



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

Semiannual Report to the Congress

October 1, 2002 - March 31, 2003

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
PROTECTION OF FEDERAL FACILITIES AND PERSONNEL	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
MANAGEMENT CONTROLS	Management controls have been streamlined, resulting in fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed.	3 – 10
PROCUREMENT ACTIVITIES	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.	10 – 14, 19 – 24
INFORMATION TECHNOLOGY	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.	14 – 18
HUMAN CAPITAL	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
AGING FEDERAL BUILDINGS	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

Foreword

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 six-month reporting period that ended March 31, 2003.

During the past six months, we continued to work with GSA to identify business management and operational improvements in the Agency's programs and operations. In addition, we issued a number of reports focusing on the major management issues facing the Agency, including management controls, procurement activities, and information technology. In particular, we examined management control aspects of various GSA contract programs, including brokerage contracts, construction claims, and Service Center procurements. We continued our reviews testing compliance with controls over purchase cards. We reported concerns with the lack of oversight by approving officials, the lack of documentation to support decisions, and improper purchases by cardholders.

We identified over \$50 million in financial recommendations on how funds could be put to better use and in other program savings. We achieved over \$100 million in management decisions agreeing with audit recommendations, civil settlements, and direct recoveries. We made 218 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 19 successful prosecutions.

I want to express my appreciation to Congress, as well as to the senior management of the Agency, for their support over this past year to the 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, 2003*

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

Summary of OIG Performance

OIG Accomplishments

October 1, 2002 – March 31, 2003

Total financial recommendations \$50,127,715

These include:

- Recommendations that funds be put to better use \$50,031,225

- Questioned costs \$96,490

Audit reports issued 98

Referrals for criminal prosecution, civil litigation, and administrative action 218

Results Attained

Management decisions agreeing with audit recommendations; civil settlements; and court-ordered, audit, and investigative recoveries \$102,007,187

Indictments and informations on criminal referrals 22

Cases accepted for criminal prosecution 20

Cases accepted for civil action 10

Successful criminal prosecutions 19

Civil settlements 2

Contractors/individuals debarred 45

Contractors/individuals suspended 21

Employee actions taken on administrative referrals involving GSA employees 21

Executive Summary

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 services and reviews of proposed legislation and regulations.

Management Challenges

We have highlighted a number of reviews that address major management issues facing GSA. We continued our work in addressing these challenges, making recommendations, and working with management to improve Agency operations. During this period, our efforts included work focusing on the protection of Federal facilities and personnel, management controls, procurement activities, and information technology (IT).

Protection of Federal Facilities and Personnel

For the past several years, our semiannual reports have highlighted our involvement in the assessment of the physical security program managed by GSA's Federal Protective Service (FPS). Through the issuance of more than 25 audit and special Alert Reports, we have worked to help foster substantial improvements in the overall security program. However, the program still faces many challenges, made greater in light of recent terrorist events (page 2).

Transfer of FPS to DHS

On March 1, 2003, the Federal Protective Service was transferred to the Department of Homeland Security (DHS). We prepared a transition paper and met with DHS' Office of Inspector General to discuss what we believe are key operational issues that arise with the transfer. While FPS is no longer a part of our Agency, GSA needs to closely interact with security personnel. Ensuring that Federal employees have a secure work environment and that building assets are adequately safeguarded will remain a primary concern of GSA (page 2).

Management Controls

The Public Buildings Service (PBS) has used both national and regional brokerage contracts to obtain lease acquisition services. The national contract expires soon and PBS needs a replacement. Our review assessed the manner and extent to which PBS uses the brokerage contracts in several metropolitan areas. We found control weaknesses in the financial, ordering, and administrative aspects of the contracts. PBS management is using our report as a roadmap to guide development of the new contract (page 3).

Brokerage contracts

Executive Summary

Construction claims

In recent years PBS construction projects have incurred more frequent and higher dollar construction contractor claims. In one region, claims on its more recent construction projects totaled over \$125 million. The OIG reviewed three of the six construction projects to determine the causes for claims and what actions can be taken to reduce future claims. We attributed the claims to two major conditions — not choosing the most suitable contractors and ineffective project administration. We recommended that potential contractors be more carefully evaluated and that PBS more vigorously enforce contract clauses dealing with scheduling and progress payments (page 4).

Service Center procurements

An OIG Hotline tip led to our review of over \$9 million of procurement actions made by a regional Service Center responsible for maintaining and operating GSA-controlled buildings. The majority of the contract files examined lacked documentation to demonstrate that prices were fair and reasonable or explain why awards were based on other than full and open competition. In most files there was little evidence to support the negotiation of the contract prices (page 6).

Good Neighbor Program

A PBS contract awarded to support a community revitalization initiative for a major city's Downtown Improvement District was negotiated by a person lacking proper contract authority and awarded based on a flawed price analysis. GSA has never inspected the contractor's work nor tracked additional services provided. The contract value to date exceeds \$893,000 (page 7).

Purchase card controls

While efforts of the Chief Financial Officer have brought use of travel cards under sound control, our audits continue to find non-adherence to control procedures for purchase cards. Lack of oversight by approving officials, lack of documentation for transactions, and inappropriate transactions by cardholders were again found in several reviews. While most individual infractions were minor, collectively the pattern indicates control issues still exist. Moreover, one review at a regional Service Center found \$1 million in undocumented or inadequately documented purchase card transactions (page 7).

Secured item inventory

In a series of other control reviews, we found that:

- Management did not adequately maintain and control access to the secured item inventory at the Western Distribution Center in Stockton, California. These highly pilferable stock items are valued at more than \$3 million. We noted that unauthorized individuals were able to enter a secured area without signing in, and the gate alarm was ignored because it was so frequently activated (page 9).

Executive Summary

Fleet Management Center controls

- A Fleet Management Center responsible for 2,500 vehicles valued at \$36 million, did not perform an annual inventory of vehicles, did not adequately control the destruction of charge cards and license plates for vehicles that were sold or removed from service, and did not maintain a purchase card transaction log or adequately review the Fuel Capacity/Quantity Purchased Mismatch Report. These procedures are all required as basic controls to help identify fraudulent or questionable purchases (page 10).

Procurement Activities

Misuse of IT Fund

An ongoing audit of the Federal Technology Service's (FTS) Client Support Centers (CSC), found misuse of the IT Fund and significant inappropriate contracting practices. In one instance, our review disclosed that FTS, using purchase orders citing the IT Fund, spent over \$36 million for construction work and building renovations at United States Army facilities. The IT Fund was established to acquire computer services and related technologies. In another example, FTS renovated a conference center in Eastern Europe using the IT Fund. Rather than detailing the costs of subcontracting architectural and construction work, the contractor for the facility proposed 10,000 hours of "IT technician" time. Our review also revealed numerous examples of inappropriate contracting practices including wholesale changes to a task order's scope without benefit of contract modification and the splitting of procurements in order to stay below a \$3 million sole source threshold. Due to significant concerns, we issued an Alert Report to management for its immediate attention (page 10).

FSS' City Pair Program

The Federal Supply Service's (FSS) City Pair Program provides Federal travelers discounted airfares between over 5,000 city pairs. The airfares under this program average a 72 percent discount off comparable unrestricted coach fares saving the Federal Government over \$2 billion annually. FSS is continually striving to improve the City Pair Program to get the best possible value for the taxpayers. Through our efforts with benchmarking partners, we identified potential opportunities for improvements in the Program. We reported that other entities use "cost per mile" data more extensively in pricing analysis. Analysis of routes and air markets in different ways may also identify additional ways to lower overall rates (page 11).

Section 508 of the Rehabilitation Act

In 1998, Congress amended the Rehabilitation Act of 1973 and under Section 508 of the Act, required Federal Agencies to give disabled employees and members of the public, access to information that is comparable to the access available to those without disabilities. The law applies when agencies develop, procure, maintain, or use electronic and information technology (EIT). Although GSA has done much to implement the requirements of Section 508, it recognizes more can be

Executive Summary

done to enhance implementation. In our report we recommended additional actions that the Chief Information Officer could take in order to strengthen GSA's commitment to implementing Section 508 (page 13).

Information Technology

Systems Development Center

In January 1999, the Office of the Public Buildings Service (PBS), Chief Information Officer established the Systems Development Center (SDC), operated by a private contractor, to address ongoing difficulties in developing and managing IT systems. Over a three year period, PBS paid the SDC contractor over \$40 million. The quality and quantity of products and services delivered were well below expectations. Weak contract administration and poor contractor execution were the primary underlying causes preventing success. PBS has opted to not extend the contract (page 15).

Privacy Act data controls

As part of an assessment of security controls for GSA's various IT systems, we identified concerns related to the Agency's management of Privacy Act and sensitive data. Online security training for GSA employees and IT service contractors did not include Privacy Act requirements or restrictions on unauthorized disclosures of personal information. We recommended that appropriate Privacy Act requirement clauses be included in IT support contracts and that roles and responsibilities for the protection of this sensitive data be made explicit to contractors (page 16).

Wide area backbone network

The wide area backbone network (WABN) is a nationwide telecommunications network that enables GSA to communicate via the Internet and Intranet and transmit data necessary for day-to-day operations. The Office of the Chief Information Officer (OCIO) has centrally managed the network since 1996. The WABN will cost GSA and other users \$5 million in FY 2003. GSA's Services and Staff Offices (SSO) have doubled bandwidth requirements over the last few years in implementing new systems or enhancing existing systems. In our review, we identified opportunities that would enhance the network operations and better forecast future demands. We believe the OCIO should require pre-implementation testing of new systems by the SSOs in order to maximize the network's performance, and enable the OCIO to better forecast future demand for bandwidth (page 17).

Promoting and Protecting Integrity

In our ongoing efforts to promote and protect the integrity of GSA's programs and operations, we aggressively conducted investigations and pursued the prosecution of individuals and companies perpetrating criminal and civil fraud impacting GSA programs. A number of these investigations have led to enforcement actions during this semiannual period.

Executive Summary

Bribery of GSA employees

Investigative cases dealing with employee integrity issues receive our highest investigative priority. During this period, we conducted an investigation which led to the identification of six individuals involved in a bribery scheme concerning renovations or modifications to Federal buildings. In this case a GSA building management specialist pled guilty to accepting bribes and resigned his position. Two of the contractors involved in paying off the GSA employee pled guilty and three subcontractors involved in the scheme were arrested; one pled guilty and judicial actions are pending on the other two (page 19). In another investigation we arrested two individuals in a bribery scheme involving FTS contracts. We initiated this investigation after an FTS employee reported to us that a GSA contractor had offered a bribe in exchange for the award of a contract. Subsequently, the two individuals were observed paying the cooperating GSA official a \$2,500 bribe. Both individuals pled guilty and were sentenced to incarceration (page 23).

Charge card misuse

The increased use of charge cards in government purchases for products or services has led to increased investigative efforts both proactively and in response to referrals which identify instances in which government charge cards have been stolen or misused. Several cases involving charge card issues were concluded this period. A government official agreed to pay \$20,000 to settle potential civil False Claims Act liability for misusing a government charge card (page 20). In another investigation, an individual pled guilty to misusing a government charge card and was sentenced to probation and community service (page 23). Ongoing investigative efforts involving GSA-issued fleet charge cards resulted in the sentencing of four individuals including one GSA employee for misusing the cards and theft of government funds (page 22).

