



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



# Semiannual Report to the Congress

**April 1, 2003 - September 30, 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
<b>PROCUREMENT ACTIVITIES</b>	Simplified processes have reduced order and delivery time, yet competitive principles are not always followed and opportunities may be missed for less costly services and products.	2 – 3, 15 – 21
<b>CONTRACT MANAGEMENT</b>	GSA's multibillion dollar acquisition programs have expanded rapidly in terms of sales, variety, and complexity of the procurements performed. A growing list of warning signs throughout the acquisition process suggests that the technical and management skills needed by the procurement workforce to operate in this more sophisticated arena are not keeping pace with these new demands.	4 – 6
<b>INFORMATION TECHNOLOGY</b>	Technology applications have increased exponentially as "E-Gov" is used to better manage operations and interface with the public, but complex integration and security issues exist.	6 – 10
<b>MANAGEMENT CONTROLS</b>	Management controls have been streamlined, resulting in fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed.	10 – 13
<b>PROTECTION OF FEDERAL FACILITIES AND PERSONNEL</b>	GSA is responsible for protecting the life and safety of employees and public visitors in Federal buildings. A broadly integrated security program is required.	13 – 14
<b>HUMAN CAPITAL</b>	GSA's corporate knowledge is eroding and efforts to obtain requisite skills for the future are impeded. Better recruitment and training programs are needed to develop the 21st century workforce.	No Reports This Period
<b>AGING FEDERAL BUILDINGS</b>	GSA is being challenged to provide quality space to Federal agencies using an aging, deteriorating inventory of buildings and facing critical budgetary limitations in its modernization program.	No Reports This Period

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## Foreword

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*This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the six-month reporting period that ended September 30, 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. We issued a number of reports focusing on the major challenges facing the Agency in the areas of procurement, information technology, management controls, and the protection of Federal facilities and personnel. These included a first-ever survey of service contracting practices, covering \$2.4 billion in task orders awarded at four agencies; a comprehensive review of GSA's principal automated supply system; and control reviews over secured inventory items, vehicle maintenance and repair costs, construction funding limitations, and purchase card use. We also expanded our review of the Federal Technology Service Client Support Centers as a follow-up to our earlier issued Alert Report, which identified improper contracting practices relating to the Federal Technology Fund.*

*In addition, our audit work over the past several reporting periods, and continuing with this period, has revealed an increasing number of problems with GSA's contract management processes. In fact, our concerns have caused us to formally identify contract management as a new management challenge facing GSA. Reports this period specifically noted an array of contract issues including weak contractor selection criteria, task orders that were poorly crafted and did not contain appropriate clauses, and inadequate contract oversight to ensure contractors were delivering required quality goods and services. Following a special briefing on this issue, the Administrator directed that a high-level team be formed to address these problems.*

*We identified over \$37 million in financial recommendations on how funds could be put to better use. We achieved over \$45 million in management decisions agreeing with audit recommendations, civil settlements, and direct recoveries. We made 294 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 32 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  
October 31, 2003*



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



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## *Summary of OIG Performance*

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### ***OIG Accomplishments***

**April 1, 2003 – September 30, 2003**

Total financial recommendations \$39,877,083

These include:

• Recommendations that funds be put to better use \$37,063,566

• Questioned costs \$2,813,517

Audit reports issued 67

Referrals for criminal prosecution, civil litigation, and administrative action 294

### ***Results Attained***

Management decisions agreeing with audit recommendations; civil settlements; and court-ordered and investigative recoveries \$45,296,506

Indictments and informations on criminal referrals 21

Cases accepted for criminal prosecution 31

Cases accepted for civil action 11

Successful criminal prosecutions 32

Civil settlements 3

Contractors/individuals debarred 28

Contractors/individuals suspended 31

Employee actions taken on administrative referrals involving GSA employees 32

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## *Fiscal Year 2003 Results*

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During Fiscal Year (FY) 2003, OIG activities resulted in:

- Over \$90 million in recommendations that funds be put to better use and in questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayer.
- 165 audit reports that assisted management in making sound decisions regarding Agency operations.
- \$147 million in management decisions agreeing with audit recommendations; civil settlements; and court-ordered, audit, and investigative recoveries.
- 194 new investigations opened and 196 cases closed.
- 51 case referrals (86 subjects) accepted for criminal prosecution and 21 case referrals (35 subjects) accepted for civil litigation.
- 43 criminal indictments/informations and 51 successful prosecutions on criminal matters referred.
- 5 civil settlements.
- 34 employee actions taken on administrative referrals involving GSA employees.
- 52 contractor/individual suspensions and 73 contractor/individual debarments.
- 320 legislative matters and 52 regulations and directives reviewed.
- 1,945 Hotline calls and letters received of which 319 warranted further GSA action.

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## *Executive Summary*

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During this period, the OIG continued to direct its audit, investigative, and evaluative resources to 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 procurement activities, information technology (IT), management controls, and the protection of Federal facilities and personnel. In addition, we identified a new management challenge facing GSA — contract management. Our recent audit work reveals a growing number of signs pointing to the need for better management of the contract process that in FY 2002 added \$13 billion to GSA's contract inventory. The Administrator and senior management were briefed on these findings and subsequently, at the Administrator's direction, a Project Action Team was formed to assess the extent of the problems and formulate means to remedy them.

### **Procurement Activities**

Improper contracting

In the previous semiannual report, we highlighted an ongoing audit of the Federal Technology Service (FTS) Client Support Centers. Because we had significant concerns with improper contracting practices and the misuse of the Information Technology Fund, we issued an Alert Report to management for its immediate attention. Our initial review of FTS Client Support Centers has continued, with more problems identified, and we expect to issue a detailed report of the Client Support Centers in three regions during the next semiannual period. In light of the serious nature of the findings, at management's request we are expanding our review to cover all Centers throughout the nation (page 2).

Professional services procurements

Professional services procurements from the Federal Supply Service (FSS) Multiple Award Schedule (MAS) program have increased in recent years from \$6.9 billion in FY 2000 to \$12.7 billion in FY 2002. The OIG surveyed several agencies regarding their use of MAS contracts to procure professional services to determine whether task orders are awarded based on a firm-fixed price or a time-and-materials basis and to obtain other information on pricing for services procurements under MAS contracts. We found that only one-third of MAS task orders were priced on a firm-fixed price basis, with the remainder being priced largely on a time-and-materials/not-to-exceed basis. With respect to pricing, we found

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## Executive Summary

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that just 40 percent of all task orders with values above the maximum order limits — the point at which agencies should be seeking better discounts — involved better pricing than GSA negotiated rates. We expect to do more detailed audit work, which will build upon this initial audit survey, in the areas of ordering, pricing, and cost growth (page 2).

### Contract Management

#### Administration of services contracts

An audit of the administration of performance-based services contracts in the Public Buildings Service (PBS) identified an absence of enforcing the terms and conditions of the contracts, accountability for contract administration, and lack of security clearances for contractor employees. As a result, the government did not receive the quality of services, maintenance records, and security information specified in the contracts; and equipment was not maintained properly, which in a few cases, impacted the safety of building occupants (page 4).

#### Procurement deficiencies

While conducting an audit of a regional PBS Service Center, we identified potential problems with a support services contractor. In our review of this contractor, we determined that PBS was not ensuring compliance with contract provisions. Because of the nature of the problems found, we believe similar services contracts are likely to have similar issues (page 5).

### Information Technology

#### FSS-19 and FSS Online

Since 1980, the Federal Supply Service (FSS) has used an automated supply management computer system known as FSS-19 to process and manage about \$6 billion each year of orders, produce shipping documents, replenish inventory, and bill customers. In 1998, FSS began online operations and is converting some existing FSS-19 functions to the new Online system as well as adding new capabilities, such as automating contract information and associated amendments or cancellations. These changes have brought benefits, including real-time updating to the database; however, we found several areas of risk that require management's attention. We recommended that FSS officials develop specific system performance goals and metrics; develop a long-term plan to identify system development goals, costs, and processes for converting or creating functionality; and manage system security weaknesses through a Security Plan of Action and Milestones (page 7).

#### Repair and Alteration Program information

The Inventory Reporting Information System (IRIS) is a database used by PBS to help manage its Repair and Alteration (R&A) Program. The information recorded in IRIS for more than \$7 billion in work items enables management to make decisions regarding the investment in,

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## Executive Summary

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repair, and/or disposal of building assets. Thus, it is imperative that the data in IRIS be reliable. An audit of IRIS was performed to determine if the data currently contained in the IRIS database were accurate and complete, and to evaluate internal controls over data entry, processing, and removal. We found problems with data accuracy and controls over entry, processing, and removal of data (page 8).

### IT Security Program

We performed an independent evaluation of GSA's agency-wide information security program and controls as required by the Federal Information Security Management Act (FISMA). In our annual review, we found that GSA is making progress in developing its agency-wide IT Security Program and an agency-wide Plan of Action and Milestones (POA&M) process. However, key IT security tasks required by FISMA remain to be completed. System-level POA&Ms tools are not consistently used to track and correct identified security weaknesses. Overall, GSA's IT Security Program does not yet ensure that Services and Staff Offices across GSA consistently and effectively implement FISMA requirements and agency-wide guidance and processes (page 9).

### Management Controls

### Purchase card usage

In the past several semiannual reports, we have highlighted our concerns over the continued non-adherence to controls over the use of travel and purchase cards. Reports issued this period demonstrate a marked improvement over prior periods although minor problems continue. Our reviews of purchase card usage in GSA Staff Offices generally found compliance with regulations and thus contained no formal recommendations. However, individual audits did raise some issues that management should address. Such issues included cardholders failing to maintain proper purchase logs and adequate records, failing to reconcile their purchases on a regular basis, paying sales taxes on purchases for which the government is exempt, splitting purchase orders to stay within the single purchase limits, and using more costly convenience checks when other payment forms were available (page 10).

The OIG completed reviews during this period covering secured item inventory, vehicle maintenance and repair costs, and construction project funding limitations.

### Secured item inventory

- Security measures to control the highly pilferable item inventory at the Eastern Distribution Center in Burlington, New Jersey need to be improved. Over the last 18 months, inventories of 83 sensitive items showed over \$417,000 in shortages, some of which may be due to theft (page 11).

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## Executive Summary

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### Fleet maintenance control center

- GSA Fleet manages the acquisition, leasing, maintenance, and repair of about 186,000 vehicles used by Federal agencies throughout the United States and parts of Europe. Fleet established the National Maintenance Control Center to procure repairs from vendors. Although Fleet's maintenance and repair costs compare favorably to data reported by organizations focusing on general consumers, the costs are higher than comparable data from commercial fleet operators (page 11).

