of Purchase Cards		
<b><i>FSS Contract Audits</i></b>				
10/18/01	A63630	Postaward Audit of Multiple Award Schedule Contract: The Presidio Corporation, Contract Number GS00K-95-AGS-6170, Contract Period April 1, 1995 through March 31, 1996		\$426,359
10/19/01	A010260	Preaward Audit of Multiple Award Schedule Contract: Lexmark International, Inc., Solicitation Number FCGE-C100-0001-B		
10/31/01	A010246	Preaward Audit of Multiple Award Schedule Contract for the Period October 1, 2001 through September 30, 2005: Kyocera Mita America, Inc., Solicitation Number FCGE-C1-00-0001-B		
11/29/01	A010011	Limited Scope Postaward Audit: MasterCard International's Compliance with Fuel Tax Requirements under GSA's SmartPay Contract		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
12/17/01	A010210	Preaward Audit of Multiple Award Schedule Contract: Sharp Electronics Corporation, Solicitation Number FCGE-C1-00-0001-B		
12/18/01	A001123	Postaward Audit of Multiple Award Schedule Contract: Rose Talbert Paint Company, Contract Number GS-10F-48584, for the Period May 9, 1988 through April 30, 1991		\$201,191
12/20/01	A010209	Preaward Audit of Multiple Award Schedule Contract: Xerox Corporation, Solicitation Number FCGE-C1-00-0001-B		
01/17/02	A010247	Preaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Solicitation Number FCGE-C1-00-0001-B		
01/17/02	A010247	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Contract Number GS-25F-5126C		\$2,027
01/30/02	A010115	Preaward Audit of Multiple Award Schedule Contract: Minolta Corporation, Solicitation Number FCGE-C1-00-0001-B		
03/07/02	A020108	Limited Scope Postaward Audit of the Industrial Funding Fee Submitted under Multiple Award Schedule Contract Number GS26F1006B: Kyocera Mita America, Inc.		\$55,497
03/28/02	A020044	Limited Postaward Audit of Multiple Award Schedule Contract: Litronic, Inc., Contract Number GS-35F-4232D		
<b><i>FTS Internal Audits</i></b>				
02/14/02	A020087	Limited Audit of the Federal Technology Service's Performance Measure: "Reducing the Average Monthly Line Rate"		
03/28/02	A010240	Review of Small Business Solutions Development Center		

## *Appendix II—Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
03/29/02	A020091	Review of the Need for Detailed Telecommunications Billings under FTS2001		
<b><i>FTS Contract Audits</i></b>				
10/19/01	A020015	Postaward Audit of Fiscal Year 2000 Incurred Costs: Mitretek Systems, Inc., Contract Number GS-00T-00NSD-0004		
11/16/01	A010195	Postaward Audit of Billable Hours under Master Delivery Order Number T0098AF0076: American Management Systems, Inc., Contract Number GS00K95AFS0004		
<b><i>Other Internal Audits</i></b>				
11/07/01	A010212	Review of Controls over Heartland Region Employees' Use of Purchase and Travel Cards		
11/14/01	A010272	Report on Limited Audit of the Fiscal Year 2001 Federal Managers' Financial Integrity Assurance Statements		
12/31/01	A010177	Review of GSA's Government Performance and Results Act Annual Performance Report for Fiscal Year 2000		
01/14/02	A020087	Report on Internal Controls over Performance Measures		
01/17/02	A010023	GSA Faces Significant Challenges in Deploying a Fully Integrated Pegasys Financial Management System Solution		
01/24/02	A010241	Advisory Review of GSA's Public Buildings Service Purchase Order System Rejections		
02/05/02	A010187	Review of Payroll Internal Controls -- FY 2001		

## *Appendix II–Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
02/07/02	A010187	EDP Management Letter FY 2001 Financial Statement Audit		
02/12/02	A010272	Report on Limited Audit of the Chief Financial Officer's Fiscal Year 2001 Section 4 Federal Manager's Financial Integrity Act Assurance Statement		
02/14/02	A010229	Review of Controls over Rocky Mountain Region Employees' Use of Purchase Cards		
03/26/02	A010277	Audit of GSA's Transition from Seat Management		
<b><i>Non-GSA Internal Audits</i></b>				
12/14/01	A010187	General Services Administration Office of Inspector General's Report on Applying Agreed-Upon Procedures		
01/17/02	A010187	Report on Applying Agreed-Upon Procedures Re: Environmental Liabilities		
01/17/02	A010187	Report on Applying Agreed-Upon Procedures Re: Legal Contingencies		
<b><i>Non-GSA Contract Audits</i></b>				
11/21/01	A010202	Audit of Unbilled Costs: Computer Sciences Corporation, Contract Number GSOOK96AJD0012		