Fraud schemes

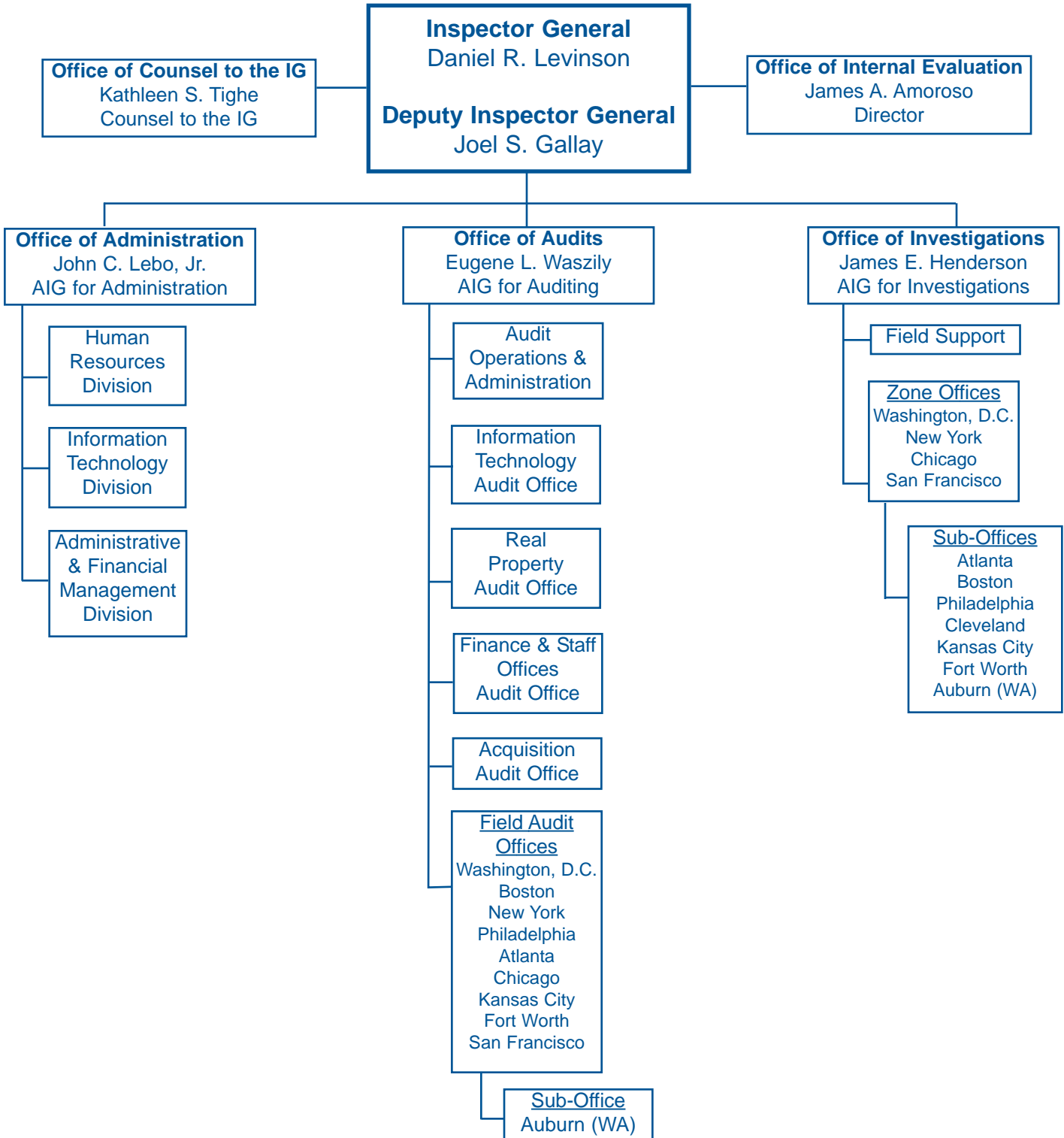
During this period, investigations were active in several programs and operations of the Agency. In a case involving the use of stolen commercial and government calling cards, an individual was sentenced to 37 months incarceration and ordered to pay \$985,000 in restitution for stealing calling card numbers from unsuspecting travelers using phones at airports (page 20). Also, in an investigation involving FSS contracts, a supplier of medical technology equipment agreed to pay over \$69,000 to settle potential False Claims Act liability for supplying faulty blood analyzing machines to the government (page 20). In another investigation involving GSA auctions of excess government property, an individual was sentenced to probation and agreed to pay over \$65,000 in restitution for committing fraud by reselling former government test crash vehicles illegally to unsuspecting individuals (page 21).

Executive Summary

Summary of Results

The OIG made over \$50 million in financial recommendations to better use government funds; made 218 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 152 legislative and regulatory actions; and received 917 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$102 million. (See page v for a summary of this period's performance.)

OIG Organization Chart



OIG Profile

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 research, benchmarking, and other 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 Office of Internal Evaluation**, an analytical staff that provides coverage of OIG operations primarily through management assessments, and conducts internal investigations and reviews at the direction of the Inspector General.
- **The Office of Administration**, which 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 maintained in Auburn and Cleveland. (A contact list of OIG offices and key officials is provided in Appendix VI.)

Staffing and Budget

As of March 31, 2003, our on-board strength was 278 employees. The OIG's Fiscal Year (FY) 2003 budget is \$37.5 million.

Management Challenges

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 these areas.

Protection of Federal Facilities and Personnel Security in Federal Facilities

For the past several years, our semiannual reports have highlighted our involvement in assessing the physical security program managed by GSA's Federal Protective Service (FPS). During that time, 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. 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 recent terrorist events.

On March 1, 2003, the Federal Protective Service was transferred to the Department of Homeland Security (DHS). In anticipation of that transfer, during the last period we prepared a transition paper that outlined operational issues facing GSA and the Department with the transfer of FPS. Prior to the transfer of FPS, we met with the Inspector General of DHS and his staff to discuss a number of these issues, including: building security system operations; the contract guard program; and intelligence sharing between FPS, the Federal Bureau of Investigation, and GSA.

While FPS is no longer a part of our Agency, GSA will have a continual need to closely interact with security personnel due to GSA's mission of housing Federal agencies. Providing space requires a high degree of coordination and cooperation with building operations personnel, tenant agencies, community groups, local officials, and various architectural, environmental, and historic preservation organizations. Ensuring that Federal employees have a secure work environment and that building assets are adequately safeguarded must remain a primary concern of GSA.

FPS transfers to the Department of Homeland Security.

Management Challenges

Management Controls

In many areas throughout the Agency, management controls and extensive supervisory reviews have been replaced, through streamlining efforts, by fewer and broader controls. This has made it essential that the remaining control processes 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 mismanagement and abuse if program officials do not ensure the faithful application of existing safeguards.

Contract Administration

Once a contract has been awarded, it becomes the responsibility of the contracting officer or representative to ensure that contractors are adhering to the terms and conditions they agreed to, that the products and services we contract for and pay for are being provided, that they are of the quality agreed to, and that they are delivered timely. Recently, we have noticed that contract administration issues are more frequently being raised in our audits. While these types of conditions may not be new, there exists a trend that, if it continues to increase, could lead to significant problems. With the recent emphasis on using contractors to perform many of the functions now provided by government employees, the importance of contract administration will grow considerably. With weaknesses already existing now, GSA needs to undertake corrective measures before the weaknesses increase.

PBS' Use of Brokerage Contracts. Over the past several years, as its realty staffs have declined, the Public Buildings Service (PBS) has placed increasing reliance on commercial brokerages to provide lease acquisition services. Through national and regional contracts, PBS can obtain full lease acquisitions or order specific tasks from a menu of realty services. Payment for these contracts has come from varying sources. At first, contracts were funded by appropriated monies. In 2000, GSA legal counsel determined that PBS could accept a commission fee, collected through the brokers as a rebate from landlords, and use those commissions to pay the brokers and other realty expenses. More recently, as operating budgets became more strained, two PBS regions employed "zero dollar" contracts under which a brokerage is given a task order to complete a lease action for PBS without compensation from PBS. Instead, the brokerage keeps all commission fees it collects from the landlord. These newer approaches were designed to save PBS money by making the contracts self-funding. The national contract for brokerage services and most of the regional ones have expired or are soon to expire, and PBS is contemplating a replacement. Our audit assessed the manner and extent to which PBS has used the existing contracts and evaluated the control environment relative to the task order process.

Management Challenges

Some lease acquisition contracting approaches have weak controls while others may breach appropriation law.

Management Controls (continued)

Since award of the initial contracts in 1998, PBS has issued over 950 task orders valued at more than \$31 million. We noted deficiencies in the financial, ordering, and administrative aspects of these contracts. Unauthorized personnel placed several task orders for leasing projects without recording the financial liability. In many instances, the task order requested services that were either poorly defined or could have been acquired at lower cost by ordering specific services from the menu portion of the contracts. One region had so frequently circumvented standing procedures, it essentially lost financial control over its contracts and was required to formally ratify over \$3 million in task orders issued by unauthorized personnel.

In looking at the financial aspects of the contracts, we found that previous Agency legal advice had informed PBS headquarters that the use of “zero-dollar” contracts were a breach of the Antideficiency Act and an improper augmentation of authorized funds. When we raised this issue, PBS instructed the two regions to cease using these contracts. We also noted that the other forms of contracts being used, in which fees for specific services are established on a fixed-fee basis, are only marginally suitable for many of the larger, more complex lease acquisition projects that have unique requirements and are subject to frequent changes.

We presented a summary of our observations and lessons learned in a report to the PBS Commissioner on December 11, 2002.

In the response to our report, management stated it will use audit findings as a roadmap for developing the replacement solicitation. The Office of Realty Services has been working to establish new guidelines for program internal controls as well as developing the format for the new solicitation. PBS is also seeking from the General Accounting Office advice concerning whether there is a means to use “zero-dollar” contracting in a manner consistent with appropriation law (a favorable ruling will not fully resolve all concerns over their use).

Other measures PBS is taking to improve the contract program include establishing teams to develop contractor performance measures, improve contract administration, and design a training program to teach brokerage personnel the detailed points of Federal leasing regulations.

Construction Claims. In recent years, we have observed that construction projects have incurred more frequent and higher dollar value claims. This results in greater litigation and settlement costs, and significantly hinders the overall success of the construction

Management Challenges

Ineffective project management and poor contractor choice contributed to \$125 million in construction claims in one region.

Management Controls (continued)

program. In one region, we examined three major projects each of which had incurred major claims. This region had experienced over \$125 million in claims stemming from six of its more recent construction projects. Our purpose was to determine the underlying causes and consider what actions might be taken in the future to either avoid or at least reduce the amount of claims incurred.

Our evaluation concluded that many claims could be avoided if PBS officials were more careful in selecting the contractors for the specific projects and if they used more effective project management techniques to oversee the work.

In examining the contract award process, we found that PBS uses an approach that evaluates prospective contractors' proposals on the basis of pricing and technical factors. While this approach is conceptually sound, we found the technical criteria used were so generic that they were of limited value in differentiating the most qualified contractors from the others. Most significant was that the criteria did not include a detailed assessment of the contractors' past performance on similar projects.

Selection of weaker contractors had subsequent adverse effects. In our study, we saw evidence that some of the contractors manipulated construction schedules or submitted none, overwhelmed the project team with requests for information, inflated overhead costs, or did not fully price change orders. PBS did not take corrective actions to eliminate these conditions; thus, it incurred time delays and additional unnecessary project costs. Compounding the bad contractor behavior was that PBS did not always enforce contract clauses relative to scheduling and payment procedures, and often neglected many of its project oversight responsibilities. This only entices contractors to conduct that leads to inflated claims for costs. Weak project management also increases the risks that later on the contractor will assert that delays and added expenses were caused by and should be borne by the government.

In our November 12, 2002 report to the Regional Administrator, we recommended that:

- Source selection committees develop a broader range of detailed questions for potential contractors.
- PBS enforce contract clauses dealing with scheduling and progress payments.

Management Challenges

Management Controls (continued)

- Project personnel document project files, be adequately supervised, and receive formal training on project and construction claims management.

The Regional Administrator concurred with our observations and recommendations. He stated that management expects the rate of construction claims to decline due to changes and improvements already made in the Property Development Division. Based on this report, we are currently performing an expanded review of PBS' construction program across the nation.

PBS Service Center Procurements. The Federal Acquisition Regulation (FAR) requires that contracting officials provide documentation in the file to show that each step of the acquisition process is complete. In response to a complaint made to the OIG's Hotline, we reviewed over \$9 million of procurement actions, including purchase card transactions, made by a regional PBS Service Center responsible for maintaining and operating GSA-controlled buildings in a geographic area. The majority of the contract files we examined lacked documentation to demonstrate that prices were fair and reasonable and did not show why awards were based on other than full and open competition. In most files there was little evidence to support the negotiation of the contract prices. We reviewed a sample of purchase card transactions that had supporting documentation and found that cardholders did not obtain adequate competition on 64 out of 79 purchases that exceeded the micro-purchase limit. (See page 8 for additional detail on our purchase card findings.)

During our review, we also identified four procurement actions that required ratification. In each case, the services or products had already been provided before a purchase order was prepared or funding approved. These actions ranged between \$1,200 and \$25,000.

In our December 27, 2002 report, we recommended that the Regional Administrator develop adequate internal controls and internal review procedures, and ratify the four identified contracting actions in which products had already been provided without a purchase order or approved funding. The Regional Administrator agreed with our recommendations and submitted a draft action plan to address the issues.

Most of the \$9 million of procurement actions reviewed lacked documentation to demonstrate fair and reasonable pricing or justification for other than full and open competition.

Management Challenges

Management Controls (continued)

Good Neighbor Program. GSA started the Good Neighbor Program in 1996 as a community-based initiative to help revitalize downtown districts in major cities. PBS' Business Development Division reached an agreement with a Downtown Improvement District in one major city for the acquisition of services from the Ambassador Force, a group that provides directions, information, and a visible, authoritative presence to downtown visitors, workers, and residents. A Memorandum of Agreement (MOA) established the scope of work, contract price, an implementation plan, inspection procedures, and termination provisions. FPS awarded the contract based on the MOA.

The PBS Business Development staff negotiated the agreements with the Downtown Improvement District. However, no one on the staff is a warranted contracting officer. The FPS contracting officer who awarded the contract relied on a price analysis (that was flawed) prepared by a non-warranted employee to determine if the initial contract price was fair and reasonable. After several options were exercised, a new contract was awarded in 2002, bringing the total value for services to over \$893,000. The contract file contained no documentation of negotiation — no contractor proposal, PBS price analysis, or Price Negotiation Memorandum — all specifically required by the FAR.

We also observed that contract services are not being inspected nor is the use of services tracked. Therefore, FPS is unable to determine if the contract value is fair and reasonable or if services are performed as required.

In our report to the Regional Administrator, we recommended that contracting officers: negotiate contracts at fair and reasonable prices with contract files documented accordingly, inspect contract services, and track the use of additional services.

The Regional Administrator concurred with our recommendations and stated that responsibility for administering these contracts has been transferred from FPS to PBS.

Purchase Card Controls

A key concern of ours highlighted in previous semiannual reports and our annual report on the major challenges facing GSA, is the continued nonadherence to controls over the use of travel and purchase cards. Our concerns have encompassed whether speedy procurement was being

Management Challenges

Management Controls (continued)

obtained at the expense of adherence to appropriate regulatory requirements and good internal controls, whether charge cards are being used solely for appropriate government purchases, and whether GSA is getting fair prices. In FY 2002, GSA employees used travel and purchase cards for \$178 million of transactions. Our audits during this period have raised concerns regarding lack of oversight by approving officials, lack of documentation for transactions, and inappropriate transactions by purchase cardholders.