### Courthouse construction project

- A courthouse construction project experienced cost growth exceeding the original estimated construction amount by over 50 percent. We analyzed how project costs compared to Congressionally approved spending limitations on one particular project, and whether control procedures need to be strengthened to ensure compliance with prospectus limitations. While subsequent Congressional appropriations provided adequate funding, we were concerned that some costs that should be counted against the PBS construction budgets were instead paid from the Judgment Fund, from which judgments and settlements against the United States are paid (page 12).

### Protection of Federal Facilities and Personnel

### Security clearance process

GSA policy requires that all contractor employees pass a background suitability check in order to work in GSA-controlled buildings. In a nationwide audit of building services contracts, we found that a significant number of contract employees did not have proper security clearances. These included employees of janitorial, elevator maintenance, and building maintenance contractors. Of the 807 contractor employees sampled, 229 (28 percent) lacked full security clearances. Not ensuring that contract employees have proper security clearances places employees, visitors, and the physical assets at risk (page 13).

GSA also requires that employees and contractors undergo background screenings prior to gaining access to Agency computer systems containing sensitive information. Contractors who design, operate, test, maintain, and/or monitor GSA systems are required to have a background investigation consisting of at least a National Agency Check and Inquiries Credit (NACIC) review. In our review of the FSS-19 and FSS Online systems, we found that as of August 2003, only 30 of the 320 contractor employees with access to the systems have completed NACIC investigations. Not conducting these investigations may have increased the possibility of vulnerabilities and security risks for the systems (page 14).

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## ***Executive Summary***

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

In our ongoing efforts to promote and protect the integrity of GSA's programs and operations, we aggressively conduct investigations and pursue the prosecution of individuals and companies committing criminal and civil fraud and other offenses that impact GSA programs. A number of these investigations have led to enforcement actions during this semiannual period, including:

- The government settled a civil fraud case with Sprint Corporation for \$5.6 million based on overcharging the government on the FTS 2001 contract (page 15).
- As a member of a task force to combat charge card fraud, the OIG's Office of Investigations participated in a joint investigation that resulted in the arrest of ten individuals who were fraudulently using federally-issued fuel charge cards to purchase large amounts of fuel (page 15).
- As the result of an OIG investigation of corruption within the PBS construction program, three contractors pled guilty to bribery charges on GSA construction projects (page 16).
- An ongoing investigation of the misuse of GSA-issued fleet charge cards resulted in the sentencing of six individuals, including two GSA employees, during this reporting period with restitution totaling over \$30,000 (page 16).
- A GSA employee was sentenced to three years probation and ordered to pay restitution of \$59,127 for using her government charge card to make payments on her personal credit card debt (page 17).
- GSA proposed MCI/WorldCom for debarment based on findings that the company had materially overstated its income on financial statements by approximately \$9 billion (page 17).
- A missing John Sloan painting, produced under the WPA and currently valued at over \$300,000, was recovered from an individual who was attempting to sell it at auction (page 18).
- A Department of Defense employee was sentenced to 39 months incarceration, three years probation, and ordered to pay restitution of \$383,605 for using a GSA contract to unlawfully purchase computers (page 18).
- MVM, Inc. agreed to pay \$67,500 to settle a civil fraud claim as it pertained to security services in Federal buildings in the northeast (page 18).

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## *Executive Summary*

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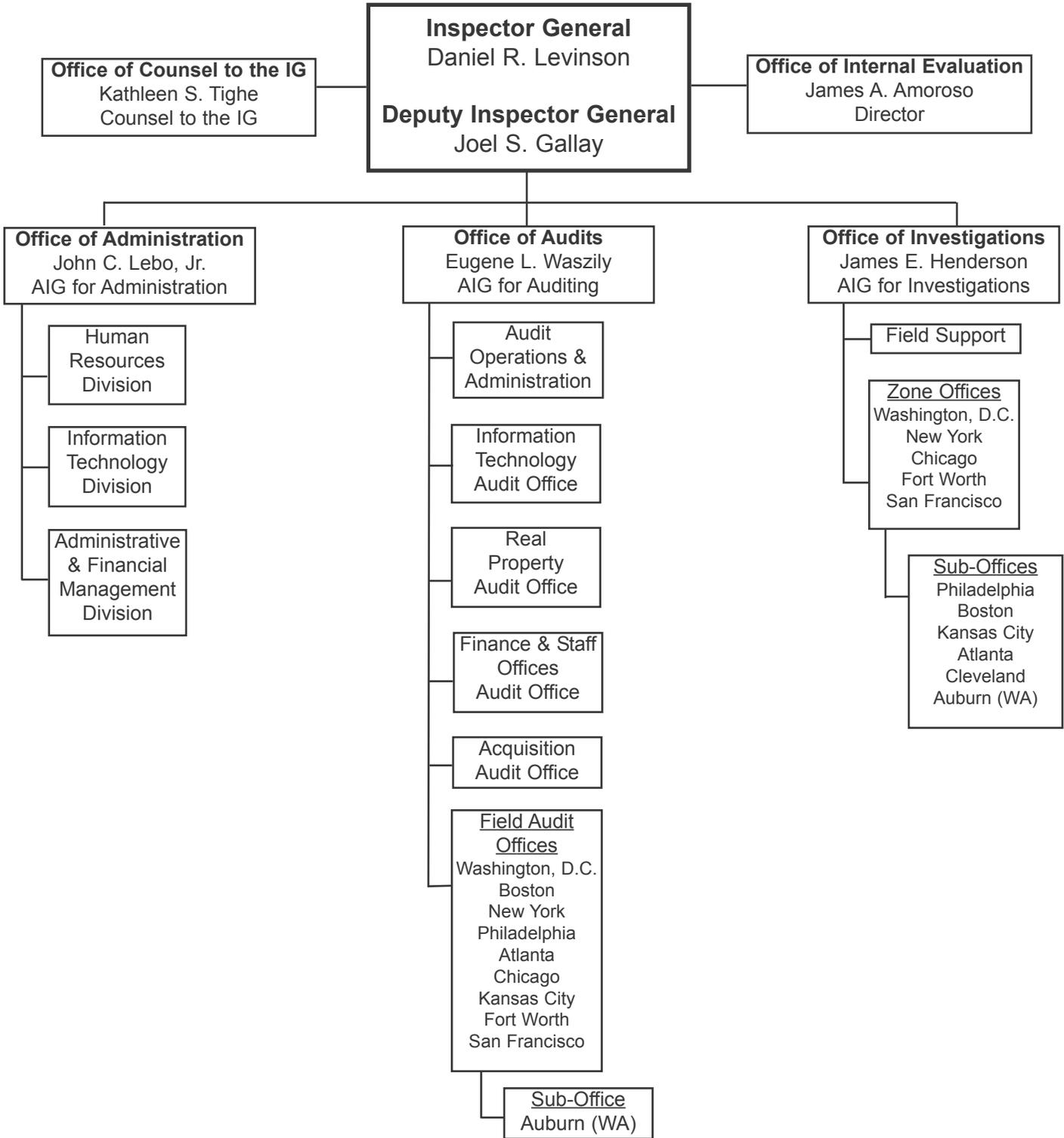
- A GSA building manager pled guilty to theft of government property and was sentenced to five years probation, 20 hours of community service, and ordered to pay restitution of nearly \$10,000 (page 19).
- A GSA employee stole seven laptop computers from a U.S. Courthouse in Philadelphia and then sold them. He was sentenced to two years probation and ordered to pay restitution (page 19).
- An employee of a security guard company was sentenced to three years probation and ordered to pay restitution after pleading guilty to conspiracy to submit false bills to the government (page 19).
- Four individuals, including a former GSA employee, were found guilty of conspiracy to commit fraud in a case of “identity theft” where personal and credit information of GSA employees were improperly obtained and used (page 19).

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

The OIG made over \$37 million in financial recommendations to better use government funds; made 294 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 220 legislative and regulatory actions; and received 1,028 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$45 million. (See page v for a summary of this period’s performance.)



# OIG Organization Chart



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## OIG Profile

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

### **Organization**

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

- **The Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program performance reviews, assessment of management controls, and financial and compliance audits. The office also conducts external reviews in support of GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions. The office additionally provides 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 September 30, 2003, our on-board strength was 278 employees. The OIG's Fiscal Year (FY) 2003 budget was \$37.5 million.

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## Management Challenges

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

### **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 Update**

In the previous semiannual report, we highlighted an ongoing audit of the Federal Technology Service (FTS) Client Support Centers. Because we had significant concerns with improper contracting and the misuse of the Information Technology Fund, we issued an Alert Report to management for its immediate attention. The report cited FTS' use of Small Business Administration 8(a) contracts for information technology services to obtain construction and architectural services; use of the sole source provisions of the small business program to avoid competition; and improperly splitting procurements to ensure task orders stayed below the sole source threshold. Subsequently, the Alert Report has received Congressional and media attention.

Our initial review of FTS Client Support Centers has continued and we expect to issue a detailed report covering the Client Support Centers in three regions during the next semiannual period. Because of the significance of the deficiencies found to date, management has asked that we expand our review to include Client Support Centers throughout the nation. These reviews will be performed during FY 2004.

### **Procurement of Professional Services from the Multiple Award Schedules**

Professional services procurements from the Federal Supply Service (FSS) Multiple Award Schedule (MAS) program have increased in recent years from \$6.9 billion in FY 2000 to \$12.7 billion in FY 2002. Audit reports issued by the General Accounting Office, the Department of Defense OIG, and the National Aeronautics and Space Administration OIG have identified problems and concerns with task order competition and pricing. Additionally, recent proposed legislation and acquisition regulations relate to and may impact aspects of MAS services purchases, specifically the use of time-and-materials task orders for such purchases.

***Misuse of IT Fund,  
abuse of  
contracting  
authority at FTS  
Client Support  
Centers.***

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## Management Challenges

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

The OIG surveyed several agencies regarding their use of MAS contracts to procure professional services, including information technology services.

***Survey finds almost two-thirds of MAS services task orders are priced on a time-and-materials basis, thus shifting the risk of performance to the government.***

One purpose of the survey was to determine whether task orders are awarded based on a firm-fixed price or time-and-materials basis. Time-and-materials vehicles are disfavored by the Federal Acquisition Regulation (FAR) because agencies essentially just buy labor hours under them; the vendor under a time-and-materials task order has no positive profit incentive to control costs or to use labor efficiently. In contrast, under firm-fixed price task orders, vendors assume much more performance risk. The FAR provides that time-and-materials vehicles can only be used if the contracting officer makes a determination that he or she cannot estimate the extent of the work with any reasonable degree of confidence.

The survey also examined pricing under services task orders. The FAR requires that Federal agencies seek better prices and rates on MAS purchases over a certain specified maximum order threshold.