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

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Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), 5 U.S.C. App. 3, § 5 note, this appendix identifies those audit reports where final actions remain open 12 months after the report issuance date. The GSA Office of the Chief Financial Officer, Office of the Controller, furnished the following information.

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
<b>Contract Audits</b>		
11/01/96	A21882	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-07065 for the Period November 14, 1988 Through September 30, 1991
11/01/96	A31851	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02598 for the Period August 26, 1988 Through March 31, 1991
11/01/96	A31865	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02046 for the Period December 4, 1987 Through September 30, 1990
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)
03/24/97	A72434	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-88163, Calendar Years 1990 Through 1996
06/27/97	A71811	Audit of Claim for Increased Costs, Miscellaneous Subcontractors to: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/11/97	A71803	Audit of Claim for Increased Costs: Nicholson Construction Company, Contract Number GS06P94GYC0037
07/22/97	A71804	Audit of Claim for Increased Costs: Rodio/ICOS St. Louis Joint Venture, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/31/97	A71820	Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
08/05/97	A73617	Refund From The Committee For Purchase From People Who Are Blind Or Severely Disabled, Agreement Number GS-02F-61511
08/22/97	A70646	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)

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

Date of Report	Audit Number	Title
09/22/97	A70649	Preaward Audit of a Delay Claim: Consolidated Electric, Inc., Subcontractor to Beacon/Pro Con, Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
09/24/97	A71526	Price Adjustments on Multiple Award Schedule Contract: Domore Corporation, Contract Number GS-00F-5232A for the Interim Period December 1, 1997 Through January 31, 2001
10/23/97	A70655	Preaward Audit of a Delay Claim: Denron Plumbing and HVAC, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
10/24/97	A70660	Preaward Audit of a Change Order Proposal: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
11/12/97	A70656	Preaward Audit of a Delay Claim: J.C. Higgins Corp., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
11/26/97	A22536	Postaward Audit of Multiple Award Schedule Contract: Ingres Corporation, Contract Number GS00K89AGS5589
11/26/97	A32476	Limited Audit of Government Billings: Ingres Corporation, Contract Number GS00K89AGS5589
12/24/97	A80602	Preaward Audit of a Delay Claim: Dan Lepore and Sons, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
01/12/98	A80604	Preaward Audit of a Delay Claim: Able Finishing, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
01/12/98	A80608	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
02/05/98	A80609	Preaward Audit of a Delay Claim: The Woodworks Architectural Millwork, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
02/11/98	A80607	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
03/19/98	A81515	Audit of Claim for Increased Costs: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-0017
04/13/98	A80621	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070 (N)
05/27/98	A42146	Postaward Audit of Multiple Award Schedule Contract: Haworth, Incorporated, Contract Number GS-00F-07010