For travel and purchase cards, GSA relies on the approving official as a primary point of control. Yet reviews in several locations show that approving officials do not always review transaction detail to assure cardholders comply with card usage and procurement guidelines. We identified situations where approving officials should have questioned the actions of the cardholders, such as where cardholders did not submit receipts or document certain purchases. We noted a variety of questionable purchases and inappropriate use of cards in several regions.

Although the Chief Financial Officer has taken steps to inform users of the need for these controls, oversight weaknesses continue. While our several reviews this period mainly identified deficiencies that were either not individually significant or were isolated, our findings indicated that control issues still exist. We concluded that regional purchase card coordinators could play a larger oversight role by summarizing questionable procurements and periodically reminding cardholders and approving officials of what is acceptable activity.

However, one review we completed this period did find significant deficiencies with procurement actions at a regional Service Center, as discussed earlier (page 6). At this center, undocumented or inadequately documented purchase card transactions exceeded \$1 million. We concluded that there is limited assurance that card charges were for legitimate government purposes, were properly authorized, and that the procurements complied with applicable regulations, including price reasonableness. At this location, cardholders were allowing non-authorized individuals, including career interns and contractor employees, to make purchases using the charge card. These unauthorized users were unable to provide the authorized cardholder with supporting documentation for the purchases. Authorized cardholders advised us in interviews that they were instructed by their program officials and managers to use the charge card for these purchases.

Undocumented or inadequately documented purchase card transactions exceeded \$1 million at one PBS Service Center.

Management Challenges

Management Controls (continued)

In our review of a sample of purchase card transactions that had supporting documentation, we found that cardholders did not obtain adequate competition on 64 out of 79 purchases that exceeded the micro-purchase limit. In addition, we noticed an extensive use of convenience checks, which carry a bank fee and a loss of rebates. During the period we reviewed, the Service Center wrote 320 convenience checks that incurred over \$17,000 in bank fees.

In our December 27, 2002 report, we recommended that the Regional Administrator take immediate action to ensure that the Service Center establishes adequate internal controls over procurements paid for by purchase cards and by convenience checks, so that cardholders and approving officials understand and fulfill their responsibilities in accordance with applicable policies and procurement regulations.

The Regional Administrator agreed with the report recommendations. He noted that despite the identified deficiencies, the Service Center had performed exceptionally well, achieving high customer satisfaction marks and contributing to the region's high performance measure ratings, despite difficult times and challenging events in the region.

Other Control Reviews

The OIG completed three other reviews during the period involving secured item inventory, controls over the destruction of fleet service cards and license plates for vehicles removed from the fleet, and administrative practices in the Emergency Management Office.

- Security measures to control highly pilferable inventory at the Western Distribution Center in Stockton, California need to be improved. The Center stocks about 250 of these items valued at more than \$3 million. Although these items are kept in a security cage to limit theft, management has not adequately controlled access to the area. We noted that unauthorized individuals were able to enter the secured area without signing in and that the gate alarm was ignored because it was frequently activated. We were also informed that warehouse supervisors, on occasion, temporarily assign workers to the security cage while awaiting a new assignment. While we did see evidence of apparent pilferage, the value of the missing items was not significant. Management's response was positive and immediate. Since the Western Depot is moving to a new facility very soon, we recommended that tighter controls be established and in effect on the first day of operations at the new Depot.

Management Challenges

Management Controls (continued)

- At one Fleet Management Center responsible for 2,500 vehicles valued at \$36 million, we determined that an annual inventory of vehicles had not been performed and the Center did not adequately control the destruction of fleet service cards and license plates for vehicles that were sold or removed from service. In addition, the Center did not maintain a purchase card transaction log or adequately review the Fuel Capacity/Quantity Purchased Mismatch Report, which could help identify fraudulent or questionable purchases. These controls are required to reduce the potential for errors or the misuse of government assets.
- GSA's Emergency Management Office is charged with developing and implementing emergency preparedness procedures, providing logistical and telecommunications support, and ensuring continuity of operations in the event of local, national, or international crises. Our review of the administrative practices in the Office revealed that employees split procurements to expedite transactions using the purchase card, and that one staff member was allowed to make office purchases using another employee's purchase card. In addition, management did not properly control employees' use of overtime and, in several instances, did not preapprove employees exceeding maximum per diem lodging rates while on official travel. We attributed these conditions to employees' lack of working knowledge of applicable regulations. The Chief of Staff concurred with our recommendations. Corrective actions have been taken and controls have been put in place to prevent recurrence of the problems.

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.

Improper Contracting Practices

During an ongoing audit of the Federal Technology Service's (FTS) Client Support Centers (CSC), our review found misuse of the Information Technology (IT) Fund and significant inappropriate contracting practices. FTS, using purchase orders citing the IT Fund, spent over \$36 million renovating United States Army facilities. The renovation work was extensive and amounted to over \$1 million at a single site. The IT Fund was established to acquire computer services and related technologies. Since we consider our concerns significant, we issued an Alert Report to management for its immediate attention.

FTS misused the IT Fund to build and renovate buildings.

Management Challenges

Procurement Activities (continued)

At one location, FTS used two 8(a) contracts for IT services to procure architectural, engineering, and general construction services to actually construct a modern one-story office building to house training course development activities. The 5,000 square foot building was complete with break rooms, showers, a conference room, private offices, and space for 25-30 employees. These two contracts provide for “non-complex computer systems integration services,” with line items for professional IT services such as computer systems analysts, programmers, and local area network (LAN) technicians. In addition to the fundamental issue of the misuse of IT fund contracts for construction services, the task orders did not contain appropriate construction clauses, and thus the CSC has been subject to claims for increased costs regarding Davis-Bacon Act violations. In one instance, the CSC paid \$161,776 to settle a claim that was directly paid by GSA from the IT fund.

FTS also renovated a conference center in Eastern Europe using the IT Fund. FTS officials accepted a proposal from a prime contractor that did not provide detail for the substantial building renovation effort performed at this facility. Rather than detailing the costs of subcontracting architectural and construction work, the contractor proposed 10,000 hours of “IT technician” time. We determined that an architect and general contractor performed about \$290,000 in renovations.

Our review also revealed numerous examples of inappropriate contracting practices. Of particular concern were wholesale changes to a task order’s scope without benefit of contract modification, and use of the sole source provisions of the small business program. FTS officials also improperly split procurements to ensure task orders stayed below the \$3 million sole source threshold.

We concluded that contracting practices in this CSC need improvement. Given the preponderance of questionable directed procurements under the sole source guidelines of the small business program, we believe the CSC did not adequately compete these procurements. Although our overall review is still in process, we issued an Alert Report and discussed these issues with FTS officials who pledged immediate corrective action. Our final report, to be issued at a later time, will incorporate the findings highlighted herein and include work in other regions.

The City Pair Program saves \$2 billion annually but additional savings may be attainable.

FSS’ City Pair Program

The Federal Supply Service’s (FSS) City Pair Program provides Federal travelers discounted airfares between over 5,000 city pairs. The airfares under this program average a 72 percent discount off comparable unrestricted coach fares saving the Federal Government over \$2 billion

Management Challenges

Procurement Activities (continued)

annually. Contracts are competitively awarded based on the best overall value to the government. Prior to 2002, only unrestricted fares were offered, providing travelers with “last seat availability, walk up fares” at deeply discounted prices. In FY 2002, a capacity-controlled fare (dual fare) was offered in a test market that has now been expanded to 2,400 markets. These fares are more restrictive but offer additional savings to travelers.

While the City Pair Program has been a very successful program and is more economical on a global level than the private sector programs, we conducted a benchmarking study with travel officials from several state agencies and the private sector to identify potential opportunities for improvement. We noted that the private sector incorporates fixed fares and percentage discount fares in their programs whereas FSS uses only fixed fares. While the fixed fares shield the government from the volatility of the market, FSS loses the opportunity to benefit from the frequently offered, deeply discounted commercial fares. To protect itself, the private sector uses guaranteed (fixed) fares for its frequently traveled markets and percentage discounts for other fares.

FSS is continually striving to improve the City Pair Program to get the best possible value for the Federal traveler. While FSS is obtaining below market fares, we believe FSS should implement best practices to assist in the evaluation of offers. By limiting the number of markets, evaluating offers using cost per mile, using discounts, and maximizing the use of dual fares, FSS could achieve additional savings.

In our March 31, 2003 report, we recommended that the Commissioner, Federal Supply Service:

- Consider additional methods, similar to those used in the private sector, to obtain airline services.
- Educate travel management center contractors and Federal travelers on the benefits of the use of the dual fares.
- Obtain complete, accurate, and timely information from the airlines, banks participating in GSA’s Travel Card Program, and travel management centers for analysis to further improve the program.

In response to our report, the Commissioner stated that FSS would explore some of the concepts included in our report for inclusion in the Program. The review is still in the resolution process.

Management Challenges

Operating costs are lower, but shipping costs and delivery times have increased for FSS' Stock Program.

Procurement Activities (continued)

Consolidation of Distribution Centers

FSS operates GSA's Customer Supply Program, through which Federal Government customers can order from a selection of more than 7,000 items. When ordering through this program, customers benefit from a streamlined procurement process and lower prices negotiated by FSS using its aggregate purchasing power. Through FSS' commercially-based, global-delivery network, its supply distribution system ships millions of orders worldwide. Throughout the 1990s, however, this program experienced significant losses in revenue. FSS responded by restructuring the program in early FY 2002, and consolidated its supply operations by closing two distribution warehouses and the four forward supply points. The two remaining distribution centers are located in Burlington, New Jersey and Stockton, California.

Our audit found that, due to the closure of some of the distribution facilities, customer orders must be shipped longer distances than in previous years. As a result, the shipment costs and delivery times for orders are greater today than in FY 2001 and earlier. For example, GSA's shipment expenses to the central United States have increased by nearly 90 percent in terms of cost-per-pound, which we estimate could be an increase of approximately \$1.2 million for one year. However, our audit also found that overall cost savings resulting from consolidation will offset these expenses.

Our March 18, 2003 report to the Commissioner, Federal Supply Service, recommended that management:

- Consider tracking cost-per-pound for future management decisions on shipping.
- Develop access to sufficient and reliable data for all delivery methods that are necessary for future business decisions.

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

Section 508 of the Rehabilitation Act

In 1998, Congress amended the Rehabilitation Act of 1973 and under Section 508 of the Act, required Federal agencies to give disabled employees and members of the public, access to information that is comparable to the access available to those without disabilities. The law applies when agencies develop, procure, maintain, or use electronic and information technology (EIT).

Management Challenges

GSA has made noteworthy effort to implement the requirements of Section 508.

Procurement Activities (continued)

GSA has taken considerable action to implement the requirements of Section 508. It has referenced 508 in procurement vehicles, provided training for the Federal and contracting community, maintained the governmentwide 508 Web site, promoted accessible Web sites, and issued internal guidance for Agency implementation of Section 508. Even with those actions, we identified some issues such as: EIT procurements that did not appropriately address Section 508, limited information on accessible EIT products in GSA's Web-based ordering system, and Agency Web sites with accessibility errors.

The Agency recognizes that it can do more to meet the intent of 508. Recently, it expanded guidance, training, and Web site initiatives. When GSA acts as an ordering activity for other Federal agencies, it has the responsibility to ensure that clients have appropriately considered 508 obligations. Since some programs have not developed national guidance for addressing 508 in task/delivery orders, regions approach 508 differently, with some regions not addressing it at all. Agency-wide guidance and industry outreach, coupled with enhanced regional training, should improve 508 understanding and compliance.

In our March 31, 2003 report we recommended that the Chief Information Officer (CIO) strengthen GSA's commitment to implementing Section 508 by:

- Monitoring Service and Staff Office initiatives including training, internal procedures, and customer and industry outreach programs to assess their viability in supporting the intent of Section 508.
- Incorporating Section 508 references in GSA waivers from a blanket purchase agreement for computer devices.

The CIO generally concurred with our report findings and recommendations. The CIO has issued an instructional letter that identifies the roles and responsibilities of GSA's Services and Staff Offices for incorporating EIT standards into their acquisition processes and automated systems. The report is still in the resolution process.

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.

Management Challenges

Information Technology (continued)

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.

PBS' Systems Development Center

PBS has encountered difficulties in developing and maintaining its IT initiatives for many years. In an attempt to resolve the IT management and systems development weaknesses, the Office of the PBS Chief Information Officer (PBS CIO), in January 1999, introduced the Systems Development Center (SDC) to address ongoing difficulties it was experiencing in developing and managing its IT systems. Specific challenges that the SDC was to address included: a lack of detailed requirements definition and user involvement, staying within cost and schedule budgets, and developing IT systems that effectively met both user and Agency needs. PBS had intended to expand the SDC services to the GSA Services and Staff Offices and the Regions if it achieved success with initial IT projects.

Over a three-year period, PBS paid the SDC contractor over \$40 million. However, because the SDC had not consistently provided sound project management, high quality projects, or consistent, repeatable, and predictable project outcomes necessary to improve its system engineering process discipline and planning as expected, PBS did not exercise its option to continue SDC operations.