We distributed over 5,000 surveys to contracting officials in four customer agencies and received nearly 2,000 responses pertaining to services task orders totaling \$2.4 billion. We found that only one-third of MAS task orders were priced on a firm-fixed price basis, with the remainder being priced largely on a time-and-materials/not-to-exceed basis. With respect to pricing, the audit found that 29 percent of all task orders reflected better pricing than negotiated GSA pricing. For task orders with values above the maximum order amount (generally \$1 million), the audit found that 40 percent involved better pricing than GSA rates; for those task orders with a value greater than \$10 million, better pricing was obtained on 54 percent of them.

***Ordering agencies should do more to obtain better prices on high dollar MAS task orders.***

In our July 31, 2003 report, we concluded that due to potential cost growth problems associated with time-and-materials orders, contracting officials need to ensure these vehicles are appropriate for their orders and provide adequate oversight. We also concluded that contracting officials should routinely seek price discounts on large dollar task orders and blanket purchase agreements. We encouraged the FSS Commissioner to continue to assist customer agencies through training and marketing efforts, to more effectively leverage their purchasing power by selecting types of task orders that improve pricing and competition. The Commissioner related that FSS has efforts underway to improve and increase training for users of MAS contracts.

We expect to do more detailed audit work, which will build upon this initial audit survey, in the areas of ordering, pricing, and cost growth.

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## Management Challenges

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### **Contract Management**

*Last year, we reported our concern that contract administration deficiencies were appearing more frequently in our audits. We have now concluded however, that the issue is broader than just deficiencies in administering existing contracts. Our recent audit work reveals a growing number of signs pointing to the need for better management of the overall contract process that in FY 2002 added \$13 billion to GSA's contract inventory. Accordingly, this period we added Contract Management to the list of major management challenges facing GSA. We presented briefings to the Administrator and the entire senior management cadre on the nature and background of our findings and the reasons for adding it to the management challenges list. Following our briefing, the Administrator directed that a Project Action Team be convened to assess the extent of the problem and the need for corrective action. This issue will also be included in the formal listing of management challenges as part of the Agency's Annual Report to Congress.*

### **Oversight of Performance-Based Contracts**

The Public Buildings Service (PBS) is making extensive use of performance-based services contracting to provide services such as mechanical maintenance, elevator maintenance, and cleaning services for the buildings it owns and operates. However, an audit of PBS' administration of these contracts identified problems with the enforcement of the terms and conditions of the contracts as well as problems with accountability for contract administration and a lack of security clearances for contractor employees.

While we found that quality services are being provided by contractors at many locations, PBS needs to improve its monitoring and enforcement of the terms and conditions for performance-based services contracts to achieve more consistent results. At some locations, PBS was not enforcing the terms of the contracts and, as a result, the government did not receive the quality of services, maintenance, and security specified. There were often questions as to who was accountable for contract administration and what their duties were, as well as problems resulting from inadequate government monitoring of contractors' efforts.

Our review disclosed that:

- Contractors did not always develop and implement the quality control plans required by the contracts to ensure that services were provided at the levels specified.
- PBS did not always have in place an effective quality assurance surveillance plan to measure contractor performance.

***PBS needs to improve its oversight of performance-based contracts to ensure proper equipment maintenance and safety inspections.***

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## **Management Challenges**

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### **Contract Management (continued)**

- Maintenance records were not always prepared and maintained.
- Critical building operating equipment — such as air handlers, elevators, and boilers — was not properly maintained and required safety inspections were not performed, impacting on the operational readiness of equipment and the safety of building occupants.
- Many contract employees lacked current security clearances.

In our September 30, 2003 report, we recommended that PBS not allow contractors to begin work until required quality control plans, maintenance schedules, and security clearance information are provided to the contracting officer or a designated representative. In addition, contracting officials should review and certify all required reports and monitor the status of security clearances for contractor employees. Finally, in order to ensure better accountability, contracting officers' representatives should be designated in writing and have clear and concise instructions on the requirements of performance-based services contracts.

The PBS Commissioner generally concurred with the findings and recommendations in the report, which is still in the resolution process.

### **Procurement Deficiencies**

While conducting an audit of a regional PBS Service Center, we identified potential problems with a support services contractor. In our detailed review of this contractor, we determined that PBS was not ensuring compliance with contract provisions, that the contractor had been reimbursed for unauthorized travel costs, and that labor rate increases agreed to in option year renewals were not adequately supported. We also observed that the contract met many of the criteria of a personal services contract, which is prohibited by law. Given the nature of the problems we identified, we believe similar contracts awarded in the region might have similar issues.

In our August 21, 2003 report, we recommended that regional management instruct contracting personnel to correct the identified deficiencies and review other support services contracts to ensure that they are being administered in accordance with contract provisions. We also recommended that regional management and legal counsel evaluate whether the use of the contract was in violation of specific laws and/or regulations related to personal services. The Regional Administrator concurred with our audit recommendations and has initiated corrective action.

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## **Management Challenges**

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### **Contract Management (continued)**

#### **Qualification Standards for Acquisition Personnel**

After passage of the Clinger-Cohen Act of 1996, the Office of Personnel Management (OPM) issued new qualification standards pertaining to the GS-1102 contract specialist position to ensure that the government's acquisition personnel are qualified and competent to perform critical acquisition-related duties and tasks. GSA incorporated the new requirements into its acquisition manual, which includes the governmentwide core curriculum and continuing educational requirements for contracting officers. Our review assessed whether the Federal Technology Service (FTS) was ensuring that its acquisition personnel complied with the standards established by OPM and GSA in terms of education, mandatory course completion, and continuing educational requirements, particularly upon being hired or promoted to the GS-13 level or higher.

While the majority of the 71 acquisition personnel warrant files we reviewed showed compliance with OPM and GSA standards and requirements, we found exceptions where individuals who had been promoted to the GS-13 level or higher since the effective date of the new standards had not completed all of the core curriculum courses required by GSA policy. In addition, two individuals did not use the mandatory vendors when attending a core training course. We attributed these conditions to a lack of a clear understanding of warranted personnel training requirements.

In our June 5, 2003 report, we recommended that the individuals responsible for administering the contracting officer warrant program throughout the Agency ensure that personnel are knowledgeable with respect to the qualification standards and educational/training requirements for warranted personnel, especially in those instances where hiring/promotion actions are being considered.

#### **Information Technology**

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

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## Management Challenges

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### *Information Technology (continued)*

#### **Federal Supply Service Automated Supply System (FSS-19) and Online System Capabilities**

Since 1980, the Federal Supply Service (FSS) has used an automated supply system known as FSS-19 to support its procurement and supply activities. The various system modules within FSS-19 process and manage about \$6 billion each year of orders, produce shipping documents, replenish inventory, and bill customers. Starting in 1998, FSS began online operations and is converting some existing FSS-19 functions to the new Online system as well as adding new capabilities, such as automating contract information and associated amendments or cancellations. These changes have brought benefits, including real-time updating to the database; however, we found several areas of risk that require management attention.

While there are performance goals for FSS-19 that are tied to GSA's strategic goals of operating efficiently and effectively, these goals are not system specific. Performance measures do not adequately track actual system performance against planned metrics, such as progress in converting portions of FSS-19 to the FSS Online system. A long-term plan is needed for FSS-19 to identify system development goals, costs, and processes for converting existing functions or creating new capabilities.

We found that some security weaknesses for FSS-19 and FSS Online identified in previous financial system audits and through the system certification and accreditation process have not been corrected. FSS should have a Security Plan of Action and Milestones to ensure that known weaknesses are prioritized, tracked, and managed and to help ensure that system controls for FSS-19 and FSS Online are in place and operating as intended. In addition, security documentation is lacking for FSS Online, since documentation completed for FSS-19 does not include FSS Online capability. Also, the security of data and connections between FSS-19 and external systems needs to be strengthened by developing interconnection service agreements, plans, and memoranda of understanding. These documents are needed to identify the technical requirements of an interconnection, responsibility of participating organizations, and the process of establishing the interconnection, which will help to ensure that security measures are taken to protect the connected systems and shared data.

Finally, we noted that most of the contractors with access to the systems do not have the required background investigation. This is discussed further on page 14.

***FSS-19  
modernization  
efforts lack  
specific  
performance  
metrics, long-term  
system  
improvement  
plans, and  
security action  
plans.***

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## Management Challenges

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

In our September 30, 2003 report, we recommended that the FSS Commissioner, with the assistance of the FSS Chief Information Officer, take the necessary actions to develop specific system performance goals and metrics; develop a long-term plan for FSS Online that includes future goals, processes, and costs; ensure that all identified security weaknesses are included and tracked in the Security Plan of Action and Milestones; develop system interconnection agreements; and complete background investigations for system contractors.

The FSS Commissioner and CIO generally concurred with our findings and recommendations. The audit is in the resolution process.

### **Managing the Repair and Alteration Program**

The Inventory Reporting Information System (IRIS) is a database used by the Public Buildings Service (PBS) to help manage its Repair and Alteration (R&A) Program. IRIS is used both nationally and regionally to track project status through the design and construction phases, to plan multi-year projects, and to keep current building inventory status by documenting and scheduling R&A needs. The information recorded in IRIS for more than \$7 billion in work items enables management to make decisions regarding the investment in, repair, and/or disposal of building assets. Thus, it is imperative that the data in IRIS be reliable.

The OIG's audit of IRIS was performed to determine if the data currently contained in the IRIS database were accurate and complete, and to evaluate internal controls over data entry, processing, and removal. We found a number of data accuracy problems, and that the controls over entry, processing, and removal of data do not adequately ensure that information is timely or consistent. The overall cause for inaccuracies is that PBS project managers do not communicate timely, valid, and consistent information to update the IRIS database. There are no performance measures tied to timely updates and data quality control.

Inaccurate IRIS data can significantly impair PBS' ability to make effective management decisions regarding the investment, repair, or disposal of assets; the inception, postponement, or cancellation of projects; and the transfer of completed projects for depreciation. In our September 30, 2003 report, we recommended that PBS continue developing national IRIS guidance to stress the importance of data accuracy and timeliness. This guidance must incorporate both management controls and performance measures and must be effectively communicated to all levels of personnel.

***Database for tracking Repair and Alteration Program information is not reliable.***

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## Management Challenges

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

The PBS Commissioner fully agreed with our report and noted current and planned work that should address the audit findings and recommendation. The report is in the resolution process.

### **GSA's Information Security Program**

We performed an independent evaluation of GSA's agency-wide information security program and controls as required by the Federal Information Security Management Act (FISMA). FISMA provides a framework for securing Federal information systems including: (1) ensuring the effectiveness of information security controls over information resources; (2) development and maintenance of minimum controls required to protect Federal information and information systems; and (3) a mechanism for improved oversight of Agency Information Security Programs.