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
06/08/98	A80618	Postaward Audit of Recoverable Costs: Six World Trade Center, New York, NY, Lease Number GS-02B-15370
06/17/98	A82441	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010
07/17/98	A60934	Postaward Audit of Multiple Award Schedule Contract: Interface Flooring Systems, Inc., Contract Number GS-00F-0002A for the Interim Period October 8, 1992 Through February 28, 1997
09/04/98	A990302	Postaward Audit of Multiple Award Schedule Contract: Westinghouse Furniture Systems, Contract Number GS-00F-76574
09/22/98	A80931	Preaward Review of Multiple Award Schedule Contract For The Extension Period April 1, 1999 Through March 31, 2004: Computer Associates International, Inc., Contract Number GS-35F-5169H
09/24/98	A82456	Audit of Termination Settlement Proposal: Witherington Construction Corporation, Contract Number GS-07P-95-HUC-0068
10/13/98	A80636	Preaward Audit of a Claim: Structural Preservation Systems, Inc., Contract Number GS-02P-96-DTC-0033
11/13/98	A82471	Preaward Audit of a Claim for Increased Costs: Hensel Phelps Construction Company, Contract Number GS-08P-96-JFC-0006
11/16/98	A80646	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
12/15/98	A82472	Preaward Audit of a Claim for Increased Costs: Trautman & Shreve, Inc., Subcontractor to Hensel Phelps Construction Company, Contract Number GS-08P-96-JFC-0006
02/05/99	A995113	Preaward Audit of Supplemental Architect and Engineering Services Contract: Van Deusen & Associates, Solicitation Number GS-02P-98-PLD-0029(N)
02/17/99	A995100	Preaward Audit of a Claim: Chereco Co., Inc., Subcontractor to TGMI/Contractors Inc., Contract Number GS-03P-96-DXC-0021
03/30/99	A995150	Preaward Audit of Supplemental Architect and Engineering Services Contract; Ammann & Whitney Consulting Engineers, P.C., Solicitation Number GS-02P-98-PLD-0015(N)



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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
04/02/99	A995182	Preaward Audit of Architect and Engineering Services Contract: Staunton Chow Engineers, P.C., Solicitation Number GS-02P-98-PLD-0015(N)
05/05/99	A995151	Preaward Audit of Supplemental Architect and Engineering Services Contract: Wank Adams Slavin Associates, Solicitation Number GS-02P-98-PLD-0015(N)
05/10/99	A995207	Audit of Recoverable Costs - FY 1997: Six World Trade Center, New York, N.Y., Lease Number GS-02B-15370
06/08/99	A995192	Limited Postaward Audit of Multiple Award Schedule Contract for the Period April 1, 1997 Through February 28, 1999: Danka Office Imaging Company, Contract Number GS-26F-1018B
06/15/99	A42113	Postaward Audit of Multiple Award Schedule Contract: Herman Miller Inc., Contract Number GS-00F-07000
06/15/99	A995171	Audit of Incurred Costs: Niagara Mohawk Power Corporation, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
06/15/99	A995206	Audit of Recoverable Costs - FY 1995: Six World Trade Center, New York, N.Y., Lease Number GS-02B-15370
06/18/99	A995220	Audit of Claim for Increased Costs: PM Realty Group, Ltd., Contract Number GS05P96GAC0187
06/22/99	A995164	Preaward Audit of Multiple Award Schedule Contract: Compaq Computer Corporation, Extension to Contract Number GS-35F-4544G
06/24/99	A995231	Audit of Small Business Subcontracting Plan: Rael Automatic Sprinkler Company, GS-02P-95-DTC-0041(N)
07/07/99	A995249	Audit of Small Business Subcontracting Plan: L. Martone and Sons, Inc., Contract Number GS-02P-95-DTC-0041(N)
07/07/99	A995209	Audit of Claim for Increased Costs: The Spector Group, Contract Number GS-02P-92CUC0029(N)
07/30/99	A995173	Audit of Incurred Costs: Duke Engineering & Services, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
08/12/99	A995215	Audit of Incurred Costs: KeySpan Energy, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
09/09/99	A995283	Preaward Review of Multiple Award Schedule Contract: National Education Training Group, Inc., Contract Number GS-02B-22885