In our review, we identified areas that need strengthening to ensure that lessons learned are adequately considered in analyzing alternatives for replacing the SDC. We found that the blanket purchase agreement did not identify performance measures, incentives for contractor performance, or penalties for not meeting PBS' IT requirements. The "best effort" clause in the agreement did not ensure quality PBS products would be delivered on time and within budget. In addition, the lack of performance measures hindered PBS from taking actions to halt SDC operations based on poor contractor performance.

We also found that due to insufficiently defined requirements used as criteria for generating proposals, and the lack of criteria for reviewing proposal estimates, the contractor's task order proposal estimates were not always on target. Without a clear baseline to gauge estimates, proposals for labor hours and skill categories in some cases were overestimated.

Forty million dollars in expenditures for SDC operations did not result in improved PBS IT project management.

Management Challenges

Information Technology (continued)

High turnover in the PBS CIO and SDC program manager positions affected oversight of the SDC and caused inconsistent project scope and direction. In addition, roles identified for the SDC did not clearly establish accountability and responsibility for PBS projects or overall SDC operations. Communication problems on several levels also impacted the success of the SDC in that: 1) PBS' requirements given to the SDC did not sufficiently detail the scope of work to be performed; 2) SDC officials did not consistently ask for clarification on requirements; and 3) the SDC prime contractor did not effectively coordinate with its subcontractors to involve staff with the relevant technical knowledge necessary to meet PBS' needs.

We recommended that the Public Buildings Service, Chief Information Officer:

- Establish contracting methods for the SDC replacement based on clear performance measures and incentives.
- Improve PBS' internal IT requirements definition processes.
- Modify use of independent verification and validation to include establishing reporting mechanisms to document and report on overall contractor performance and deliverables to ensure strategic goals are being met.
- Consider a pilot approach as it assesses other vehicles and options for replacing the SDC.

The CIO generally concurred with our report and responded that PBS has begun improvement efforts related to our findings. The audit is still in the resolution process.

Controls for Privacy Act Data

Information technology contractors and GSA employees are increasingly relied upon and entrusted with access to Privacy Act data. However, these individuals may not understand the need to safeguard this information nor the potential damaging effect of unauthorized release of data. A rapidly growing category of crime, facilitated by use of the Internet to obtain personal information without the consent of the individual, is identity theft. It is thus especially important that proper controls be in place for electronic files, particularly those containing sensitive personal information. As part of our assessment of security controls for GSA's various IT systems, we identified concerns related to the Agency's management of Privacy Act data. We determined that

IT support contracts need appropriate provisions for protecting sensitive data.

Management Challenges

Information Technology (continued)

current controls do not adequately address the risks in today's automated business environment and several areas need strengthening.

Online security training for GSA employees and IT service contractors who work with sensitive files, did not include Privacy Act requirements or restrictions on unauthorized disclosures of personal information. While IT service contracts include general clauses that require compliance with Federal law and government regulations, they do not state the need to protect the data nor the restrictions or penalties for unauthorized disclosures.

We also noted that GSA has not updated its list of Systems of Records, required biennially by the Office of Management and Budget, to identify systems that contain records about individuals. One of the several systems not listed was the Agency's personnel system, the Comprehensive Human Resources Information System. Since the list was last revised prior to 1997, the current list of system managers, who are responsible for establishing safeguards to secure the confidentiality of records and to protect against threats or hazards to the records' security or integrity, may not be current.

In our January 6, 2003 report, we recommended that:

- The Chief People Officer, with the assistance of the Chief Information Officer, work with the Office of Acquisition Policy to ensure that appropriate Privacy Act requirement clauses are included in IT support contracts and that roles and responsibilities for the protection of sensitive data are made explicit for contractors entrusted with such data.
- The Systems of Records list be updated and that accountability and responsibility be assigned for identifying and implementing specific controls for each of GSA's Systems of Records.

The Chief People Officer agreed with our recommendations.

GSA Wide Area Backbone Network

The wide area backbone network (WABN) is a nationwide telecommunications network that provides GSA with the ability to communicate via the Internet and Intranet and transmit data necessary for day-to-day operations. The Office of the Chief Information Officer (OCIO) has centrally managed the network since 1996. The WABN will cost GSA and other users \$5 million in FY 2003.

Management Challenges

Information Technology (continued)

In our review, we identified opportunities that would enhance the network operations. Because network costs are allocated based on personnel staffing for individual offices rather than on actual usage, there is little incentive for system developers to maximize bandwidth efficiency. We found that GSA's Services and Staff Offices (SSO) have doubled bandwidth requirements over the last few years in implementing new systems or enhancing existing systems. We believe the OCIO should require pre-implementation testing of new systems by the SSOs in order to maximize the network's performance, and enable the OCIO to better forecast future demand for bandwidth.

A study conducted for the OCIO by the Daston Corporation in 2001 concluded that GSA should evaluate the feasibility of using a commercial service provider for switching and related WABN services instead of performing them in-house. We believe that GSA should perform a cost-benefit analysis to determine the most economical and efficient method of providing these services.

In response to the report, the Chief Information Officer stated that policy revisions will require system owners to work with and certify to the OCIO infrastructure management team that applications are properly designed to minimize the load on the network. The OCIO has also contracted with the Gartner Group to provide an analysis of alternatives for the delivery of internal GSA infrastructure services, including the WABN. This task is scheduled for completion in June 2003.

Promoting and Protecting Integrity

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

Bribery Scheme Involving PBS Personnel

Based upon information developed during an investigation of corruption within the PBS Property Management Center program, it was determined that a GSA building management specialist was engaged in fraudulent dealings with several GSA contractors.

**Bribery scheme
within PBS
uncovered.**

The investigation disclosed that from 1994 to 1998, the specialist had been soliciting and accepting bribes in exchange for awarding or arranging the award of PBS repair and renovation contracts at various GSA-owned facilities. The specialist awarded and/or arranged the award of over \$600,000 in GSA contracts in exchange for approximately \$20,000 in cash and/or free construction services on his personal residence, as well as various residential properties he owned for rental income.

The investigation also revealed that the specialist had accepted bribes from two GSA contractors and three subcontractors. The specialist pled guilty to accepting bribes and resigned from his position with GSA on June 28, 2002, and was subsequently suspended on January 14, 2003 from doing business with GSA. Sentencing has not been scheduled.

Of the two GSA contractors, one pled guilty to bribery and was sentenced on January 14, 2003 to 36 months probation and ordered to pay restitution of \$2,850. In addition, the other contractor pled guilty to gratuity charges and was sentenced on January 31, 2003 to 24 months probation. The three subcontractors were arrested; subsequently, one pled guilty to bribery and was sentenced to probation, ordered to pay restitution, and suspended from doing business with GSA on January 30, 2003. Criminal disposition of the other two subcontractors is still pending.

Promoting and Protecting Integrity

Telecommunications Fraud

The OIG's Office of Investigations continues to be a principal participant in the New York Electronic Crimes Task Force (NYECTF), which has been investigating telecommunications fraud primarily involving Federal facilities within the New York metropolitan area. GSA is the principal provider of telecommunications services for these facilities. NYECTF members include the Secret Service, Department of Defense, Department of Justice, New York City Police, and telecommunications industry representatives.

The task force investigates several types of telecommunications fraud including stolen calling card numbers. Calling card numbers are stolen either through the use of electronic devices, which 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. Access is often sold to other individuals who make telephone calls around the world until the misuse is detected.

A recent fraud investigation disclosed that over 3,000 commercial and government calling cards were compromised when an individual stole calling card numbers from unsuspecting travelers who were placing telephone calls from public pay phone banks at four major airports. Following conviction for charge card fraud, on December 20, 2002, the individual was sentenced in U.S. District Court to 37 months incarceration, 36 months of supervised release, and was ordered to pay \$985,000 in restitution.

Supplier of Medical Technology Equipment Settles Civil Fraud Claim

In an agreement negotiated by the U.S. Attorney's Office in Boston, Nova Biomedical, Inc. (Nova) agreed to pay \$69,500 to settle its potential civil False Claims Act liability. Nova manufactures sophisticated medical technology equipment. Tripler Army Medical Center in Honolulu, Hawaii purchased a number of blood analyzing machines from Nova under a GSA Multiple Award Schedule contract. When the machines were put into use, the Army found that a vital and degradable component of the machines failed at an unacceptably high rate. An investigation by the OIG and Army Criminal Investigations Division confirmed that the component only lasted two to three hours instead of the expected three to seven days.

Senior Physician Settles Claim for Misuse of Government Charge Card

In a case worked jointly by this office and the OIG, Department of Veteran's Affairs (DVA), a senior physician with the DVA who misused a government charge card agreed to pay \$20,000 to settle his potential civil False Claims Act liability. The investigation disclosed that charges of

Promoting and Protecting Integrity

\$8,036 were made on the government card for goods that the physician purchased for his own use including bicycle racks, a table saw, and an air compressor.

Fraudulent Sale of Auction Vehicles

A joint investigation by the OIG and local law enforcement officials revealed that an individual had purchased approximately 30 vehicles used in U.S. Department of Transportation's crash tests. The vehicles were purchased through GSA auction with the conditions that they would not be used on the highway, they could not be repaired, and subsequent buyers must be notified of crash test usage. The vehicles were to be used for salvage purposes only. The investigation also revealed that the individual advertised and sold these cars through an Internet auction site with clear title for highway use.

On November 13, 2002, the individual pled guilty in Georgia State Court to fraud and was sentenced to five years probation, ordered to pay \$65,623 in restitution to the victims in this case, and fined \$6,500.

Owner of Automobile Repair Shop Convicted for False Claims

The OIG initiated an investigation when a GSA employee reported that the owner of an automobile repair shop was submitting suspicious invoices and an unusually large number of repairs. It appeared 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 investigation showed that the owner used various vendor numbers and submitted invoices for unnecessary repairs and for services for which he had already received payment. Also, the owner submitted multiple invoices for the same service on the same vehicle and submitted invoices for services that were not rendered.

Following conviction for submitting false claims to the government, on October 10, 2002 the owner was sentenced to 60 months probation, 200 hours community service, and was ordered to pay \$25,694 in restitution.

Individual Convicted for Obstruction of Justice

An investigation was initiated when an anonymous caller reported to our OIG field office that she had observed "suspicious activity" at a New York apartment subsequent to the September 11, 2001, terrorist attack on the World Trade Center. This call was then referred to the Federal Bureau of Investigation (FBI) Joint Terrorism Task Force (JTTF) and was accepted as a lead.

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A joint investigation by the OIG and FBI JTTF determined that the information provided was not credible. The caller's claims were completely false and made because of her dislike of the person.

On January 29, 2003, the individual pled guilty pursuant to a plea agreement to obstruction of justice and was sentenced to one year probation, three months of confinement at a government designated confinement center, and three months of home detention. Additionally, as part of her sentence she was ordered to reimburse the government for the fees associated with her court appointed attorney, pay a \$15,000 fine within 90 days, and perform 400 hours of community service.

Fleet Charge Card Abuse

An ongoing investigation of the misuse of GSA issued fleet charge cards resulted in the conviction and sentencing of one GSA employee and three other individuals during this reporting period.

In the first instance, the investigation discovered that the GSA employee was using his fleet card to purchase gasoline for his personal car. On October 1, 2002, the GSA employee resigned from his position and on April 3, 2003, pursuant to a plea agreement pled guilty to theft of government property. He was sentenced to three years probation, 100 hours of community service, and ordered to pay \$8,300 in restitution.

In the second instance, the investigation revealed that a former Amtrak employee was using a fleet card that had been assigned to vehicles leased to Amtrak to purchase gas for his personal car. On November 6, 2002, the individual was convicted for charge card abuse and sentenced to two years supervised probation, ordered to pay restitution, and fined.

In the third instance, a joint investigation by the OIG and local law enforcement determined that an individual used a fleet card for personal gain while employed at a car repair business. The business had a contract with GSA to perform general maintenance service on government vehicles. All work was to be paid by fleet card. The investigation disclosed that the individual used the fleet card for personal purchases. On February 21, 2003, pursuant to a plea agreement, the individual pled guilty to theft and was sentenced to two years incarceration with one year probation, and ordered to pay \$2,106 in restitution.

The last case involved investigating suspicious purchases made with a fleet card at a service station. Surveillance at a service station in Washington, D.C. disclosed that an individual was fueling his vehicle as well as other individuals' personal vehicles with a GSA fleet charge card. The individual was an employee of St. Elizabeth's Hospital and had

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access to fleet cards. On December 2, 2002, in U.S. District Court, the individual entered into a pretrial diversion agreement and was ordered to pay restitution and perform community service.

Two Individuals Convicted for Bribing Government Official

An investigation was initiated when a Federal Technology Service official reported that a former sales representative for a GSA contractor had offered a bribe in exchange for the award of a contract. During the investigation, two individuals were observed paying the GSA official a \$2,500 bribe and both were arrested. On October 8, 2002, the two individuals pled guilty in U.S. District Court to bribery and were sentenced to four months confinement and two years supervised probation.

GSA Charge Card Fraud

An investigation was initiated when a GSA employee reported a possible theft of her Government Citibank VISA IMPAC charge card. The investigation disclosed that an individual illegally obtained a GSA charge card and used it to pay her personal telephone bills, purchase airline tickets, and obtain prepaid gift cards from retail department stores totaling approximately \$1,500.