In our annual review, we found that GSA is making progress in implementing its agency-wide IT Security Program and an agency-wide Plan of Action and Milestones (POA&M) process. The Chief Information Officer (CIO) administers all functions covered by FISMA, has designated a Senior Agency Information Security Officer, and has established a Security Division within the Office of the CIO to provide leadership for the Program. New measures initiated by the CIO to secure the Agency's systems include technical vulnerability scanning and "war dialing" — a program used by systems administrators to identify unauthorized modems on a network that could provide easy access (by hackers) to the organization's Intranet. However, we found that key IT security tasks required by FISMA still remain to be completed.

System-level POA&Ms have recently been developed but are not consistently used to track and correct identified security weaknesses. Vulnerability scans we performed on select GSA systems found new security weaknesses, as well as some previously identified by system owners, that were not included in system-level POA&Ms. System security officials have not consistently ensured that important system security documentation is complete and consistent with recommended practices or agency-wide IT security policy. For the five select systems we reviewed, key security documentation — including risk assessments, security plans, certification and accreditation packages, and contingency plans — was not consistently updated or completed. Not all Agency employees with significant security responsibilities had completed specialized security training required by FISMA and provided by the CIO. Further, contractors were granted access to these systems without appropriate background investigations.

***Key IT security tasks required by FISMA remain to be completed.***

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## Management Challenges

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

Overall, GSA's IT Security Program does not yet ensure that Services and Staff Offices across GSA consistently and effectively implement FISMA requirements and agency-wide guidance and processes provided by the CIO Security Division. Improved oversight of Service and Staff Offices' implementation of GSA's IT Security Program is a necessary step toward ensuring that all individuals responsible for IT security within Agency components actually follow established information system security policies and procedures.

### ***Management Controls***

*Multiple management controls and extensive supervisory reviews have been replaced, through streamlining efforts, by fewer and broader controls, making it essential that the remaining control processes be emphasized and consistently followed. Streamlined processes have helped GSA achieve its goal of serving customers more quickly and 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.*

### **Purchase Card Usage**

In the past several semiannual reports, we have highlighted our concerns over the continued failure to adhere to controls over the use of travel and purchase cards. In prior reviews, we identified a variety of questionable purchases and inappropriate use of cards in several regions, and situations where approving officials should have questioned the actions of the cardholders. Reports issued this period demonstrate a marked improvement over prior periods, although some relatively minor problems continue. While we commend the Agency for the progress it has made to strengthen adherence to purchase card controls, we emphasize the need for constant vigilance in monitoring this vulnerable \$200 million annual activity.

In an audit of one region's purchase card usage this period, we determined that inappropriate purchases of flowers and gift baskets were made for the purpose of enhancing customer satisfaction surveys. Further, we found cardholders splitting orders to stay within the single purchase limits, paying sales taxes on purchases for which the government is exempt, using other than established supply sources, and using more costly convenience checks when other payment forms were available. We also reviewed purchase card usage in the GSA Staff Offices where we found sales tax payments and the use of costly convenience checks as well, although the latter was done at the request of the approving official, to circumvent the cardholder's purchase

***Adherence to  
purchase card  
controls improves.***

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## Management Challenges

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### **Management Controls (continued)**

limitation. Finally, we saw that Staff Office cardholders failed to keep proper purchase logs and adequate records, or failed to reconcile their purchases on a regular basis.

Since the completion of our audits, the CFO has posted updates on GSA's internal Web site reminding cardholders to avoid paying sales tax and to take the mandatory purchase card refresher course on GSA Online University. The CFO's office and Citibank (GSA's purchase card provider) have put together approval guidelines to prevent the use of convenience checks that exceed a cardholder's spending limitations. Additional guidance was also distributed in the regional office reminding cardholders of the proper use of the cards.

### **Control Reviews**

The OIG completed control reviews during the period covering a secured item inventory, vehicle maintenance and repair costs, and construction project funding limitations.

- Security measures to control the highly pilferable inventory at the Eastern Distribution Center in Burlington, New Jersey need to be improved. Over the last 18 months, inventories of 83 sensitive items showed over \$417,000 in shortages, some of which may be due to theft. Although these items are kept in a security cage to prevent theft, management has not adequately controlled access to the area. We noted that unauthorized individuals were able to enter the secured area without an escort, that the area controlled by a ten-foot high fence could be easily accessed using a forklift, and that the security combination keypad had not been changed in 18 months. The Regional Administrator generally concurred with our findings and recommendations and has begun corrective actions.
- GSA Fleet manages the acquisition, leasing, maintenance, and repair of about 186,000 vehicles used by Federal agencies throughout the United States and parts of Europe. Fleet established the National Maintenance Control Center (NMCC) to procure repairs from vendors. As a means for controlling maintenance and repair costs, the NMCC determines the necessity and reasonableness of requested repairs over \$100, which in FY 2002 exceed \$73 million. During our audit of the NMCC, we found a workforce dedicated to servicing customers, with performance measures in place to assess NMCC's response time to customers. However, NMCC cannot track its effectiveness at controlling costs. Although Fleet's maintenance and repair costs compare favorably to data reported by organizations focusing on

***The Fleet National Maintenance Control Center can't measure its effectiveness at controlling costs.***

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## Management Challenges

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### ***Management Controls (continued)***

general consumers, the costs are higher than comparable data from commercial fleet operators. To remain competitive and provide quality services to its customers, Fleet needs better measures of costs such as total and per mile maintenance and repair costs controlled by NMCC. Management agreed with our findings and is developing action plans to address our recommendations.

- A courthouse construction project experienced cost growth exceeding the original estimated construction amount by over 50 percent. In a November 12, 2002 audit report, we analyzed the causes for numerous change orders and claims on several courthouses in one region. In this audit, we specifically analyzed how project costs compared to Congressionally approved spending limitations on one particular project, and whether control procedures need to be strengthened to ensure compliance with prospectus limitations. While subsequent Congressional appropriations provided adequate funding, we were concerned that some costs that should be counted against construction budgets were not paid from appropriated funds as part of the construction payments. Rather, costs associated with time extensions for change orders were improperly included as part of the construction contractor's claim and were instead paid from the Judgment Fund (from which judgments or settlements against the United States are paid). In addition, PBS combined two separate prospectuses (one for site acquisition/design, the other for construction) to obtain greater cost escalation, a practice which we believe was inappropriate. The Regional Administrator agreed with our findings and will issue policy guidance to tighten controls on changes during construction projects.

***Construction change order costs should not be paid from the Judgment Fund.***

### **Help America Vote Act**

The Help America Vote Act of 2002 authorizes GSA to distribute \$650 million to the 50 states, the District of Columbia, and the United States territories to be used for improving Federal election administration activities and replacing punch card or lever voting systems used in voting precincts during the November 2000 general elections. We found that GSA disbursed funds in compliance with the Act.

In administering disbursements under the Act, GSA ensured that chief state election officials had a web-based method to register, submit Electronic Funds Transfer (EFT) data and certify that their states would comply with the provisions in the Act. GSA also established a methodology to verify the accuracy of submitted registration and EFT data. In addition, GSA developed a sound approach to allocate funds in accordance with the Act.

***GSA successfully administered the \$650 million Help America Vote Act fund.***

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## Management Challenges

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### **Management Controls (continued)**

We did note that, as of July 31, 2003, the Office of the Chief Financial Officer was still working on establishing repayment accounts for any states that fail to replace punch card or lever voting systems in time for the November 2004 general elections in accordance with the Act's provisions. We suggested that these accounts be established as soon as possible.

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

*Providing a safe, healthful, and secure environment for over 1 million workers and the visitors to over 8,300 owned and leased Federal facilities nationwide is a major multifaceted responsibility of GSA. The increased risks from terrorism have greatly expanded the range of vulnerabilities traditionally faced by building operations personnel. In March 2003, the Federal Protective Service (FPS) was transferred from GSA to the Department of Homeland Security (DHS). While FPS is no longer part of GSA, the Agency has a continual need to closely interact with security personnel due to GSA's mission of housing Federal agencies. GSA and FPS/DHS operate under a Memorandum of Agreement for obtaining services such as basic security for buildings, contract guards, law enforcement, background suitability determinations for contractors (including child care centers personnel), pre-lease security checks, occupant emergency plan support, and continuity of operations support. Ensuring that Federal employees have a secure work environment and that building assets are adequately safeguarded must remain a primary concern of GSA.*

### **Security Clearance Process for Contractor Personnel**

- **Access to Buildings.** GSA policy requires that all contractor employees are required to pass a background suitability check in order to work in GSA-controlled buildings. In a nationwide audit of performance-based services contracts (previously discussed on page 4), we found that a significant number of contract employees did not have proper security clearances. These included employees of janitorial, elevator maintenance, and building maintenance contractors.

We selected a sample of 807 contractor employees in four regions. Of these, 229 (28 percent of our sample population) lacked full security clearances. We attributed this largely to turnover among contractor employees and to contractors not submitting the required clearance forms for replacement employees. We recommended improved contract language to remind contractors of this requirement. We also observed that property managers did not have current rosters of contractor employees and often did not have adequate records of the clearance status for each contractor employee.

**Contractors are slow to submit security clearance forms for replacement employees. GSA officials must monitor the clearance status of the contract workforce.**

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## ***Management Challenges***

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

Not ensuring that contract employees have proper security clearances places employees, visitors, and the physical assets at risk. If PBS is to have assurance that contractor personnel meet security clearance requirements, contracting officials have to play a more active role in monitoring and enforcing contract requirements in this regard.

In our September 30, 2003 report, we recommended that contracting officers or their representatives monitor the status of security clearances of contractor employees through the most effective means possible. Management agreed with our recommendation. The report is still in the resolution process.

- **Access to IT Systems.** GSA also requires that employees and contractors undergo background screenings prior to gaining access to Agency computer systems containing sensitive information. Contractors who design, operate, test, maintain, and/or monitor GSA systems are required to have a background investigation consisting of at least a National Agency Check and Inquiries Credit (NACIC) review. In our review of the FSS-19 and FSS Online systems (previously discussed on page 7), we found that as of August 2003, only 30 of the 320 contractor employees with access to the systems have completed NACIC investigations. Not conducting these investigations may have increased the possibility of vulnerabilities and security risks for the systems.

In response to our report, the FSS Commissioner stated that the investigative process is currently underway and is being monitored for completion.

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## Promoting and Protecting Integrity

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

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

#### **Sprint Corporation Settles False Claims Suit for \$5.6 Million**

The government reached a settlement with Sprint Corporation (Sprint) for \$5,556,250 that resolved allegations that the company had fraudulently overcharged the government. The allegations arose out of a suit filed by a whistleblower under the *qui tam* provisions of the False Claims Act. The whistleblower had alleged that the company defrauded the government on its GSA telecommunications contract. An audit and investigation confirmed that Sprint overcharged the government on the FTS 2001 contract for the fees it was required to pay to local telephone companies to help them recover the costs of providing necessary infrastructure.