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

Date of Report	Audit Number	Title
09/15/99	A52534	Postaward Audit of Multiple Award Schedule Contract: Intermecc Corporation, Contract Number GS00K91AGS5288
09/15/99	A52565	Postaward Audit of Multiple Award Schedule Contract: Intermecc Corporation, Contract Number GS00K91AGS5288 (PS01)
09/15/99	A52566	Postaward Audit of Multiple Award Schedule Contract: Intermecc Corporation, Contract Number GS00K91AGS5288 (PS02)
09/23/99	A995296	Preaward Audit of Multiple Award Schedule Contract: TCT Technical Training, Inc., Contract Number GS-02F-9308C for the Period October 1, 1999 to September 30, 2004
10/04/99	A995275	Preaward Audit of Change Order Proposal to Contract Number GS-02P93CUC0071 for the Final Phase of the African Burial Ground Project, Howard University
10/13/99	A995262	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract GS-02P-95-DTC-0014(N)
10/26/99	A995278	Preaward Audit of a Claim: Midlantic Erectors, Inc., Subcontractor to Metropolitan Steel Industries, Inc., Contract Number GS-02P-95-DTC-0014(N)
11/01/99	A995332	Preaward Audit of Cost or Pricing Data: Cupples Products, Inc., Solicitation Number GS06P99GZC0309
11/04/99	A995272	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)
11/10/99	A995271	Preaward Audit of Architect and Engineering Services Contract: HLW International LLP, Contract Number GS-02P-93-CUC-0062
11/29/99	A995304	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1999 Through September 30, 2004: Coastal Video Communications Corp., Contract Number GS-02F-9309C
11/30/99	A995289	Preaward Audit of Architect and Engineering Services Contract: Accu-Cost Construction Consultants, Inc., Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062
12/08/99	A995330	Preaward Audit of Multiple Award Schedule Contract: Caswell International Corporation, Contract Number GS-02F-0434D
01/07/00	A000821	Preaward Audit of the Extension of Multiple Award Schedule Contract Number GS-02F-1407H: Development Dimensions International, Inc.

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

Date of Report	Audit Number	Title
01/11/00	A000819	Preaward Audit of Architect and Engineering Services Contract: Gordon H. Smith Corporation, Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062
02/08/00	A995167	Price Adjustments on Multiple Award Schedule Contract: National Education Training Group, Inc., Contract Number GS-02F-0429D for the Interim Period March 1, 2000 Through March 31, 2000
02/15/00	A40910	Postaward Audit of Multiple Award Schedule Contract: McNaughton Book Service, Contract Number GS-02F-52166 for the Period February 24, 1989 to July 31, 1992
02/17/00	A000923	Preaward Audit of Multiple Award Schedule Contract: Shamrock Scientific Specialty Systems, Inc., Contract Number GS-14F-9732C
03/02/00	A000934	Preaward Audit of Multiple Award Schedule Contract: TimeMed Labeling Systems, Inc., Contract Number GS-14F-0150D
03/06/00	A000948	Preaward Audit of Multiple Award Schedule Contract: 3M Company, Contract Number GS-14F-0161D
03/06/00	A000963	Preaward Audit of a Claim: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033
03/09/00	A000911	Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: Adams Marketing Associates, Inc., Contract Number GS-14F-9734C
03/10/00	A000936	Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: George W. Allen Co., Inc., Contract Number GS-14F-0177D
03/29/00	A81830	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Period March 8, 1991 Through February 29, 1996
03/29/00	A995122	Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Interim Period March 1, 1996 Through April 30, 1998
04/04/00	A000943	Preaward Audit of a Claim for Increased Costs: Cali-U.S.A. Acoustics, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
04/13/00	A000972	Preaward Audit of Multiple Award Schedule Contract: Medical Plastics Laboratory, Inc., Contract Number GS-02F-9315C

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

Date of Report	Audit Number	Title
04/17/00	A000889	Preaward Audit of a Claim for Increased Costs: Italian Marble and Tile Company, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
04/25/00	A000975	Preaward Audit of Multiple Award Schedule Contract: Day Runner, Incorporated, Contract Number GS-14F-0193D
05/02/00	A000918	Preaward Audit of a Claim for Increased Costs: Morrow-Meadows Corporation, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
05/08/00	A000944	Preaward Audit of a Claim for Increased Costs: Columbia Fabricating Company, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
05/11/00	A000950	Preaward Audit of a Claim for Increased Costs: Moon and Crockett Plumbing Corporation, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
05/11/00	A000993	Preaward Audit of a Claim: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033
05/16/00	A001007	Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: Franklin Covey, Contract Number GS-14F-9729C
05/18/00	A000961	Preaward Audit of a Claim for Increased Costs: Washington Iron Works, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
05/18/00	A001009	Limited Postaward Audit of Multiple Award Schedule Contract: Day Runner, Incorporated, Contract Number GS-14F-0193D
05/18/00	A42123	Postaward Audit of Multiple Award Schedule Contract: Coulter Source, Inc., Contract Number GS-00F-2383A
05/25/00	A000955	Limited Scope Postaward Audit: Voyager Fleet Systems, Inc., Contract Number GS-23F-98006
05/26/00	A000853	Preaward Audit of a Claim for Increased Costs: Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
06/01/00	A000971	Audit of Claims for Increased Costs: Midwest Curtainwalls, Inc., The Federal Triangle Project