On October 23, 2002, the individual signed a plea agreement acknowledging unlawful use of a charge card. The plea agreement provided for a sentence of 24 months probation and 100 hours of community service.

Unauthorized Use of NCIC System

An investigation was initiated when the Federal Protective Service (FPS) reported that the Missouri State Highway Patrol (MSHP) advised them that an FPS employee had conducted a National Crime Information Center (NCIC) inquiry for unlawful purposes. Our investigation disclosed that the FPS employee used her Regional Justice Information System (REJIS) identification number and password to obtain criminal history reports on her son and another individual, who were both involved in a narcotics investigation by the MSHP.

On January 13, 2003, the employee pled guilty in U.S. District Court to unauthorized access of criminal record information from the NCIC and agreed to resign from her position with GSA. On April 3, 2003, she was sentenced to 3 years probation.

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.

Promoting and Protecting Integrity

This period, we presented 18 briefings attended by 349 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 917 Hotline reports. Of these, 168 complaints warranted further GSA action, 24 warranted other agency action, and 725 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 54 contracts with an estimated value of \$273 million. The audit reports contained \$50 million in financial recommendations.

We audited several claims for increased costs. Three of the more significant projects audited contained proposed amounts totaling \$66.7 million, and our audits of the claims recommended adjustments of nearly \$37 million. Our audits of the prime contractor and numerous subcontractors on one construction project found that the claimed amounts were either overstated or not supported by the companies' records. In our audits of a prime contractor's and several subcontractors' claims for increased costs due to delays and disruptions allegedly caused by the government, we adjusted labor and other costs because the claimed amounts were not based on actual costs and included some costs not allowed by the contract. In another audit of a delay claim, we advised the contracting officer that the prime contractor and a subcontractor could not substantiate most of the costs they claimed.

Preaward audit reports contain \$50 million in financial recommendations.

Promoting and Protecting Integrity

Federal Managers' Financial Integrity Act Review

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

The Regional Administrators' and Heads of Services and Staff Offices' assurance statements are used by the Management Control Oversight Council (MCOC) as a basis for developing the Administrator's assurance statement.

Each year, we review the Agency's FMFIA process to assess the completeness of management's reporting of known significant weaknesses and deficiencies. For FY 2002, the Regional Administrator, Region 4, and the Chief People Officer identified several areas of concern that dealt with: 1) protection of Federal facilities and personnel, including emergency management, and 2) management controls in areas such as administration of guard service contracts, procurement documentation, staffing and training of procurement personnel, data security, and data accuracy. Previous audit reports have raised similar concerns.

The OIG has issued past FMFIA reports on control weaknesses over payments related to charge card purchases. Even though the Chief Financial Officer (CFO) has taken steps to inform users of established policies, we still found instances where charge 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 approving officials were not appropriately assigned to approve cardholders' transactions.

In FY 2002 we also issued an audit report that addressed control problems associated with the GSA Awards Program. We identified issues regarding competitive awards and compensation escalation, a lack of supporting documentation, inadequate award justification, and splitting of awards. The overuse of awards could diminish the motivational impact of the awards and was found to increase the amount of employees' compensation by as much as 12 to 35 percent.

In our FMFIA report, we also highlighted two General Accounting Office reports that GSA's MCOC should consider. The first report indicates that GSA schedule contract customers are being charged fees higher than necessary. GSA's Federal Supply Service earned \$56 million more than the expenses it incurred for FY 2001. Subsequently, GSA has proposed reducing the fee. The second report addressed the timely implementation

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of the Metropolitan Area Acquisition Program. Although the contract implementation is progressing, in most metropolitan areas GSA remains behind schedule for completion.

FMFIA, Section 4 relates to the CFO's disclosure of nonconformances with Federal financial management system policies and standards. We determined that the CFO had completely and accurately disclosed 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.

We noted, however, that the Financial Management Systems Review Questionnaire could be improved by including OMB Circular A-127 requirements for performing ongoing maintenance of financial systems, and providing adequate training and appropriate support to users of the financial management systems.

Financial Statement Audit and Related Reviews

With the passage of the Chief Financial Officers Act of 1990, the Congress through legislation, and the Office of Management and Budget (OMB), 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 completed this period.

Financial Statement Audit for FY 2002

As in past years, this audit was performed by an independent public accounting firm, with oversight, support work, and guidance provided by the OIG. The firm identified four reportable conditions and no material weaknesses, as defined by established standards. The firm reported that improvements are needed as follows:

- Network and application security controls need strengthening.
- Change controls over financial applications need improvement.
- Controls over the integrity of rent data need improvement.
- Controls over transferring substantially complete construction-in-process projects need improvement.

***CFO's efforts
improve reliability
of performance
measurement
data.***

Testing Controls Over Performance Measures

The OIG conducted the portion of GSA's FY 2002 Financial Statement Audit related to internal controls over performance measures. For the past two years, we identified a reportable condition regarding the need for the CFO to verify and ensure the reliability of the data supporting the performance measures. Last year, the CFO, through the Public Buildings Service, had made progress toward implementing a process to ensure Agency managers have sufficient controls over performance data. This year, the CFO successfully tested the process in the Federal Supply Service and recommended full implementation of the Performance Management Tool to train managers on assuring data integrity. With these improvements, we determined the reportable condition was resolved.

Evaluation of Specific Performance Measures

The OIG also performed, as part of the financial statement audit process, 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 in the Office of the Chief People Officer, Office of the Chief Financial Officer, Federal Technology Service, Federal Supply Service, Office of Small Business Utilization, and Public Buildings Service (PBS). With the exception of PBS, we found that there is a low risk that internal controls do not provide reasonable assurance for the data supporting the performance measures. Internal controls over the existence and completeness of the data supporting the performance measures were also sufficient. In the case of PBS, we believe there is a high risk relating to the completeness of data used to calculate the non-revenue producing space performance measure because of the likelihood of incomplete data residing in PBS' System for Tracking and Administering Real Property (STAR). While there are plans to change the performance measure from tracking the percentage of non-revenue producing space to measuring the dollar impact that unrented space has on total revenue, we believe the results will continue to be suspect until all building data is validated through the Spatial Data Integrity Project, a physical re-measuring, classifying, and documenting of the occupancy status for all space in GSA buildings.

Governmentwide Policy Activities

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

Interagency Committees and Working Groups

This period, we participated on a number of interagency committees and working groups that deal with cross-cutting and governmentwide issues:

- The Inspector General (IG) serves on the Human Resources and Legislation committees of the President's Council on Integrity and Efficiency (PCIE). The PCIE was established by Executive Order to address governmentwide integrity, economy, and efficiency issues.
- The IG became Editor-in-Chief of *The Journal of Public Inquiry*, a semiannual publication of the Federal IG community. The Fall/Winter issue included articles from the Office of Management and Budget (OMB) on the President's Management Agenda, reflections from several IGs on the historical legacy of the IG community, and technical articles on financial reporting and erroneous payments.
- The OIG staff met with representatives of the Japanese Fair Trade Commission and the U.S. Department of Justice to discuss issues related to competition in contracting. The OIG provided information regarding competition in sealed bid and negotiated contracts — particularly construction contracts — debarment procedures, and bid rigging in Federal contracts.
- The Assistant Inspector General (AIG) for Investigations serves as the Chair of the Assistant Inspectors General for Investigations Subcommittee of the PCIE. The subcommittee deals with investigative issues that affect all OIG Offices of Investigations, such as implementation of the new statutory law enforcement authority, peer review, and providing coordinated assistance to the Department of Justice.
- The Counsel to the Inspector General has been participating on a working group sponsored by the Office of Federal Procurement Policy, part of OMB. At the request of the President to OMB, the working group is reviewing agency competition practices and how effectively they ensure access to government contracts.

Governmentwide Policy Activities

- The AIG for Auditing represents all civilian government agencies on the Cost Accounting Standards Board, an independent board within the Office of Federal Procurement Policy, which promulgates, amends, and revises Cost Accounting Standards designed to achieve uniformity and consistency in cost accounting practices of individual government contractors.
- Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the PricewaterhouseCoopers TeamMate Users Group to discuss concerns and new challenges facing TeamMate users. TeamMate is an automated audit paperwork management system designed to make the audit process more efficient.
- OIG audit representatives participate in the PCIE IT Roundtable to address specialized security training and overall IT security issues based on IT audits information security reviews.
- The Office of Audits Special Assistant to the AIG for Auditing represents GSA on the White House Commission on the National Moment of Remembrance. The Commission was established to enhance the legacy of Memorial Day as a day to honor those who have sacrificed their lives for the principles of freedom and liberty. Major initiatives include placing commemorative posters in Federal buildings; highlighting Commission activities on Federal, state, and local government Web sites; and seeking the participation of Federal employees, retirees, and benefit recipients.
- In 2002, GSA's Office of Governmentwide Policy convened a Governmentwide Per Diem Advisory Board composed of industry travel experts as well as public and private sector travel managers. The Board reviewed the process and methodology used to establish the Federal Per Diem rates and will present recommendations for improvements to the process. The OIG has been providing advice to the per diem rate-setting subcommittee. A second subcommittee will present recommendations for a nationwide government-lodging program. A report consolidating the recommendations of both subcommittees will be issued shortly.

Legislation and Regulations

During this reporting period, the OIG reviewed 121 legislative matters and 31 proposed regulations and directives. The OIG specifically commented on the following proposed regulations:

- *Draft OMB Guidance Implementing Recovery Audits.* We provided comments to OMB and GSA's Office of Congressional Affairs

Governmentwide Policy Activities

concerning OMB's proposed guidance on implementing the recovery audit provisions of the FY 2002 Defense Authorization Act. Specifically, we recommended that the guidance be modified to require that outside auditors notify agency OIGs when, in the course of their recovery audits, they find information indicating fraud or criminal activity. In addition, we also suggested that the guidance require outside auditors to report overpayments beyond the contract's scope or impacting another agency.

- *FAR Proposed Rule to Eliminate Comptroller General Audit Authority on Commercially Available Off-the-Shelf-Items.* We provided comments to the Federal Acquisition Regulation (FAR) Council opposing elimination of a provision that affords the Comptroller General routine contractual audit authority on commercially available off-the-shelf-items (COTS). These COTS items are a subset of commercial items, and constitute a significant part of what is available under GSA's Multiple Awards Schedule (MAS) program. We noted that, as to GSA's MAS program, agency-specific general audit authorities and Truth In Negotiations Act audit authorities have been severely limited in scope or eliminated, and that the Comptroller General's authority is the last remaining general audit authority as to COTS items. We stated that preserving this authority was in the government's best interests, and that legislative history exists which supports the view that Congress, in enacting acquisition reform measures which eliminated certain of these audit authorities, intended that the Comptroller General's authority remain applicable.
- *FSS Proposal to Conduct an Electronic Modification Pilot Program.* The Federal Supply Service (FSS) asked us to provide input on a proposal to conduct a pilot program involving electronically submitted modifications to add upgraded or enhanced IT products under MAS contracts. We responded that the government is moving inevitably towards electronic processes, and that our concerns lay in the area of implementing such processes thoughtfully and with appropriate safeguards. We also noted several specific concerns regarding the proposal. First, we commented that vendors, when unilaterally submitting modification information, should be required to submit certain additional pricing related information to better allow contracting officers to determine that the modification is appropriate. We also suggested that FSS, in developing the pilot, should keep in mind the need to implement adequate IT security controls regarding authentication, nonrepudiation, and the integrity of submitted modifications. We also noted the importance of establishing an archive and preserving an audit trail as to submitted modifications.

Governmentwide Policy Activities

- *Comments on OGC Draft Guidance Relating to Gifts and Conferences.* The OIG commented on draft guidance by the Office of General Counsel (OGC) relating to the conduct of conferences and the acceptance by Agency employees of gifts from “prohibited sources.” Our comments, while generally supportive, recommended that OGC present this guidance in a way that would more fully integrate the concepts presented so as to highlight the major issues and potential problems raised by the expenditure of Federal funds on conferences and the participation of non-Federal entities in the planning and sponsorship of conference events. Specifically, we recommended that the comments clarify that the conduct of conferences and expos with non-Federal entities may present two distinct and potentially serious issues: 1) an ethics issue relating to the acceptance of food, entertainment and other items of monetary value from “prohibited sources,” which may give rise to actual conflicts of interest or the “appearance of impropriety,” and 2) an appropriations issue regarding either augmentation of the Agency’s appropriations by outside sources or impermissible expenditures by the Agency itself. We also suggested that clear guidance be provided relating to conferences and events that are planned and managed for the Agency by a contractor.
- *Implementation of Multiple Award Schedule Industrial Funding Fee Rate Reduction.* Our comments to FSS mainly concerned its proposal to compensate vendors for their costs associated with reducing the industrial funding fee (IFF) from 1 percent to .75 percent. We noted that, although the FSS business case included an analysis of GSA’s costs in modifying the contracts for the rate reduction, no analysis was provided of any costs the vendors may face. We pointed out that FSS was proposing to pay the vendors an amount it had not yet determined to be the appropriate sum. We further commented that the FSS business case did not indicate that vendors expected compensation or would submit a claim for compensation for implementing this change. In light of this lack of information, we found FSS had not justified its proposal for compensation.
- *Comments on Proposed GSA Order “Protecting Sensitive but Unclassified Information.”* The OIG also provided comments to the proposed GSA Order titled “Protecting Sensitive but Unclassified Information.” The draft order expressed the need for Agency officials to carefully control the dissemination of information that might compromise either the physical security of Federal buildings and employees or the operational infrastructure of Federal agencies. While mainly supportive of the draft order’s intent and objectives, our comments were largely centered on that part of the proposed order which charged information management officials (e.g., legal counsel

Governmentwide Policy Activities

and Freedom of Information Act (FOIA) officers) with reviewing proposals to determine the enforceability of the proposed restrictions on disclosure of sensitive information and coordinating administrative requirements necessary to implement approved restrictions. Specifically, we expressed our concern that there was an apparent disconnect between this proposed internal decision-making process and the fact that the FOIA statute itself has not been amended. We questioned how the Agency (or even operational components within the Agency) could determine on its own that additional, more far-reaching restrictions would be placed on information that the FOIA does not exempt from the general disclosure requirements. We suggested that, rather than focusing on “changes to FOIA policy” that might be inconsistent with the requirements of the statute, the emphasis should be on the *defensibility* of any proposed additional restrictions on the disclosure of information, and that this type of analysis would be better done in coordination with the Department of Justice, rather than on an agency-by-agency or office-by-office basis.