#### **Task Force Breaks Charge Card Ring**

As part of an ongoing initiative to combat fraud associated with federally-issued charge cards, special agents from the OIG's Office of Investigations, working with other Federal, state, and local law enforcement organizations, participated in the arrests of ten individuals. The task force investigation was initiated after it was discovered that federally-issued fuel charge cards were being fraudulently used to purchase large amounts of fuel. The suspects used stolen charge card numbers to illegally obtain fuel from gas stations. In conjunction with the arrests, searches were conducted at several sites leading to the seizure of thousands of gallons of stolen fuel, vehicles, stolen charge cards that were used to purchase the fuel, equipment used to manufacture fraudulent charge cards, and pumping devices used to store and transport fuel.

The success of this investigation was greatly enhanced by the cooperation and assistance the OIG received from GSA officials who manage the charge card program.

**Government resolved fraudulent overcharges claim with major telecommunications provider for \$5.6 million.**

**Ten arrested in charge card ring.**

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## *Promoting and Protecting Integrity*

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***Investigation  
discloses \$80,000  
bribery scheme.***

### **Three Contractors Plead Guilty to Bribery Charges**

As the result of an OIG investigation of corruption within the PBS construction program, two contractor executives pled guilty in U.S. District Court to bribery charges on GSA projects involving the construction of a Federal Courthouse and the renovation of a Post Office in Brooklyn. Both the project executive and project manager on these construction projects pled guilty to Federal charges arising out of their receipt of bribes totaling more than \$80,000 from a subcontractor. Previously, the involved subcontractor pled guilty at U.S. District Court to a related charge of paying the bribes. The bribes were paid in exchange for assistance in securing a \$5.5 million subcontract on the construction project. A recommendation for suspension of the three contractors has been forwarded to management.

### **Fleet Charge Card Abuse**

The GSA OIG has an ongoing proactive investigative project to identify and investigate fraud associated with the misuse of GSA-issued fleet charge cards. During this period, cases developed resulted in the sentencing of two GSA employees and four other individuals for fraud associated with the program.

***OIG continues  
efforts to pursue  
misuse of fleet  
charge cards.***

In the first instance, a joint investigation by the OIG and Amtrak OIG involved suspicious purchases made with a GSA-issued fleet charge card at a gas station. The investigation determined that two Amtrak employees were using a fleet card that had been assigned to vehicles leased to Amtrak to purchase gas for their personal cars, to buy cases of beverages, and to receive cash back from attendants at the gas station. Pursuant to a plea agreement, both employees pled guilty to theft of government property and were sentenced in U.S. District Court to three years probation. The two Amtrak employees were terminated and ordered to pay restitution — one in the amount of \$8,700 and the other in the amount of \$5,220.

In the second instance, an investigation revealed that a GSA employee was using a fleet card that had been assigned to vehicles leased to the Department of Labor to purchase gas for her personal car. The employee pled guilty to charge card abuse and was terminated. She was sentenced to six months incarceration, 36 months probation, and ordered to pay \$10,400 in restitution.

In the third instance, an investigation discovered that a GSA employee was using her fleet card to purchase gasoline for her personal car. The employee was terminated after pleading guilty to theft of government property. She was sentenced to one year probation and ordered to pay restitution.

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## *Promoting and Protecting Integrity*

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In the fourth instance, an investigation determined that a contract employee with the Department of Commerce was using a fleet card to purchase gasoline for his and his friend's personal cars as well as other nongovernment vehicles. His friend pled guilty to theft of government property and was sentenced to 12 months probation and ordered to pay restitution. The contract employee was terminated after pleading guilty to theft of government property. He was sentenced to four months incarceration, three months probation, and ordered to pay \$6,342 in restitution.

### **Fraudulent Use of Charge Card**

An investigation was initiated when it was reported that a GSA employee was misusing her government charge card. The investigation disclosed that the employee was using the government charge card to make payments on her personal credit card.

The GSA employee resigned from her position and pled guilty in U.S. District Court to fraudulent use of a government charge card. She was sentenced to three years probation and ordered to pay restitution of \$59,127. The issues identified during this investigation, including the lack of internal controls on charge cards, were reported to GSA management.

### **Proposed Debarment of MCI/WorldCom**

On June 2, 2003, the OIG recommended to GSA's Office of Acquisition Policy that it consider initiating suspension proceedings against MCI/WorldCom and three individuals based on findings that the company had materially overstated its income on financial statements by approximately \$9 billion. Fraud investigations by the Securities and Exchange Commission (SEC) and the Department of Justice resulted in a civil fraud settlement with the SEC and indictments of various company officials. MCI/WorldCom provides Federal agencies with long-distance voice and data services through GSA's multi-billion dollar FTS 2001 contract. On July 8, 2003, the OIG followed up with a suspension recommendation of the former chief executive officer of the company.

On July 31, 2003, the Office of Acquisition Policy proposed MCI/WorldCom for debarment, effectively suspending the company from receiving new Federal contracts pending a final determination on the debarment. On the same date, the Office of Acquisition Policy suspended the four individuals referred by the OIG. Two MCI corporate officers had been suspended by that Office in November 2002 based on prior Agency referrals.

***GSA proposes debarment of major telecommunications provider based on OIG referral.***

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## *Promoting and Protecting Integrity*

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### *Missing WPA artwork recovered.*

#### **Recovery of WPA Artwork**

During the depths of the Great Depression, the Federal Government under the Works Progress Administration (WPA) (later renamed the Work Projects Administration) employed thousands of artists to create public art. As a result, numerous works of art adorned Federal Buildings throughout the nation. Since 1949, GSA has been the custodian of the WPA works of art. Some artists who got their start or worked under the program became renowned, and the works they created became quite valuable. In the 1990's, GSA initiated a project to identify, locate, catalog, and recover lost/stolen WPA paintings.

In 2001, to facilitate the recovery of missing artwork, a list of 136 pieces of lost/stolen artwork was developed by GSA fine arts specialists. This information was coordinated with the Department of Justice and listed in a stolen art database maintained by the FBI. Fine arts dealers are required to check this database prior to the sale of any work of art.

In August 2003, a John Sloan painting titled 14th Street at 6th Avenue (which is the property of GSA and part of the WPA project) was recovered from an individual who was attempting to sell it at auction. The value of the painting is estimated at over \$300,000. The individual attempting to sell the painting stated that a relative found it in the trash on Capitol Hill numerous years ago. After final cataloging and appraisal, the painting will be sent to a museum for display. We continue to review and assist in the recovery of missing/stolen WPA artwork.

#### **DoD Employee Sentenced for False Claims and Mail Fraud**

A joint investigation by the OIG, the Defense Criminal Investigative Service (DCIS), and the U.S. Army/Criminal Investigations Division (USA/CID) revealed that a Department of Defense (DoD) employee had used government funds to unlawfully purchase computers. Under a GSA contract, the employee had the computers built by a local manufacturer and shipped to his brother's address in Florida. He also had a high-speed data transmission fiber optic communication line (T1) installed at his personal residence. Installation and monthly service fees for the T1 line were subsequently charged to the DoD contract.

The DoD employee resigned and was sentenced in U.S. District Court on charges of submitting false claims and mail fraud. He was sentenced to 39 months incarceration, three years probation, and ordered to pay restitution of \$383,605.

#### **Security Company Settles Civil Fraud Claim**

An investigation found that MVM, Inc. (MVM), a contractor based in McLean, Virginia, billed Federal agencies in the northeast for the services of supervisory employees when those employees did not have the

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## *Promoting and Protecting Integrity*

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***GSA building manager sentenced for theft.***

supervisory training required by the contract. MVM provides security services in Federal buildings in the northeast. In a settlement negotiated by the U.S. Attorney's Office in Boston, MVM agreed to pay \$67,500 to resolve its potential False Claims Act liability. A recommendation for suspension was forwarded to management.

### **Building Manager Sentenced for Theft of Government Property**

An investigation revealed that a GSA building manager had used his official position to convert government property, such as carpet, Italian marble, paint, furniture, wood, computers, and a chandelier for his own use. The manager resigned his position with GSA and pled guilty in U.S. District Court to theft of government property. He was sentenced to five years probation, 20 hours of community service, and ordered to pay nearly \$10,000 in restitution.

### **Employee Sentenced for Computer Theft**

An investigation was initiated when it was reported that seven laptop computers had been stolen from various rooms in the U.S. Courthouse in Philadelphia. The investigation revealed that a GSA employee stole the computers and sold them. The employee resigned his position with GSA and pled guilty in U.S. District Court to the theft of government property. He was sentenced to two years probation and ordered to pay restitution.

### **Security Guard Company Employee Pleads Guilty to Conspiracy**

An investigation developed from an audit of security guard contracts disclosed that several guards employed by Task Force Security and Investigations (TFSI), a security company, did not receive required training as certified in the training reports submitted to GSA under the contract. Pursuant to a plea agreement with the U.S. Attorney's Office, an employee of the company pled guilty to conspiracy to submit false bills to the government. He was sentenced to three years probation and ordered to pay a fine. A recommendation for suspension of the company and the individual has been forwarded to management.

### **Identity Theft**

The OIG initiated an investigation after it was alleged that seven GSA employees were victims of identity fraud. The investigation revealed that a former GSA employee had access to a list containing names, social security numbers, and the dates of birth of seven GSA employees. This information was provided to a private individual, who in turn supplied this information to two of his friends. The friends used the information to apply for credit cards and cellular phone service.

***Former GSA employee convicted in identity theft investigation.***

The three individuals pled guilty to conspiracy to commit fraud. In addition, after a trial, the former GSA employee was found guilty by jury of bank fraud. Sentencing is scheduled for a later date.

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## *Promoting and Protecting Integrity*

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### ***Integrity Awareness***

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees' roles in helping to ensure the integrity of Agency operations.

This period, we presented 4 briefings attended by 195 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 1,028 Hotline reports. Of these, 151 complaints warranted further GSA action, 44 warranted other agency action, and 833 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 40 contracts with an estimated value of \$1.1 billion. The audit reports contained \$37 million in financial recommendations.

Two of the more significant Multiple Award Schedule contracts we audited had projected governmentwide sales totaling \$59 million. The audit findings recommended that \$7.4 million in funds be put to better use. The audits disclosed that these vendors offered prices to GSA that were not as favorable as the prices other customers receive from these vendors.

We audited a number of claims for increased costs for construction projects. Three of the more significant projects audited contained proposed amounts totaling \$25 million, and our audits of the claims recommended adjustments of \$14.6 million. Our audits of the prime

***Preaward MAS  
and claims audits  
identified  
\$37 million in  
recommendations  
that funds be put  
to better use.***

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

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contractor and several subcontractors on one construction project found that the claimed amounts were not supported by the companies' records. In other audits of claims for increased costs due to delays or changes, we adjusted costs because the claimed amounts were either overstated or unsupported.