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
06/27/00	A000860	Interim Postaward Audit: Voyager Fleet Systems, Inc.'s Compliance with Fuel Tax Requirements under Contract Number GS-23F-98006
06/30/00	A001000	Limited Scope Postaward Audit: AOC Solutions, Inc., Contract Number GS-23F-98006
07/19/00	A000940	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
07/27/00	A001028	Limited Review of Contract Extension Claim: International Services, Inc., Contract Number GS-02P-94-CTD-0141
07/28/00	A000916	Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
08/01/00	A001001	Preaward Audit of a Claim for Increased Costs: Aztec Fire Protection, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
08/23/00	A001018	Preaward Audit of a Claim for Increased Costs: Borbon, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
08/24/00	A000941	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
08/28/00	A001023	Preaward Audit of a Claim for Increased Costs: Cali-U.S.A. Acoustics, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
08/31/00	A001044	Audit of Billings Under Contract Number GS06P99GZC0304: Fire Assurance, Inc.
09/28/00	A001051	Preaward Audit of Multiple Award Schedule Contract: Motorola, Inc., Solicitation Number FCIS-JB-980001B-03-23-98
10/13/00	A001086	Audit of Claim for Increased Costs: Turner Construction Company, Contractor Number GS05P94GBC0037
10/17/00	A001024	Preaward Audit of a Claim: Canon Fabrication Corp., Second-Tier Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/17/00	A001110	Audit of Billings Under Contract Number GS06P97GYD0025: Commercial Woodworking Co., Subcontractor to Novack/Hof Joint Venture
10/25/00	A001098	Preaward Audit of a Claim for Increased Costs: Well-Bilt Aluminum Products, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012

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

Date of Report	Audit Number	Title
10/25/00	A001108	Audit of Billings Under Contract Number GS06P97GYD0025: Aschinger Electric Company, Subcontractor to Novack/Hof Joint Venture
10/30/00	A000942	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
10/30/00	A001082	Preaward Audit of a Claim for Increased Costs: Invensys Building Systems, Inc., Second Tier Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
11/08/00	A001085	Preaward Audit of a Claim for Increased Costs: D. Burke Mechanical Corp., Second Tier Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
11/09/00	A001078	Preaward Audit of a Claim (Unresolved Change Orders): Warren Electrical Construction Corporation, Subcontractor to Archer-Western Contractors, Ltd., Contract Number GS-03P-96-DXC-0017
12/07/00	A001025	Preaward Audit of a Claim for Increased Costs: Aztec Contracting, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
12/13/00	A010047	Preaward Audit of Claim: Culpepper Construction Company, Inc., Contract Number GS-04P-96-EXC-0033
12/21/00	A42160	Postaward Audit of Multiple Award Schedule Contract: Storage Technology Corporation, Contract Number GS00K92AGS5574
12/28/00	A010087	Preaward Audit of Architect and Engineering Proposal: Morphosis, Solicitation Number GS-11P-00-YQC-0082
12/28/00	A001027	Audit of Recoverable Costs - FY 1998: Six World Trade Center, New York, NY, Lease Number GS-02B-15370
01/10/01	A001092	Audit of Billings under Contract Number GS06P99GZC0304: Wayne Automatic Sprinkler Corporation, Subcontractor to Fire Assurance, Inc.
01/10/01	A001021	Postaward Audit of Multiple Award Schedule Contract: Merant, Inc. for the Interim Period March 26, 1999 Through September 30, 2000, Contract Number GS-35F-0322J
01/10/01	A001021	Postaward Audit of Multiple Award Schedule Contract and Industrial Funding Fee: Merant, Inc. for the Interim Period March 26, 1999 Through September 30, 2000, Contract Number GS-35F-0322J