- *GSA Information Technology (IT) General Rules of Behavior.* We commented on a draft order from the Office of Chief Information Officer concerning the appropriate use of GSA IT resources. We recommended several technical corrections and noted that the OIG’s network safeguards are, in several cases, more stringent than GSA’s.
- *GSA Electronic Messaging Policy.* We provided several comments concerning proposed revisions to GSA’s electronic mail use and archiving policy. Among other suggestions, we asked GSA to incorporate language directing its employees, and others with access to the system, to report policy violations and any illegal activity to the OIG.
- *GSA Order – Managing Electronic and Information Technology for People with Disabilities.* In commenting on GSA’s draft order implementing the Amendments to Section 508 of the Rehabilitation Act of 1973, we made a number of suggestions as to how the order should be refined to address practical contracting issues and suggested “plain language” definitions of terms used in the order.
- *GSA Order – Managing Electronic Records.* We made a number of recommendations for ways in which the draft order could be improved, including clarification about the media and systems to which the order applies, and a stronger statement about the policy and procedures for handling sensitive proprietary and Privacy Act protected information.

Professional Assistance Services

The General Accounting Office recently issued a revision to the independence standard contained in the Government Auditing Standards. This amendment prohibits Federal audit organizations from performing certain types of management consulting projects because they may impair the independence of the auditors when performing subsequent audit work in the same area. Although we have always maintained our independence when working closely with GSA management, we are no longer performing consulting assignments and are carefully assessing our services to meet the new standard. As allowed under the new standard, we are continuing our participation on Agency improvement task forces, committees, and working groups, in an observer or advisory capacity.

Task Forces, Committees, and Working Groups. The OIG provides advice and counsel to GSA while monitoring ongoing Agency initiatives. Our representatives advise management at the earliest possible opportunity of potential problems, help ensure that appropriate management controls are 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 on the task forces is typically as a non-voting advisory member. We maintain a strict policy of excluding staff members who have served on developmental task forces from subsequent audits of the same subject areas.

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

- **Single Audit Activities.** The Single Audit Act established uniform audit requirements for state and local governments receiving Federal awards. The non-Federal entities that receive Federal awards under more than one Federal program are required to undergo a single audit. Each Federal agency monitors the non-Federal entity's use of awards provided by the Agency, and assesses the quality of the audits conducted relative to its program. The OIG monitors these activities as they relate to the personal property disposal 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, security, or new legislative requirements.

Professional Assistance Services

- **Federal Supply Service (FSS) Working Group.** FSS has convened a working group to address certain negotiations and audit issues that were the subject of an OIG special report on Multiple Award Schedule pricing practices. The OIG is providing advice and assistance to FSS in its issuance of guidance to contracting officers and development of training initiatives on these issues.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 98 audit reports during this reporting period. The reports contained financial recommendations totaling \$50,127,715, including \$50,031,225 in recommendations that funds be put to better use and \$96,490 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, 2003. 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 10/1/02			
Less than six months old	48	34	\$ 56,628,377
Six or more months old	2	1	203,343
Reports issued this period	94	51	50,127,715
TOTAL	144	86	\$106,959,435
For which a management decision was made during the reporting period			
Issued prior periods	45	33	\$ 56,583,911
Issued current period	54	24	36,977,187
TOTAL	99	57	\$ 93,561,098
For which no management decision had been made as of 3/31/03			
Less than six months old	40	27	\$ 13,150,528
Six or more months old	5	2	247,809
TOTAL	45	29	\$ 13,398,337

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 10/1/02		
Less than six months old	31	\$ 56,299,001
Six or more months old	1	203,343
Reports issued this period	49	50,031,225
TOTAL	81	\$106,533,569
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
•management action	—	\$ 92,286,286
•legislative action	—	—
Recommendations not agreed to by management	—	987,633
TOTAL	54	\$ 93,273,919
For which no management decision had been made as of 3/31/03		
Less than six months old	26	\$ 13,056,307
Six or more months old	1	203,343
TOTAL	27	\$ 13,259,650

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 10/1/02		
Less than six months old	3	\$329,376
Six or more months old	0	0
Reports issued this period	2	96,490
TOTAL	5	\$425,866
For which a management decision was made during the reporting period		
Disallowed costs	—	\$287,179
Costs not disallowed	—	0
TOTAL	3	\$287,179
For which no management decision had been made as of 3/31/03		
Less than six months old	1	\$ 94,221
Six or more months old	1	44,466
TOTAL	2	\$138,687

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 101 investigative cases and closed 99 cases during this period. In addition, the OIG received and evaluated 58 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

Type of Referral	Cases	Subjects
Criminal	35	45
Civil	11	23
Administrative	83	150
TOTAL	129	218

In addition, the OIG made 14 referrals to GSA officials for information purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 20 cases (30 subjects) were accepted for criminal prosecution and 10 cases (22 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 22 indictments/informations and 19 successful prosecutions. OIG civil referrals resulted in 2 case settlements. Based on OIG administrative referrals, management debarred 45 contractors/individuals, suspended 21 contractors/individuals, and took 21 personnel actions against employees.

Statistical Summary of OIG Accomplishments

Monetary Results

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

Table 5. Criminal and Civil Recoveries		
	Criminal	Civil
Fines and Penalties	\$ 39,375	\$ —
Settlements and Judgments	—	89,500
Restitutions	8,744,938	—
TOTAL	\$8,784,313	\$89,500

Table 6 presents the amount of administrative recoveries, recovered property, savings as a result of investigative activities, and direct audit recoveries.

Table 6. Other Monetary Results	
Administrative Recoveries	\$189,909
Recovered Property	250,000
Investigative Savings	27,367
Audit Recoveries	120,000
TOTAL	\$587,276

APPENDICES

Appendix I—Significant Audits from Prior Reports

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

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

Procurements by a Regional Service Center

Period First Reported: April 1, 2002 to September 30, 2002

The review examined file documentation of the acquisition process. The report contained six recommendations; five have been implemented.

The remaining recommendation involves evaluating wireless communication requirements, determining the most cost-effective procurement method, and establishing procedures to monitor charges. It is scheduled for completion on July 15, 2003.

Regional Administration of Guard Service Contracts

Period First Reported: April 1, 2002 to September 30, 2002

The Federal Protective Service (FPS) was transferred on March 1, 2003 to the Department of Homeland Security (DHS), and DHS is now responsible for FPS audits and resolution.

Billing and Payment Systems

Period First Reported: April 1, 2002 to September 30, 2002

The review examined controls over reimbursable work authorizations (RWA) billings between GSA and other Federal agencies. The report contained two recommendations; one has been implemented.

The remaining recommendation involves incorporating estimated cost data for planning workflow before and

during the RWA work process. It is scheduled for completion on June 15, 2003.

FEDdesk's Online Services

Period First Reported: April 1, 2002 to September 30, 2002

The review examined FEDdesk's online services. The report contained six recommendations; three have been implemented.

The remaining recommendations involve completing a risk assessment, performing a review to determine if user expectations are being met, and providing continuity of services by providing hardware changes and protecting sensitive data. They are scheduled for completion between May 15, 2003 and January 15, 2004.

Securing GSA's E-Mail System

Period First Reported: April 1, 2002 to September 30, 2002

The review examined GSA's electronic mail system security. The report contained six recommendations; two have been implemented.

The remaining recommendations involve conducting background investigations on contractor personnel, deleting e-mail access for terminated contractors, requiring password aging, and assessing user requirements for secure communications with third parties. The Audit Followup and Evaluation Branch is awaiting a memo from the Office of the Chief Information Officer containing the revised completion dates for two of the recommendations; the response to this memo is overdue. The other two recommendations are scheduled for completion on May 15, 2003.

Use of the Occupancy Agreement

Period First Reported: October 1, 2001 to March 31, 2002

The review examined rent billing records covered by Occupancy Agreements (OA). The report contained six recommendations; one has been implemented.

Appendix I—Significant Audits from Prior Reports

The remaining recommendations involve establishing and supporting the OA, considering an electronic signature requirement, measuring the time an OA remains in draft status, tracking the variance between OA projected rent and the actual billed rent, and including enough information on the OA to identify the space assigned. They are scheduled for completion on January 15, 2004.

The Federal Security Risk Manager Program

Period First Reported: October 1, 2001 to March 31, 2002

The Federal Protective Service (FPS) was transferred on March 1, 2003 to the Department of Homeland Security (DHS), and DHS is now responsible for FPS audits and resolution.

Electronic Commerce Systems Security

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

The review examined nine selected electronic commerce systems. The report contained four recommendations; three have been implemented.

The remaining recommendation involves establishing a process for reviewing system security requirements. It is scheduled for completion on August 15, 2003.

Operating Equipment Inventories

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

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 on October 15, 2003.

Contract Security Guard Program

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

The Federal Protective Service (FPS) was transferred on March 1, 2003 to the Department of Homeland Security (DHS), and DHS is now responsible for FPS audits and resolution.

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.

The remaining recommendations include identifying capabilities needed in STAR, developing a project plan, and establishing a project management team. They are scheduled for completion between July 15, 2003 and October 15, 2003.

Security Standards for New Buildings

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

The Federal Protective Service (FPS) was transferred on March 1, 2003 to the Department of Homeland Security (DHS), and DHS is now responsible for FPS audits and resolution.