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

With the passage of the Chief Financial Officer's Act of 1990, the Congress and the Office of Management and Budget have established a framework of financial audits and reviews designed to foster overall enhancement of the Federal Government's financial management and reporting services.

#### **Internal Control Reviews**

The OIG, as part of its audit of the Agency's financial statements, performed internal control assessments of the financial reporting for the Federal Systems Integration and Management Center (FEDSIM) and GSA's payroll function.

FEDSIM is one of three national Client Support Centers that help customer agencies acquire and use information systems and technology. It focuses on large-scale acquisition management and support, large-scale systems integration projects, office systems support, software management, and data center management. Our review of the revenue and disbursements cycles found that internal controls are in place to effectively and efficiently meet the desired control objectives. However, FEDSIM did not always adhere to these internal controls to ensure services were received, customer agencies were adequately billed, GSA payments complied with contract provisions, and the financial accounting system adequately processed transactions.

The OIG reviewed GSA's internal controls over the payroll function, which is performed at the National Payroll Center (NPC) located in the Heartland Finance Center. NPC uses the automated Payroll Accounting and Reporting System to process payroll for approximately 26,000 employees at GSA and a number of independent agencies and presidential commissions. In our opinion, internal controls over the payroll functions are operating effectively and efficiently to meet control objectives.

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## Governmentwide Policy Activities

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*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.*

This period, we provided advice and assistance to the Office of Management and Budget (OMB) on various procurement policies issues, particularly in the area of time-and-materials or labor-hours and other services contracts.

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

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

- The AIG for Auditing represents all civilian government agencies on the Cost Accounting Standards Board, an independent board within OMB's Office of Federal Procurement Policy, which promulgates, amends, and revises Cost Accounting Standards designed to achieve uniformity and consistency in cost accounting practices of individual government contractors.
- 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.
- The Assistant Inspector General (AIG) for Investigations serves as the Chair of the Assistant Inspectors General for Investigations Subcommittee. This subcommittee reports to the PCIE Investigative Committee. The subcommittee deals with investigative issues that affect all OIG Offices of Investigations, such as statutory law enforcement, peer review, and coordinated assistance to the Department of Justice.
- OIG audit representatives participate in the PCIE IT Roundtable to address specialized security training and overall IT security issues based on IT information security audits.

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## Governmentwide Policy Activities

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- GSA's Office of Governmentwide Policy has 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 within the Continental United States. The OIG provided support for the Board's subcommittee that reviewed the per diem rate-setting process and the methodology for meals, lodging, and incidental expenses. A second subcommittee presented recommendations for a nationwide government-lodging program. As a result of the Board's work and recommendations, per diem rates in the future are to be based on more current, actual data, and are to be more focused on specific geographical areas (zip codes rather than entire metropolitan areas) and seasonal variations. The Board's final report was published in July 2003.
- 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.
- 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 included 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.
- The Inspector General (IG) serves on the Human Resources and Legislation Committees of the President's Council on Integrity and Efficiency (PCIE). The Human Resources Committee fosters educational opportunities for members of the IG community and assists in ensuring the professional development of OIG personnel. The Legislation Committee develops, coordinates, and represents to Congress official PCIE positions on particular legislative issues.
- The IG serves as Editor-in-Chief of *The Journal of Public Inquiry*, a semiannual publication of the Federal IG community. The Spring/Summer issue included articles from the Comptroller General of the United States on the relationship between the General Accounting Office and the Offices of Inspector General, discussions on statutory

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## Governmentwide Policy Activities

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law enforcement authority and the newly created Office of Inspector General for the Department of Homeland Security, and updates on professional practice matters including an analysis of criminal and civil parallel proceedings in government fraud-related cases and an overview of a new guide for reviewing government purchase cards programs.

### **Legislation and Regulations**

During this reporting period, the OIG reviewed 199 legislative matters and 21 proposed regulations and directives. The OIG specifically commented on the following legislative and other items:

- *Services Acquisition Reform Act (SARA)*. During this period, we provided four sets of comments on different versions of the Services Acquisition Reform Act (SARA), H.R. 1837. Our comments centered around three provisions with which we had concerns. The measures contained a provision that would recognize and authorize more directly the use of time-and-materials vehicles for Multiple Award Schedule (MAS) services orders. The bills also contained a provision that would alter the definition of commercial services to expand it so as to allow more services to be sold under streamlined commercial items authorities. Finally, these measures contained a provision that would allow companies making a majority of their sales to commercial customers to provide noncommercial items to the Federal Government under an exemption to the Truth in Negotiations Act (TINA) and Cost Accounting Standards (CAS) requirements.

We stated our concerns about the measures' endorsement of time-and-materials vehicles for services task orders. We noted that time-and-materials vehicles (explicitly disfavored under current Federal Acquisition Regulation provisions) present many of the risks that pure cost contracts present, in that contractors have no incentive to control costs. We suggested, therefore, that any such sanctioning of time-and-materials be strictly limited, including by requiring that such vehicles be converted to firm-fixed price vehicles as early as practicable in the procurement's life cycle, and that such vehicles be accompanied by certain safeguards, including audit authority and payment protections. Later versions of SARA had modified the time-and-materials provision so that it endorsed the use of such vehicles only to the extent identified services were sold using such vehicles in the commercial world. We felt that this limitation was an improvement on the earlier, broader provision, but we noted our continuing general concerns regarding time-and-materials vehicles. We also noted that guidance should be provided in implementing regulations regarding how to determine which services are sold commercially through time-and-materials vehicles.

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## Governmentwide Policy Activities

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Our second set of concerns related to the measures' provision that would expand the definition of "commercial services" by eliminating the current requirement that such services have been offered and sold in substantial quantities in the commercial market. We noted that this proposal was inadvisable on the grounds that services are inherently more unique than products or commodities. For services procurements, we noted that maintaining a substantial quantities requirement strikes a better balance between streamlining acquisition authorities and protecting the government against overpricing. Later versions of the measure scaled back this provision so as to preserve the "substantial quantities" requirement. Our comments noted that we favored preserving this requirement.

Finally, we commented on a provision, contained in various forms in each SARA measure, which would have allowed companies with a majority of commercial sales to have sold items — even unique, noncommercial ones — to the Federal Government under a TINA and CAS exemption. We noted our view that for noncommercial items that have prices which are untested in the commercial marketplace, it is prudent to continue to apply TINA and CAS safeguards in order to obtain some assurance of price reasonableness. Our comments noted that in the absence of a requirement that a vendor have sold a particular service or product commercially subject to market competition, there are few safeguards in place to protect against overcharging for such an item or service. Throughout the various versions of SARA, we continued to object to the "commercial entity" provision, noting that TINA and CAS safeguards are needed to guard against overpricing for sales of noncommercial items whose price is not competed in the market.

- *Congressman Sweeney's Draft Amendment to FY 2004, Transportation and Treasury Appropriations Bill.* We provided comments on a draft amendment that would prohibit GSA from contracting with any company where a director or officer pled guilty or was found guilty of criminal securities fraud. The amendment would cover conduct involving the making of a false statement misstating a company's revenue by over \$1 billion that was not corrected within 180 days by the impacted company. We noted our strong view that securities fraud, like other criminal and civil fraud, is reprehensible, and that securities-related false statements can be a cause for debarment under current regulations. We noted, however, that we did not believe that the automatic debarment provision provided in the amendment would be advisable as it would eliminate any GSA discretion to consider mitigating factors in imposing an administrative remedy. Generally, we expressed our view that the current debarment process is sufficient to address any fraud issues.

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## Governmentwide Policy Activities

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- *FAR Part 8.4, MAS Ordering Procedures (FAR Case 1999-603)*. We drafted comments to the FAR Council regarding a proposed rule that would revise ordering procedures under MAS contracts. We noted that the proposed rule was an improvement on current coverage in several ways. First, the proposed rule would incorporate into regulation existing Special Ordering Procedures for ordering under hourly rate services contracts. This should give these procedures more visibility and make them more accessible to ordering agencies. The proposed rule also adds additional requirements in the areas of documentation and competition of orders. We support these proposed changes, in particular, because we feel this will help ensure that ordering agencies are properly and effectively performing price comparisons, and are observing competition principles. Finally, we supported the proposed rule's preference for statements of work that are performance based, and for quotes that are priced on a firm-fixed price basis.

We had several suggested additions for the proposed rule. We recommended that the FAR Council consider adding language to alert agencies to the existence of Other Direct Costs (ODCs) on services task orders. Such ODCs can be substantial in amount. We noted that although GSA tries to prenegotiate the price or costs of ODCs, it cannot always do so; we recommended therefore that ordering agencies scrutinize and negotiate such costs in the ordering process. We also noted that the best value standard, which applies to MAS order placement, be restated in the Part 8.4 coverage. Similarly, we suggested that the standard for time-and-materials orders also be restated within Part 8.4 coverage.

- *Draft GSA Order on Improving Desktop Management*. We generally supported the agency's goal of standardizing hardware and software configurations as a way to improve efficiency and productivity. We noted the independent authority of the Office of Inspector General regarding IT procurement and policies. We also commented that the timetables set out for replacing hardware should be flexible to allow for the possibility that marginal improvements in the performance of new IT hardware might not justify the costs of replacing existing equipment.
- *Draft CIO System Development Life Cycle Standard Handbook*. We provided comments to GSA about its latest draft IT systems handbook aimed at setting standards for system development, testing, and security. Among other things, we recommended that the Handbook specify the people (by position) accountable for each part of the process. We also recommended a number of procedures be added and clarifications be made to improve system security and compliance with Federal technical standards.

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## Professional Assistance Services

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*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 to prevent duplicate audits and inefficiencies. 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

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## *Professional Assistance Services*

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meetings at the request of the Agency on such matters as systems controls, architecture, security, or new legislative requirements.

- **Federal Supply Service (FSS) Working Group.** FSS has convened a working group to address contract 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.
- **Project Action Team.** At the Administrator's request, the Senior Procurement Executive has convened a Project Action Team to review matters involving contract management recently raised by the OIG (see page 4). The team is to determine if there are problems with the acquisition process, policies, or training and education that caused or contributed to specific issues reported, or if there are other systemic problems surrounding the acquisitions highlighted by the OIG. A representative of the Office of Audits is providing assistance to the team.

## Statistical Summary of OIG Accomplishments

### **Audit Reports Issued**

The OIG issued 67 audit reports during this reporting period. The reports contained financial recommendations totaling \$39,877,083, including \$37,063,566 in recommendations that funds be put to better use and \$2,813,517 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 September 30, 2003. There were no reports more than six months old awaiting management decisions as of September 30, 2003. Table 1 does not include 3 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.