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
01/18/01	A010051	Audit of Billings Under Contract Number GS06P97GYD0025: Murphy Company Mechanical Contractors and Engineers, Inc., Subcontractor to Novack/Hof Joint Venture
01/25/01	A001081	Preaward Audit of a Claim for Increased Costs: Coken Company, Inc., Subcontractor to Dick Corporation, U.S. Courthouse & Federal Building, Phoenix, Arizona, Contract Number GS-09P-96-KTC-0070
01/29/01	A000909	Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
02/06/01	A010094	Preaward Audit of a Claim: Smith & Oby Company, Contract Number GS-05P-99-GBC-0025
02/08/01	A010089	Audit of a Claim for Increased Costs: Palafox Street Associates, L.P., Federal Courthouse, Pensacola, FL, Lease Number GS-04B-35055
02/12/01	A001047	Preaward Audit of a Claim (Time Impact Costs): Warren Electrical Construction Corporation, Subcontractor to Archer-Western Contractors, Ltd., Contract Number GS-03P-96-DXC-0017
02/15/01	A001072	Audit of Claim for Increased Costs: Archer-Western Contractors, Ltd., Contract Number GS-03P-96-DXC-0017
02/16/01	A010030	Audit of Billings under Contract Number GS06P97GYD0025: Novack/Hof Joint Venture
02/28/01	A010093	Preaward Audit of a Change Order Proposal: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
03/02/01	A010099	Preaward Audit of Multiple Award Schedule Contract: Security Engineered Machinery Company, Incorporated, Solicitation Number FCO-00-CORP-0000C
03/07/01	A010100	Audit of Claim for Unresolved Change Orders: Archer-Western Contractors, Ltd., Contract Number GS-03P-96-DXC-0017
03/20/01	A001119	Audit of Forward Pricing Rates: J.A. Jones-GMO, LLC, Contract Number GS-02P-99-DTC-0006 & GS-02P-98-DTC-0088
03/29/01	A010169	Preaward Audit of Cost Plus Fixed Fee IDIQ Proposal: RS Information Systems, Inc., Solicitation Number GSC-TFMGD-00-3006
03/30/01	A010161	Preaward Audit of Architect and Engineering Services Contract: Neumann/Smith & Associates, Contract Number GS05P99GBC0020

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Projected Final Action Date</b>
<b><i>Internal Audits</i></b>			
12/02/96	A63019	Audit of the PAPCAP Price Adjustments	04/15/02
01/30/98	A72443	Audit of the Megacenter Program, Federal Protective Service, Public Buildings Service	09/15/02
03/30/98	A83007	Follow-up Review of the Contract Workload Management	05/15/02
09/14/98	A70642	Audit of the Federal Protective Service's Program for Upgrading Security at Federal Facilities	04/15/02
09/24/99	A83602	GSA's Information Systems Security Has Not Kept Pace With Increasing Internet and Intranet Risks	Being revised
09/30/98	A72705	Arthur Andersen LLP, Fiscal Year 1997 Comments and Suggestions for Consideration (Management letter)	07/15/02
03/24/99	A995025	Audit of Security Measures for New and Renovated Federal Facilities	11/15/02
07/15/99	A82706	PricewaterhouseCoopers LLP Management Letter, Fiscal Year 1998 Financial Statement Audit	01/15/04
09/30/99	A995016	Security Weaknesses Place GSA's Local Area Networks at Undue Risk	08/15/02
03/28/00	A995175	Audit of the Federal Protective Service's Contract Guard Program	06/15/02
03/31/00	A995010	PBS Needs to Complete STAR Development and Implement Management and System Controls to Fully Realize Improved Capabilities	06/15/02
08/02/00	A995201	PricewaterhouseCoopers LLP Management Letter Fiscal Year 1999 Financial Statement Audit	01/15/03
08/21/00	A000913	Management Control Review: Public Buildings Service, Office of Property Disposal, Controls Over The Proceeds From Sale Of Surplus Real Property	09/15/02
09/18/00	A000815	Systems Audit of Integrated Task Order Management System, Federal Technology Service	08/15/02
09/19/00	A995288	Audit of Federal Technology Service's Use of Multiple Award, Indefinite Delivery Indefinite Quantity Contracts	Being revised



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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Projected Final Action Date</b>
03/21/01	A001063	Review of Internal Controls Over Smart Cards Action Plan	Being revised
03/27/01	A000968	Review of Operating Equipment Inventories: Public Buildings Service, New England Region	05/15/02

## Appendix IV—Delinquent Debts

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

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

During the period October 1, 2001 through March 31, 2002, GSA efforts to improve debt collection and reduce the amount of debt written off as uncollectible focused on upgrading the collection function and enhancing debt management. These activities included the following:

- From October 1, 2001 through March 31, 2002, GSA Finance Centers referred over \$1.4 million of delinquent non-Federal claims to the U.S. Department of the Treasury (Treasury) for cross-servicing collection activities. FY 2002 collections on these claims, to date, exceed \$29.4 million. Administrative offsets have resulted in an additional collection of \$2.3 million. GSA also collects non-Federal claims using Pre-Authorized Debits (PADs). From October 1, 2001 to March 31, 2002, 17 PADs totaling \$7,917 were issued.
- GSA also successfully negotiated settlements and collected over \$1.1 million in delinquent billings from the National Industries for the Blind/National Industries for the Severely Handicapped (NIB/NISH) contractors running DoD's Base Supply Centers.
- Persistent claims coordination among regional contracting officers, Treasury, and our Finance Centers continues to strengthen our claims collection efforts.
- Coordination of bankruptcy notification efforts has improved between our Finance Centers. Bankruptcy notices received are now routinely reported between the Finance Centers to allow for timely follow-up action.
- Efforts continue to enhance the Accounts Receivable Claims System (ARCS) and the Billing Accounts Receivable Tracking system, making them better tools for collection technicians and enabling them to provide better service to their customers.
- In February, the Heartland Region Claims Unit began importing vehicle accident damage claims from GSA's Comprehensive Accident Records System (CARS) and automatically recording them in ARCS. This automated interface eliminates the need for the Claims Unit to manually record vehicle claims in ARCS and reduces the possibility of data input errors. In addition, the FSS Vehicle Accident Damage Management Center does not have to print copies of initial demand letters and Vehicle Accident Reports (Form 3595) for the Claims Unit.

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

	As of October 1, 2001	As of March 31, 2002	Difference
Total Amounts Due GSA	\$22,807,200	\$22,031,650	(\$ 755,550)
Amount Delinquent	\$15,603,271	\$13,522,950	(\$2,080,321)
Total Amount Written Off as Uncollectible Between 10/01/01 and 3/31/02	\$165,998		

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## Appendix V—Report over 6 Months Old with No Management Decision

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Date of Report	Audit Number	Title
09/28/01	A010252	Limited Scope Postaward Audit Review of Industrial Funding Fee Remittances: ABM, Inc., Various GSA Multiple Award Schedule Contract Numbers

Pursuant to Section 5(a)(10) of the Inspector General Act of 1978, the OIG must summarize each audit report over 6 months old for which no management decision has been made. During this period, management decision was not achieved on one interim postaward audit of ABM, Inc.

We performed an audit to evaluate the method that ABM used to compute the industrial funding fee (IFF) payments and to determine whether the computation was correct and in accordance with the contract's provisions. We advised GSA management that ABM

underreported their sales in six multiple award schedule contracts during Calendar Year (CY) 2000 and that GSA is due additional IFF payments. We also suggested that management direct ABM to determine if it owes further amounts to GSA for underreporting sales in years preceding CY 2000, as well as for CY 2001 to date.

We are working with the Agency to resolve this matter, and expect a management decision no later than April 30, 2002.

## Appendix VI—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 . . . . .	23–25
Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies. . . . .	2, 12
Section 5(a)(2) - Recommendations with Respect to Significant Problems, Abuses, and Deficiencies . . . . .	2, 12
Section 5(a)(3) - Prior Recommendations Not Yet Implemented . . . . .	37
Section 5(a)(4) - Matters Referred to Prosecutive Authorities. . . . .	32
Sections 5(a)(5) and 6(b)(2) - Summary of Instances Where Information Was Refused. . . . .	None
Section 5(a)(6) - List of Audit Reports. . . . .	40
Section 5(a)(7) - Summary of Each Particularly Significant Report. . . . .	2, 12
Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs . . . . .	31
Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use . . . . .	30
Section 5(a)(10) - Summary of Each Audit Report over 6 Months Old for Which No Management Decision Has Been Made . . . . .	61
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 . . . . .	29
Delinquent Debts . . . . .	60
<b>National Defense Authorization Act, Public Law 104-106, 5 U.S.C. App. 3, § 5 note . . . . .</b>	<b>48</b>

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## *Notes*

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