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>				
PBS Internal Audits				
10/31/02	A020043	The Systems Development Center Has Not Successfully Met PBS Project Management Goals		
11/12/02	A020055	Audit of the Southeast Sunbelt Region Buildings Service’s Administration of Construction Projects in Regard to Claims		
12/11/02	A020135	Review of PBS’ Use of Brokerage Contracts for Lease Acquisition Services		
12/27/02	A020034	Review of Procurements Made by the Colorado Service Center		
02/19/03	A020257	Audit of Southeast Sunbelt Region Federal Protective Service’s Administration of the Ambassador Force Contract		
03/06/03	A020216	Report on FY 2002 Percentage of Non-Revenue Producing Space in Government Owned Facilities Managed by GSA		
03/13/03	A020260	Report on Region 2’s Commercial Outlease Program		
03/21/03	A000939	Audit of Credit Card Usage by Public Buildings Service Property Management Centers		
03/27/03	A030035	Review of Controls Over Purchase Card Program for the Greater Southwest Region, Public Buildings Service		
PBS Contract Audits				
10/02/02	A020200	Audit of Termination Claim: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-017		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
10/03/02	A020226	Preaward Audit of Supplemental Architect and Engineering Services Contract: F & G Engineers, Inc., Solicitation Number GS05P02GAD0091		
10/17/02	A020219	Preaward Audit of Cost and Pricing Data: The Workers Corporation, Solicitation Number GS-02P-02-PIC-0032		
10/17/02	A020186	Preaward Audit of Architect and Engineering Services Contract: HNTB Engineering & Architecture, P.C., Consultant to Smith-Miller & Hawkinson Architects, LLP, Contract Number GS-02P-02-DTC-0012		
10/17/02	A020228	Preaward Audit of Architect and Engineering Services Contract: Leo A. Daly/LAN + PageSoutherlandPage, Contract Number GS-07P-00-URC-0002		
10/22/02	A020221	Audit of Claim for Increased Costs: G-A Masonry Corporation, Subcontractor to Clark Construction Group, Inc., Contract Number GS-04P-97-EXC-0015		
10/24/02	A020227	Audit of Request for Equitable Adjustment: Southern Pan Services Company, Contract Number GS-04P-97-EXC-0015		
10/29/02	A020202	Preaward Audit of a Claim: Juba Aluminum Products Company, Inc., Subcontractor to Clark Construction Group, Inc., Contract Number GS-04P-97-EXC-0015		
11/08/02	A030004	Preaward Audit of Architect and Engineering Services Contract: Koetter, Kim & Associates, Inc., Contract Number GS05P02GBC0020		
11/14/02	A020254	Audit of Request for Equitable Adjustment: Terry's Floor Fashions, Inc., Contract Number GS-04P-97-EXC-0015		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
11/14/02	A020223	Preaward Audit of a Claim: Fine Painting Co., Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014		
11/18/02	A020259	Preaward Audit of Construction Management Services Contract: URS Corporation, Contract Number GS-02P01DTC-0035(N)		
11/20/02	A010279	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032		
11/22/02	A020224	Preaward Audit of a Claim for Increased Costs: Commonwealth Electric Company, Subcontractor to Swinerton Builders, Evo A. DeConcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract No. GS-09P-97-KTC-0008		
11/25/02	A020199	Preaward Audit of a Claim: Triangle Grading & Paving, Inc., Subcontractor to Clark Construction Group, Inc., Contract Number GS-04P-97-EXC-0015		
12/03/02	A030005	Preaward Audit of Architect and Engineering Services Contract: Phillips Swager Associates, Subcontractor to Koetter, Kim & Associates, Inc., Contract Number GS05P02GBC0020		
12/05/02	A030054	Audit of Request for Equitable Adjustment: ISEC Construction Services, GS-04P-97-EXC-0015		
12/13/02	A030034	Preaward Audit of Cost or Pricing Data: OPN Architects, Inc., Contract Number GS06P02GZC0520		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
12/19/02	A020249	Preaward Audit of Cost or Pricing Data: HLW International, LLP, Contract Number GS-02P-93-CUC-0062		
12/23/02	A020176	Preaward Audit of a Claim for Increased Costs: Vetro, Inc., Contract Number GS-09P-97-KTC-0008		
01/03/03	A020208	Preaward Audit of a Claim: Clark Construction Group, Incorporated, Contract Number GS-04P-97-EXC-0015		
01/03/03	A020242	Preaward Audit of Cost or Pricing Data: Stronghold Engineering, Inc., Solicitation Number GS-09P-02-KTC-0069		
01/07/03	A020192	Preaward Audit of a Claim for Increased Costs: Swinerton Builders, Evo A. Deconcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008		
01/09/03	A030075	Preaward Audit of Architect and Engineering Services Contract: William Rawn Associates, Architects, Inc., Consultant to OPN Architects, Inc., Contract Number GS06P02GZC0520		
01/14/03	A030087	Preaward Audit of an 8(a) Sole Source Contract: Ares Group, Inc., Solicitation Number GS-11P-02-MAC-0185		
01/15/03	A020250	Preaward Audit of Cost or Pricing Data: Gordon H. Smith Corporation, Consultant to HLW International LLP, Contract Number GS-02P-93-CUC-0062		
01/16/03	A030091	Preaward Audit of Cost Accounting Standards Disclosure Statement for Centex Construction Company, Incorporated, Contract Number GS-04P-02-EXC-0009		
01/17/03	A030082	Audit of Request for Equitable Adjustment: ThyssenKrupp Elevator Corporation, Contract Number GS-04P-97-EXC-0015		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
01/22/03	A020233	Preaward Audit of a Claim for Increased Costs: Sun Mechanical Contracting, Inc., Subcontractor to Swinerton Builders, Evo A. DeConcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008		
01/27/03	A030096	Audit of Request for Equitable Adjustment: Spencer Tile Company, Inc., Contract Number GS-04P-97-EXC-0015		
01/30/03	A020248	Audit of Claim for Increased Costs: Doan/Lake Erie LLC, Contract Number GS-05P-99-GBC-0012		
01/31/03	A030089	Preaward Audit of Architect and Engineering Services Contract: Ewing Cole Cherry Brott, Inc., Solicitation Number GS-03P-03-DXC-0003		
02/07/03	A030090	Preaward Audit of Architect and Engineering Contract: Boggs & Partners Architects, Inc., Solicitation Number GS-11P-01-MKC-0011		
02/07/03	A020238	Preaward Audit of a Claim for Increased Costs: Standard Drywall, Inc., Subcontractor to Swinerton Builders, Evo A. DeConcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008		
02/12/03	A030081	Preaward Audit of a Claim for Increased Costs: Hardrock Concrete Placement Company, Inc., Subcontractor to Swinerton Builders, Evo A. DeConcini U.S. Courthouse & Federal Building, Tucson, Arizona, Contract Number GS-09P-97-KTC-0008		
02/14/03	A030094	Audit of Request for Equitable Adjustment: General Spray Service, Inc., Contract Number GS-04P-97-EXC-0015		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
02/20/03	A020217	Preaward Audit of Sole Source Contract: NEEKO Construction, Inc., Solicitation Number GS-11P-02-ZGC-0218 "NEG" 8(A)		
02/26/03	A030076	Audit of Claim for Increased Costs: Northstar Fire Protection, Subcontractor to Clark Construction Group, Inc., Contract Number GS-04P-97-EXC-0015		
03/03/03	A030079	Preaward Audit of Architect and Engineering Services Contract: Daniel, Mann, Johnson & Mendenhall and Holmes & Narver, Inc., Solicitation Number GS-11P-01-MKC-0011		
03/05/03	A030045	Preaward Audit of a Claim: Greenbrier Architectural Woodwork, Subcontractor to Clark Construction Group, Inc., Contract Number GS-04P-97-EXC-0015		
03/05/03	A030132	Audit of Claim for Increased Costs: Color, Inc., Subcontractor to The Clark Construction Group, Inc., Contract Number GS06P96GZC0508		
03/06/03	A030083	Audit of Claim for Increased Costs: ADF International, Inc., Subcontractor to Clark Construction Group, Contract Number GS-04P-97-EXC-0015		
03/11/03	A030095	Audit of Request for Equitable Adjustment: NLP Enterprises, Inc., Contract Number GS-04P-97-EXC-0015		
03/14/03	A020197	Preaward Audit of a Claim: Rael Automatic Sprinkler Co., Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014		
03/20/03	A020251	Audit of Claim for Increased Costs: The Cleveland Marble Mosaic Company, Contract Number GS-05P-99-GBC-0043		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
03/21/03	A030098	Preaward Audit of Construction Management Services Contract: Parsons Brinckerhoff Construction Services, Inc., Solicitation Number GS-02P-02-DTC-0029(N)		
03/21/03	A020133	Preaward Audit of a Claim for Increased Costs: Cosco Fire Protection, Inc., Subcontractor to Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032		
03/21/03	A030126	Preaward Audit of Architect/Engineering Proposal: Thompson Vaivoda and Associates Architects, Inc., Solicitation Number GS-10P-02LTC-0039		
03/25/03	A030130	Preaward Audit of Architect and Engineering Services Contract: GHT, Limited, Solicitation Number GS-11P-01-MKC-0011		

FSS Internal Audits

12/17/02	A020205	Review of Department of Defense Use of Military Interdepartmental Purchase Requests for Hardware SuperStore Purchases		
02/04/03	A020216	Limited Audit of the Federal Supply Service's Performance Measure: "Reduce the FSS Operating Cost Per \$100 Business Volume"		
03/18/03	A020161	Audit of the Consolidation of Distribution Center Operations: Impact on Shipment Costs & Delivery Times		
03/20/03	A030036	Audit of Inventory of Sensitive Items, Western Distribution Center, Federal Supply Service, Pacific Rim Region		
03/31/03	A020146	Audit of FSS's City Pair Program		

Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
03/31/03	A030003	Audit of the Vancouver Fleet Management Center, Northwest/Arctic Region		
<i>FSS Contract Audits</i>				
10/02/02	A020179	Preaward Audit of Multiple Award Schedule Contract Extension, Contract Number GS-07F-8645C: DHS Systems, LLC		
10/02/02	A020178	Preaward Audit of Multiple Award Schedule Contract Modification: Motorola, Inc., GSA Contract Number GS-35F-0004L		
01/23/03	A020182	Interim Period Postaward Audit of Multiple Award Schedule Contract: John Deere Construction & Forestry Company, Contract Number GS-30F-1021D		
01/27/03	A030055	Preaward Audit of Multiple Award Schedule Contract: Krueger International, Inc., Solicitation Number 3FNO-M1-0100001-B		
02/06/03	A995169	Limited Scope Postaward Audit of Multiple Award, Schedule Contract: Viking Acoustical Corporation, Contract Number GS-00F-5004A		\$94,221
03/06/03	A030038	Preaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Contract Number GS-25F-0122M		
03/25/03	A030140	Limited Scope Review of Termination Claim: Science Applications International Corporation, Contract Number GS-35F-4461G, Task Order Number T0002SJ0159		
<i>FTS Internal Audits</i>				
10/15/02	A020216	Limited Audit of the Federal Technology Service's Performance Measure: "Percentage of Satisfied FTS Customers as Indicated on Annual Customer Survey"		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
11/15/02	A010242	Audit of the Mid-Atlantic Federal Technology Service's Usage of the Citibank Visa Purchase Credit Card		
11/20/02	A010163	Systems Audit of FTS' Information Technology Solutions Shop		
03/06/03	A020144	Alert Report on Audit of Federal Technology Service's Client Support Centers		
03/27/03	A020222	Audit of the Purchase Card Program in the National Capital Region, Federal Technology Service		
03/31/03	A020149	Review of Controls over FTS Associates' Use of Purchase Cards		

FTS Contract Audits

11/27/02	A020188	Limited Postaward Audit of Billings under the AT&T-ID3 Contract: AT&T Corporation, Contract Number GS00T97NSD0022		\$2,269
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Other Internal Audits

10/16/02	A020231	Limited Audit of the Fiscal Year 2002 Federal Managers' Financial Integrity Act Section 2 Assurance Statements		
11/27/02	A020216	Report on Internal Controls Over Performance Measures		
12/11/02	A020252	Review of the Accounting for OGP's Catalog of Domestic Assistance Programs		
12/20/02	A020231	Limited Audit of the Chief Financial Officer's FY 2002 Federal Managers' Financial Integrity Act Section 4 Assurance Statement		
01/06/03	A020256	Review of Controls for GSA's Privacy Act Data		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
01/24/03	A020216	Limited Audit of the Office of the Chief Financial Officer's Performance Measure: Percentage of Invoices Paid Electronically		
02/04/03	A020216	Limited Audit of the Chief People Officer's Performance Measure: "Increase the Rank Percentile in the Gallup Q12 Survey Which Measures Culture in the Agency"		
02/25/03	A020237	Review of the Operations of GSA's Emergency Management Office		
02/26/03	A020163	EDP Management Letter Fiscal Year 2002 Financial Statement Audit		
03/04/03	A030108	Audit of Purchase Card Usage in GSA Staff Offices		
03/18/03	A020163	Audit of the General Services Administration's Fiscal Years 2002 and 2001 Financial Statements		
03/24/03	A020216	Limited Audit of the Office of Small Business Utilization's Performance Measure: "Achieve or Exceed GSA-Wide Small Business Procurement Goals"		
03/27/03	A030057	Results of Proactive Desk Review in the Greater Southwest Region for Compliance with Purchase Card Program Requirements		
03/31/03	A020120	Audit of the GSA Wide Area Backbone Network		
03/31/03	A020083	Review of Payments for Guard Service Contracts, Greater Southwest Finance Center		
03/31/03	A020117	Review of GSA's Implementation of the Requirements of Section 508 of the Rehabilitation Act		

Appendix II–Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
<i>Non-GSA Internal Audits</i>				
11/12/02	A020163	General Services Administration Office of Inspector General's Report on Applying Agreed-Upon Procedures		
12/12/02	A020163	Report on Applying Agreed-Upon Procedures Re: FY 2002 Environmental Liabilities		
12/16/02	A020163	Report on Applying Agreed-Upon Procedures Re: FY 2002 Loss Contingencies		
01/23/03	A020209	Audit of the Administrative Procedures of the National Capital Planning Commission for Fiscal Years 2000 and 2001		

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

Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), 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

Date of Report	Audit Number	Title
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Contract Audits

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

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

Date of Report	Audit Number	Title
06/17/98	A82441	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010
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
11/16/98	A80646	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
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
03/24/99	A995128	Preaward Audit of Cost or Pricing Data: Sachs Electric Company, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P95GZC0501
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)
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)
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

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

Date of Report	Audit Number	Title
06/15/99	A995171	Audit of Incurred Costs: Niagara Mohawk Power Corporation, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
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
09/15/99	A52534	Postaward Audit of Multiple Award Schedule Contract: Intermec Corporation, Contract Number GS00K91AGS5288
09/15/99	A52565	Postaward Audit of Multiple Award Schedule Contract: Intermec Corporation, Contract Number GS00K91AGS5288 (PS01)
09/15/99	A52566	Postaward Audit of Multiple Award Schedule Contract: Intermec 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)

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

Date of Report	Audit Number	Title
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)
11/04/99	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.
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

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

Date of Report	Audit Number	Title
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
04/17/00	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

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

Date of Report	Audit Number	Title
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
05/25/00	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
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

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

Date of Report	Audit Number	Title
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
10/17/00	A001024	Preaward Audit of a Claim: Canron Fabrication Corp., Second-Tier Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
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
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
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

Date of Report	Audit Number	Title
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
02/28/01	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
04/30/01	A010127	Audit of Billings under Contract Number GS06P99GZC0315: DKW Construction, Inc.
05/11/01	A010128	Preaward Audit of a Change Order Proposal: D.A.G. Floors, Inc., Subcontractor to J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/23/01	A010160	Preaward Audit of Cost or Pricing Data: John Milner Associates, Inc., Solicitation Number 2PCB-CM-010174
05/30/01 Contract	A010175	Preaward Audit of Cost or Pricing Data: Caswell International Corporation, Number GS-02F-0434D