Three GSA audits issued in a prior period, two of which had financial recommendations, were re-classified as non-GSA audits this period. These pertained to the Federal Protective Service which was transferred to the Department of Homeland Security. Tables 1, 2, and 3 decision statistics as of September 30, 2003, reflect this change.

**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 4/1/03			
Less than six months old	40	27	\$ 13,150,528
Six or more months old	5	2	247,809
Reports issued this period	<u>64</u>	<u>30</u>	<u>39,624,982</u>
<b>TOTAL</b>	<b>109</b>	<b>59</b>	<b>\$ 53,023,319</b>
For which a management decision was made during the reporting period			
Issued prior periods	42	27	\$ 13,349,030
Issued current period	<u>35</u>	<u>12</u>	<u>24,890,925</u>
<b>TOTAL</b>	<b>77</b>	<b>39</b>	<b>\$ 38,239,955</b>
For which no management decision had been made as of 9/30/03			
Less than six months old	29	18	\$ 14,734,057
Six or more months old	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>29</b>	<b>18</b>	<b>\$ 14,734,057</b>

## Statistical Summary of OIG Accomplishments

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

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

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

	<b>No. of Reports</b>	<b>Financial Recommendations</b>
For which no management decision had been made as of 4/1/03		
Less than six months old	26	\$13,056,307
Six or more months old	1	203,343
Reports issued this period	28	36,811,465
<b>TOTAL</b>	<b>55</b>	<b>\$50,071,115</b>
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
•management action	—	\$35,164,266
•legislative action	—	—
Recommendations not agreed to by management	—	203,343
<b>TOTAL</b>	<b>37</b>	<b>\$35,367,609</b>
For which no management decision had been made as of 9/30/03		
Less than six months old	17	\$14,698,665
Six or more months old	0	0
<b>TOTAL</b>	<b>17</b>	<b>\$14,698,665</b>

## Statistical Summary of OIG Accomplishments

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

	No. of Reports	Questioned Costs
For which no management decision had been made as of 4/1/03		
Less than six months old	1	\$ 94,221
Six or more months old	1	44,466
Reports issued this period	2	2,813,517
<b>TOTAL</b>	<b>4</b>	<b>\$2,952,204</b>
For which a management decision was made during the reporting period		
Disallowed costs	—	\$2,872,346
Costs not disallowed	—	0
<b>TOTAL</b>	<b>2</b>	<b>\$2,872,346</b>
For which no management decision had been made as of 9/30/03		
Less than six months old	1	\$ 35,392
Six or more months old	0	0
<b>TOTAL</b>	<b>1</b>	<b>\$ 35,392</b>

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## Statistical Summary of OIG Accomplishments

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### ***Investigative Workload***

The OIG opened 93 investigative cases and closed 97 cases during this period. In addition, the OIG received and evaluated 47 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

### ***Referrals***

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

**Table 4. Summary of OIG Referrals**

<b>Type of Referral</b>	<b>Cases</b>	<b>Subjects</b>
Criminal	49	89
Civil	15	21
Administrative	87	184
<b>TOTAL</b>	<b>151</b>	<b>294</b>

In addition, the OIG made 29 referrals to GSA officials for information purposes only.

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

Based on these and prior referrals, 31 cases (56 subjects) were accepted for criminal prosecution and 11 cases (13 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 21 indictments/informations and 32 successful prosecutions. OIG civil referrals resulted in 3 case settlements. Based on OIG administrative referrals, management debarred 28 contractors/individuals, suspended 31 contractors/individuals, and took 32 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.

<b>Table 5. Criminal and Civil Recoveries</b>		
	<b>Criminal</b>	<b>Civil</b>
Fines and Penalties	\$ 19,945	\$ —
Settlements and Judgments	—	5,643,750
Restitutions	764,944	—
<b>TOTAL</b>	<b>\$784,889</b>	<b>\$5,643,750</b>

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

<b>Table 6. Other Monetary Results</b>	
Administrative Recoveries	\$355,615
Recovered Property	475,640
Investigative Savings	<u>158,971</u>
<b>TOTAL</b>	<b>\$990,226</b>



# ***APPENDICES***



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

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

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

### **PBS' Systems Development Center**

*Period First Reported: October 1, 2002 to March 31, 2003*

The review examined PBS' Systems Development Center which was established to resolve IT management and systems development weaknesses. The report contained four recommendations; two have been implemented.

The remaining recommendations involve improving internal IT requirements definition processes and establishing reporting mechanisms to document and report on overall contractor performance and deliverables. They are scheduled for completion between November 15, 2003 and January 15, 2004.

### **Construction Claims**

*Period First Reported: October 1, 2002 to March 31, 2003*

The review examined construction claims. The report contained seven recommendations; two have been implemented.

The remaining recommendations involve extending overhead rates from potential contractors, enforcing contract clauses dealing with scheduling and progress payments, requiring supervision of project personnel and documentation of project files, requiring all costs be included in client requested change orders, and providing training on project and constructions claims management. They are scheduled for completion between November 15, 2003 and April 15, 2004.

### **PBS' Use of Brokerage Contracts**

*Period First Reported: October 1, 2002 to March 31, 2003*

The review examined national and regional brokerage

services contracts. The report contained three recommendations; two have been implemented.

The remaining recommendation involves considering lessons learned from current and expired brokerage contracts before committing to a new procurement strategy. It is scheduled for completion on November 15, 2003.

### **Purchase Card Controls**

*Period First Reported: October 1, 2002 to March 31, 2003*

A series of three reviews identified the need to improve controls for purchase cards. The three reports contained eight recommendations; three have been implemented.

The remaining recommendations involve implementing controls so that transactions are in compliance with laws and regulations, assuring that cardholders and approving officials are aware of responsibilities, requiring use of Pegasys electronic log, minimizing the number of cardholders, and developing procedures to strengthen existing controls. They are scheduled for completion between November 15, 2003 and January 15, 2004.

### **FSS City Pair Program**

*Period First Reported: October 1, 2002 to March 31, 2003*

The review identified opportunities for improvements in the City Pair Program. The report contained five recommendations; one has been implemented.

The remaining recommendations require considering additional methods to obtain airline services, educating contractors and travelers on the benefits of using dual fares, obtaining accurate and timely information to be used by program officials, and following through with the ad hoc committee recommendations. They are scheduled for completion between February 15 and July 15, 2004.

### **Consolidation of Distribution Centers**

*Period First Reported: October 1, 2002 to March 31, 2003*

The review examined the operations of the FSS Stock Program. The report contained two recommendations; one has been implemented.

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

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The remaining recommendation, which requires developing access to reliable data for all delivery methods, is scheduled for completion on December 15, 2003.

### ***Section 508 of the Rehabilitation Act***

*Period First Reported: October 1, 2002 to March 31, 2003*

The review evaluated GSA's commitment to implementing Section 508 of the Rehabilitation Act. The report contained two recommendations; one has been implemented.

The remaining recommendation involves monitoring initiatives for addressing Section 508. It is scheduled for completion on February 15, 2004.

### ***Controls for Privacy Act Data***

*Period First Reported: October 1, 2002 to March 31, 2003*

This assessment of security controls for GSA's various IT systems identified concerns related to the Agency's management of Privacy Act and sensitive data. The report contained three recommendations; one has been implemented.

The remaining recommendations involve including appropriate Privacy Act requirement clauses in IT contracts and ensuring that accountability and responsibility is assigned for each of GSA's systems of records. They are scheduled for completion on November 15, 2003.

### ***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 November 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; five have been implemented.

The remaining recommendation involves providing continuity of services by providing hardware changes and protecting sensitive data. It is scheduled for completion on 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; three have been implemented.

The remaining recommendations involve conducting background investigations on contractor personnel, deleting e-mail access for terminated contractors, and requiring password aging. They are scheduled for completion between November 15, 2003 and April 15, 2004.

### ***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.

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.

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

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### ***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 December 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 November 15, 2003.

## Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
<i>(Note: Because some audits pertain to contract award or actions that have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)</i>				
<b>PBS Internal Audits</b>				
08/11/03	A030085	Audit of the Southeast Sunbelt Region Public Buildings Service's Purchase Card Transactions		
08/21/03	A020234	Review of PBS Service Contract in the Rocky Mountain Region		
09/03/03	A020055	Audit of the Public Buildings Service's Expenditures for the Montgomery Courthouse Project in Relation to Congressionally Approved Expenditures		
09/30/03	A020143	Audit of Public Buildings Service's Administration of Performance-Based Service Contracts		
09/30/03	A030039	Audit of the Inventory Reporting Information System		
<b>PBS Contract Audits</b>				
04/02/03	A030001	Preaward Audit of a Claim: Baker Concrete Construction, Incorporated, Contract Number GS-11P-95-MMC-0011		
04/29/03	A030020	Audit of Claim for Increased Costs: The Clark Construction Group, Inc., Contract Number GS06P96GZC0508		
05/02/03	A030106	Preaward Audit of a Claim for Increased Costs: George Foss Company, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032		

## *Appendix II–Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put to Better Use</b>	<b>Questioned (Unsupported) Costs</b>
05/06/03	A030142	Preaward Audit of Construction Management Services Contract: Gilbane Building Company, Solicitation Number GS-02P-02-DTC-0031N		
05/14/03	A030146	Audit of Claim for Increased Costs: Spencer Tile Company, Inc., Subcontractor to The Clark Construction Group, Inc., Contract Number GS06P96GZC0508		
05/19/03	A030092	Preaward Audit of a Termination Settlement Proposal: L&H Construction Co., Inc., Contract Number GS-02P-99-DTC-0013		
05/28/03	A030166	Audit of Claim for Increased Costs: Dawson Building Contractors, Inc., Contract Number GS06P97GYC1007(N)		
05/29/03	A020230	Preaward Audit of a Claim for Increased Costs: C. E. Toland & Son, Subcontractor to Morse Diesel International, Inc., U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032		
05/29/03	A030088	Preaward Audit of a Termination Settlement Proposal: Imperial Construction Group, Inc., Contract Number GS-02P-01-PCU-0036		
06/02/03	A030138	Audit of Claim for Increased Costs: Hunt Construction Group, Inc., Contract Number GS-05P-96-GBC-0015		
06/10/03	A030182	Preaward Audit of Architect and Engineering Services Contract: Mack Scogin Merrill Elam Architects, Incorporated, Contract Number GS-07P-02-UGC-0004		
06/17/03	A030159	Audit of Claim for Increased Costs: Steel Service Corporation, Subcontractor to The Clark Construction Group, Inc., Contract Number GS06P96GZC0508		