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

Date of Report	Audit Number	Title
05/31/01	A010118	Preaward Audit of a Claim for Increased Costs: Amelco Construction, Roybal Federal Building & Courthouse, Los Angeles, California, Contract Number GS-09P-98-KTC-0020
06/06/01	A000965	Limited Scope Postaward Audit of Multiple Award Schedule Contract for the Period July 1, 1999 Through December 31, 1999: Franklin Covey, Contract Number GS-14F-9729C
06/19/01	A001113	Limited Scope Postaward Audit: Voyager Fleet Systems, Inc., Contract Number GS-23F-98006 for the Interim Period November 30, 1998 Through December 31, 2000
07/03/01	A010168	Audit of Claim for Increased Costs: C.W. Fentress J.H. Bradburn and Associates, P.C., Contract Number GS-07P-91-JXC-0062
07/10/01	A010201	Preaward Audit of Multiple Award Schedule Contract: ABM Federal Sales, Solicitation Number FCGE-C1-00-0001-B
07/31/01	A001055	Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
08/14/01	A010222	Preaward Audit of Architect and Engineering Proposal: Perkins and Will, Inc., Solicitation Number GS-09P-00-KTC-0088
08/16/01	A010122	Interim Postaward Audit of Multiple Award Schedule Contract: ABM, Inc., Contract Number GS-26F-1002B
09/17/01	A010221	Preaward Audit of Multiple Award Schedule Contract: Konica Business Technologies, Inc., Solicitation Number FCGE-C100-0001-B
09/26/01	A010253	Price Adjustments on Multiple Award Schedule Contract: TransUnion Corporation, Contract Number GS-22F-9602D for the Interim Period November 1, 2001 Through April 30, 2005
09/27/01	A010206	Audit of Actual Cost Incurred to Determine Shared Savings Under Phase I of Contract Number GS-04P-97-EXC-0005: Whiting-Turner Contracting Company
09/28/01	A010254	Audit of Payments: Paragon Systems Contract Number GS-04P-98-EYC-0117
09/28/01	A010252	Limited Scope Postaward Audit Review of Industrial Funding Fee Remittances: ABM, Inc., Various GSA Multiple Award Schedule Contract Numbers
10/03/01	A010251	Audit of Supplemental Architect and Engineering Services Contract: C.M. Architecture, P.A., Contract Number GS05P01GBD0050

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

Date of Report	Audit Number	Title
10/04/01	A010250	Audit of Supplemental Architect and Engineering Services Contract: Ross Barney & Jankowski, Inc., Contract Number GS05P01GBD0050
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
10/19/01	A010215	Preaward Audit of a Claim for Increased Costs: Century Steel, Inc., Subcontractor to J.A. Jones Construction Company, Lloyd D. George U.S. Courthouse, Las Vegas, Nevada, Contract Number GS-09P-97-KTC-0014
10/23/01	A010172	Audit of Billings under Various Contracts: Jensen Electric and Service Company
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
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
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
11/29/01	A010011	Limited Scope Postaward Audit: MasterCard International's Compliance with Fuel Tax Requirements under GSA's SmartPay Contract
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)
12/13/01	A010271	Preaward Audit of Change Order Proposal: John C. Grimberg Co., Inc., Contract Number GS-11P99MAC0057
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
12/20/01	A010209	Preaward Audit of Multiple Award Schedule Contract: Xerox Corporation, Solicitation Number FCGE-C1-00-0001-B
01/11/02	A010281	Preaward Audit of a Claim for Increased Costs: LawsonMechanical Contractors, Subcontractor to Morse DieselInternational, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
01/17/02	A010247	Preaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Solicitation Number FCGE-C1-00-0001-B

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

Date of Report	Audit Number	Title
01/17/02	A010247	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Contract Number GS-25F-5126C
01/23/02	A010275	Audit of Termination Settlement Proposal: Ross Barney +Jankowski, Inc., Contract Number GS06P99GZC0010
01/30/02	A010115	Preaward Audit of Multiple Award Schedule Contract: Minolta Corporation, Solicitation Number FCGE-C1-00-0001-B
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
03/07/02	A020108	Limited Scope Postaward Audit of the Industrial Funding Fee Submitted under Multiple Award Schedule Contract Number GS26F1006B: Kyocera Mita America, Inc.

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

Date of Report	Audit Number	Title	Projected Final Action Date
<i>Internal Audits</i>			
12/02/96	A63019	Audit of the PAPCAP Price Adjustments	05/15/03
03/24/99	A995025	Audit of Security Measures for New and Renovated Federal Facilities	12/15/03
07/15/99	A82706	PricewaterhouseCoopers LLP Management Letter, Fiscal Year 1998 Financial Statement Audit	01/15/04
03/28/00	A995175	Audit of the Federal Protective Service's Contract Guard Program	04/15/03
03/31/00	A995010	PBS Needs to Complete STAR Development and Implement Management and System Controls to Fully Realize Improved Capabilities	10/15/03
08/02/00	A995201	PricewaterhouseCoopers LLP Management Letter Fiscal Year 1999 Financial Statement Audit	06/15/03
03/27/01	A000968	Review of Operating Equipment Inventories: Public Buildings Service, New England Region	06/15/03
05/29/01	A001012	PricewaterhouseCoopers LLP Fiscal Year 2000 Interim and Year-End Management Letters	06/15/03
06/21/01	A000811	GSA's Increasing Use of Electronic Commerce Systems Requires Improved Security	08/15/03
09/28/01	A010044	Audit of the Public Buildings Service's Asset Business Plans	11/15/03
10/17/01	A001122	Review of PBS Use of the Occupancy Agreement	06/15/03
02/07/02	A010187	EDP Management Letter FY 2001 Financial Statement Audit	07/15/03
03/27/02	A010129	Audit of the Federal Protective Service's Federal Security Risk Manager Program	07/15/03

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, 2002 through March 31, 2003, 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:

- In compliance with the Debt Collection Improvement Act of 1996, GSA transmits delinquent claims each month to the U.S. Department of the Treasury (Treasury) Financial Management Service (FMS) for collection cross servicing.
- Persistent claims coordination among regional contracting officers, Treasury, and our Finance Centers continues to strengthen our claims collection efforts.
- Efforts continue to enhance the Accounts Receivable Claims System (ARCS), Version 6, and the Billing Accounts Receivable Tracking (BART) system, making them better tools for collection technicians and enabling them to provide better service to their customers. ARCS is now able to make automated accounting entries for settlement agreements and simplifies our ability to redistribute caseload among technicians.
- GSA has been working with Treasury's FMS to remove all non-paying claims over two years old from open receivables. We have implemented a 100-day plan to review and contact delinquent accounts on a quarterly basis. This will ensure every effort has been made to collect a debt before it becomes two years old and is written off as uncollectible.
- During November 2002, the total amount of Federal Supply Fund (255X) non-Federal claims recorded in ARCS increased by 32.25 percent over the total amount of Fund 255X claims recorded in ARCS as of October 31, 2002. One new liquidated damage claim against Conrail Aviation is accountable for 89.6 percent of this increase. The fate of the claim has not been decided by the GSA Board of Contract Appeals.
- On April 23, 1993, the U.S. District Court in Colorado ordered an individual to reimburse GSA \$12,536 as a penalty for conspiring to use an unauthorized access device with the intent to defraud. The Department of Justice (DOJ) received and transferred to GSA installment payments totaling \$7,301, from October 1994 through November 1997. However, the debtor stopped making payments in December 1997. GSA pursued the remaining balance due with the U.S. Attorney's office in Colorado. In a letter dated September 26, 2001, the U.S. Attorney advised GSA their policy is "once a defendant's supervision expires, it is up to the victim to pursue collection." The claim was referred to FMS for collection cross-servicing on February 25, 2002. As a result, GSA received two payments from Treasury in December 2002, paying the debt in full.
- As of February 28, 2003, the District of Columbia (DC) Government owed GSA \$884,049 for supply bills over two years old. As a result, the Federal Supply Service (FSS) suspended DC's authority to purchase new non-emergency vehicles until they pay the delinquent outstanding accounts. A conference call with DC, FSS, and GSA Finance was held in March to discuss payment of the bills. A list of all outstanding supply bills was sent to the DC Inspector General. DC officials are currently researching and gathering information for a meeting to be held later this spring.

Appendix IV—Delinquent Debts

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

Non-Federal Accounts Receivable

	As of October 1, 2002	As of March 31, 2003	Difference
Total Amounts Due GSA	\$18,534,176	\$20,815,885	\$2,281,709
Amounts Delinquent	\$13,110,933	\$12,683,773	(\$ 427,160)
Total Amount Written Off as Uncollectible Between 10/01/02 and 3/31/03	\$870,865		

Appendix V—Reporting Requirements

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

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

Requirement	Page
Inspector General Act	
Section 4(a)(2) - Review of Legislation and Regulations	29–32
Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies.	2, 19
Section 5(a)(2) - Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	2, 19
Section 5(a)(3) - Prior Recommendations Not Yet Implemented	43
Section 5(a)(4) - Matters Referred to Prosecutive Authorities.	38
Sections 5(a)(5) and 6(b)(2) - Summary of Instances Where Information Was Refused.	None
Section 5(a)(6) - List of Audit Reports.	45
Section 5(a)(7) - Summary of Each Particularly Significant Report.	2, 19
Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs	37
Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	36
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
Senate Report No. 96-829	
Resolution of Audits	35
Delinquent Debts	69
National Defense Authorization Act, Public Law 104-106, 5 U.S.C. App. 3, § 5 note	56

Appendix VI—OIG Offices and Key Officials

Office of the Inspector General

Inspector General, Daniel R. Levinson (J)(202) 501-0450
Deputy Inspector General, Joel S. Galla (JD)(202) 501-1362

Office of Counsel to the Inspector General

Counsel to the IG, Kathleen S. Tighe (JC)(202) 501-1932
Deputy Counsel to the IG, Virginia S. Grebasch (JCD)(202) 501-1932

Office of Internal Evaluation

Director, James A. Amoroso (JE)(202) 501-2460

Office of Audits

Assistant IG for Auditing, Eugene L. Waszily (JA)(202) 501-0374
Deputy Assistant IG for Auditing, Andrew Patchan, Jr. (JAD)(202) 501-0374

Headquarters Regional Inspectors General for Auditing (RIGAs)

Finance & Staff Offices Audit Office, RIGA Richard M. Gallagher (JA-F)(202) 501-0006
Information Technology Audit Office, RIGA Gwendolyn A. McGowan (JA-T)(703) 308-1223
Acquisition Programs Audit Office, RIGA Henry Noll, Jr. (JA-A)(703) 603-0189
Real Property Audit Office, RIGA Regina M. O'Brien (JA-R)(202) 219-0088

Regional Inspectors General for Auditing (RIGAs)

National Capital Field Office, RIGA Andrew A. Russoniello (JA-W)(202) 708-5340
New England Field Office, RIGA Joseph B. Leland (JA-1)(617) 565-6795
Northeast and Caribbean Field Office, RIGA Joseph M. Mastropietro (JA-2)(212) 264-8620
Mid-Atlantic Field Office, RIGA Glenn D. Merski (JA-3)(215) 446-4840
Southeast Sunbelt Field Office, RIGA Warren T. Platt (JA-4)(404) 331-5125
Great Lakes Field Office, RIGA David K. Stone (JA-5)(312) 353-7781

Appendix VI—OIG Offices and Key Officials

Regional Inspectors General for Auditing (RIGAs) *continued*

The Heartland Field Office, RIGA Arthur L. Elkin (JA-6)	(816) 926-7052
Greater Southwest Field Office, RIGA Rodney J. Hansen (JA-7)	(817) 978-2572
Pacific Rim Field Office, Acting RIGA Joseph J. Brewster (JA-9)	(415) 522-2744
Auburn Sub-Office, Audit Manager Larry L. Pellegrini (JA-9/AUB)	(253) 931-7650

Office of Investigations

Assistant IG for Investigations, James E. Henderson (JI)	(202) 501-1397
Deputy Assistant IG for Investigations, Charles J. Augone (JID)	(202) 501-1397

Regional Inspectors General for Investigations (RIGIs)

Washington Zone Office, RIGI Gregory G. Rowe (JI-W)	(202) 252-0008
Atlanta Sub-Office, Assistant RIGI Lee P. Quintyne (JI-W/ATL)	(404) 331-5126
New York Zone Office, RIGI Peter P. Maino (JI-2)	(212) 264-7300
Boston Sub-Office, Assistant RIGI Joseph J. Dzikczek (JI-2/BOS)	(617) 565-6820
Philadelphia Sub-Office, Special Agent James Barry (JI-2/PHI)	(215) 446-4830
Chicago Zone Office, RIGI Harvey G. Florian (JI-5)	(312) 353-7779
Cleveland Sub-Office, Special Agent James T. Sohayda (JI-5/CLE)	(216) 522-2155
Kansas City Sub-Office, Assistant RIGI John F. Kolze (JI-5/KC)	(816) 926-7214
Fort Worth Sub-Office, Assistant RIGI Charles D. Yandell (JI-5/FW)	(817) 978-2589
San Francisco Zone Office, RIGI Liza Shovar (JI-9)	(415) 522-2755
Auburn Sub-Office, Assistant RIGI Randal A. Stewart (JI-9/AUB)	(253) 931-7654

Office of Administration

Assistant IG for Administration, John C. Lebo, Jr. (JP)	(202) 501-2319
Human Resources Division, Director James J. Matthews (JPH)	(202) 501-0360
Information Technology Division, Director Larry C. Begley (JPM)	(202) 501-3134
Administrative and Financial Management Division, Director Marta M. Viera (JPF)	(202) 501-2887

Notes

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(202) 501-1780

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

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U.S. General Services Administration

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