## Appendix II—Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
06/26/03	A030183	Preaward Audit of Architect and Engineering Services Contract: Thomas Miller & Partners, Solicitation Number GS-04P-02-EXC-0038		
07/15/03	A030192	Preaward Audit of Architect and Engineering Services Contract: Joseph R. Loring & Associates, Inc., Solicitation Number GS-11P-03-MKC-0001		
07/16/03	A030208	Preaward Audit of Architect-Engineering Services Term Contract: Potter and Cox Architects, Solicitation Number GS-04P-03-EWM-0027		
07/21/03	A030190	Preaward Audit of Cost or Pricing Data: John Milner Associates, Inc., Solicitation Number GS-02P-03-CTC-0001		
07/21/03	A030194	Preaward Audit of Architect and Engineering Services Contract: Beyer, Blinder, Belle Architects & Planners, LLP, Solicitation Number GS-11P-03-MKC-0001		
07/24/03	A030193	Preaward Audit of Architect and Engineering Services Contract: Robert Silman and Associates, PLLC, Solicitation Number GS-11P-03-MKC-0001		
07/29/03	A030203	Preaward Audit of Architect-Engineering Services Term Contract: Joseph and Joseph Architects, Solicitation Number GS-04P-03-EWM-0027		
08/08/03	A030177	Review of Incurred Costs: Jacobs Facilities, Inc., Contract Number GS-11P-98-MYD-0015		\$35,392
08/15/03	A030222	Preaward Audit of Architect and Engineering Services Contract: The Lukmire Partnership, Inc., Solicitation Number GS-11P-02-MAD-0177		

## *Appendix II–Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put to Better Use</b>	<b>Questioned (Unsupported) Costs</b>
08/15/03	A030224	Preaward Audit of Architect-Engineer Design Services Contract: Orcutt Associates, Contract Number GS-01P00BZC0013		
08/28/03	A030187	Audit of Claim for Increased Costs: Cleveland Construction, Inc., Subcontractor to The Clark Construction Group, Inc., Contract Number GS06P96GZC0508		
08/28/03	A030199	Audit of Claim for Increased Costs: Dick Corporation, Contract Number GS-05P-97-GBC-0011		
09/17/03	A030226	Preaward Audit of Architect and Engineering Services Contract: MTF Architecture, Inc., Solicitation Number GS-11P-02-MAD-0177		
09/23/03	A030236	Preaward Audit of Architect and Engineering Services Contract: Atkinson Koven Feinberg Engineers, LLP, Consultant to Perkins Eastman Architects, PC, Solicitation Number GS-02P-03-DTD-0008(N)		
09/29/03	A030152	Preaward Audit of a Claim: J.A. Jones Construction Group, LLC, Contract Number GS-02P-99-DTC-0006		
09/30/03	A030264	Preaward Audit of Cost and Pricing Data: Kelly's Cleaning Services, Inc., Solicitation Number GS-02P-03-PIC-0028		
09/30/03	A030144	Audit of Claim for Increased Costs: Valley City Manufacturing Company Limited, Subcontractor to The Clark Construction Group, Inc., Contract Number GS06P96GZC0508		
<b><i>FSS Internal Audits</i></b>				
04/29/03	A030064	Audit of Controls over Sensitive Items: Eastern Distribution Center		
07/03/03	A020247	Audit of the GSA Fleet National Maintenance Control Center		

## *Appendix II—Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put to Better Use</b>	<b>Questioned (Unsupported) Costs</b>
07/31/03	A020243	Audit of Procurement of Professional Services from the Federal Supply Service's Multiple Award Schedules		
09/25/03	A020118	Review of the GSA SmartPay Program Refunds		
09/30/03	A020253	Review of Federal Supply Service Automated Supply System FSS-19 and Online System Capabilities		
<b><i>FSS Contract Audits</i></b>				
04/04/03	A030133	Preaward Audit of Multiple Award Contract: LeCroy Corporation, Contract Number GS-24F-1092B		
05/08/03	A030135	Preaward Audit of Multiple Award Schedule Contract Extension for the Period June 1, 2003 through May 31, 2008: Advanced Testing Technologies, Inc., Contract Number GS-24F-3010G		
05/13/03	A030101	Preaward Audit of Multiple Award Schedule Contract: Solicitation 7FXP-D4-01-0539-B, Hubert Company, LLC		
06/04/03	A030084	Review of Voluntary Price Reduction Disclosure: Sunrise Medical HHG, Inc., GSA Contract Numbers GS-27F-3016D and GS-28F-1049C		
06/05/03	A030128	Preaward Audit of Multiple Award Schedule Contract: Agilent Technologies, Inc., Contract Number GS-24F-0806A		
06/05/03	A030153	Preaward Audit of Multiple Award Schedule Contract: Science & Engineering Associates, Inc., Contract Number GS-35F-5790H		
07/02/03	A030163	Preaward Audit of Multiple Award Schedule Contract Extension: Information Network Systems, Inc., Contract Number GS-35F-5002H		

## **Appendix II—Audit Report Register**

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put to Better Use</b>	<b>Questioned (Unsupported) Costs</b>
07/17/03	A030185	Preaward Audit of Multiple Award Schedule Contract Extension: Rodco-Brandt Manufacturing, Contract Number GS-27F-2008B		
09/11/03	A030210	Preaward Audit of Multiple Award Schedule Contract: Analytic Services, Inc., Contract Number GS-10F-0026J		
09/24/03	A030124	Interim Audit of Multiple Award Schedule Contract: GovConnection, Incorporated, Contract Number GS-35F-4572G		
09/30/03	A030243	Sales Data Analysis for Multiple Award Schedule Contract: Motorola, Incorporated, Contract Number GS-35F-0004L for the Twelve Months Ending July 25, 2003		
<b>FTS Internal Audits</b>				
06/05/03	A020214	Audit of Compliance with Qualification Standards for Acquisition Personnel within the Federal Technology Service		
09/30/03	A030204	Audit of Federal Technology Service Financial Controls over Information Technology Solutions		
<b>FTS Contract Audits</b>				
07/08/03	A030136	Interim Postaward Audit of Presubscribed Interexchange Carrier Charges: Sprint Communications Company, L.P., Contract Number GS00T99NRD2001		\$2,778,125
<b>Other Internal Audits</b>				
04/04/03	A030108	Audit of Purchase Card Usage in GSA Staff Offices		
05/12/03	A030108	Audit of Purchase Card Usage in the Office of General Counsel		

## *Appendix II—Audit Report Register*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put to Better Use</b>	<b>Questioned (Unsupported) Costs</b>
06/13/03	A030108	Audit of Purchase Card Usage in the Office of the Chief Financial Officer		
06/18/03	A030108	Audit of Purchase Card Usage in the Office of the Chief People Officer		
07/02/03	A030108	Audit of Purchase Card Usage in the Office of Small Business Utilization		
07/22/03	A030108	Audit of Purchase Card Usage in the Office of Governmentwide Policy		
07/22/03	A030108	Audit of Purchase Card Usage in the Office of Congressional and Intergovernmental Affairs		
07/24/03	A030108	Audit of Purchase Card Usage in the Office of the Chief Information Officer		
09/03/03	A030162	Audit of the Help America Vote Act of 2002		
09/10/03	A030157	FY 2003 Office of Inspector General Review of GSA's Information Security Program		
09/30/03	A030154	Review of Payroll Internal Controls FY 2003		
<b><i>Non-GSA Internal Audits</i></b>				
06/27/03	A030125	Audit of the Administrative Procedures of the United States Arctic Research Commission		
<b><i>Non-GSA Contract Audits</i></b>				
06/30/03	A030169	Audit of Reimbursable Costs Relating to Plancor 483 Beazer Superfund Site, Lyondell Chemical Co.		
09/19/03	A030238	Preaward Audit of Cost or Pricing Data: Shell Oil Company		

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

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

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
<b><i>Contract Audits</i></b>		
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)
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)

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
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
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

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
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
06/15/99	A995171	Audit of Incurred Costs: Niagara Mohawk Power Corporation, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036
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)

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
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: Intermecc Corporation, Contract Number GS00K91AGS5288
09/15/99	A52565	Postaward Audit of Multiple Award Schedule Contract: Intermecc Corporation, Contract Number GS00K91AGS5288 (PS01)
09/15/99	A52566	Postaward Audit of Multiple Award Schedule Contract: Intermecc Corporation, Contract Number GS00K91AGS5288 (PS02)
09/23/99	A995296	Preaward Audit of Multiple Award Schedule Contract: TCT Technical Training, Inc., Contract Number GS-02F-9308C for the Period October 1, 1999 to September 30, 2004
10/04/99	A995275	Preaward Audit of Change Order Proposal to Contract Number GS-02P93CUC0071 for the Final Phase of the African Burial Ground Project, Howard University
10/13/99	A995262	Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract GS-02P-95-DTC-0014(N)
10/26/99	A995278	Preaward Audit of a Claim: Midlantic Erectors, Inc., Subcontractor to Metropolitan Steel Industries, Inc., Contract Number GS-02P-95-DTC-0014(N)
11/04/99	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

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
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
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

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
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
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

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
06/27/00	A000860	Interim Postaward Audit: Voyager Fleet Systems, Inc.'s Compliance with Fuel Tax Requirements under Contract Number GS-23F-98006
06/30/00	A001000	Limited Scope Postaward Audit: AOC Solutions, Inc., Contract Number GS-23F-98006
07/19/00	A000940	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
07/27/00	A001028	Limited Review of Contract Extension Claim: International Services, Inc., Contract Number GS-02P-94-CTD-0141
07/28/00	A000916	Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
08/01/00	A001001	Preaward Audit of a Claim for Increased Costs: Aztec Fire Protection, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
08/23/00	A001018	Preaward Audit of a Claim for Increased Costs: Borbon, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
08/24/00	A000941	Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
08/28/00	A001023	Preaward Audit of a Claim for Increased Costs: Cali-U.S.A. Acoustics, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012
08/31/00	A001044	Audit of Billings Under Contract Number GS06P99GZC0304: Fire Assurance, Inc.
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

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
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
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

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
02/28/01	A010093	Preaward Audit of a Change Order Proposal: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
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	A010175	Preaward Audit of Cost or Pricing Data: Caswell International Corporation, Contract Number GS-02F-0434D
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
07/31/01	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

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
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
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
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
01/11/02	A010281	Preaward Audit of a Claim for Increased Costs: Lawson Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
01/17/02	A010247	Preaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Solicitation Number FCGE-C1-00-0001-B
01/17/02	A010247	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Cummings-Allison Corporation, Contract Number GS-25F-5126C
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

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
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.
04/03/02	A010263	Preaward Audit of a Claim: Island ADC, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/11/02	A60648	Postaward Audit of Multiple Award Schedule Contract: Gaylord Bros., Contract Numbers GS-00F-3918A & GS-00F-3919A
04/18/02	A010248	Preaward Audit of a Claim: LBL Skysystems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/26/02	A010262	Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
04/29/02	A020154	Audit of Request for Equitable Adjustment: Control Systems International, Contract Number GS-04P-97-EXC-0015
04/30/02	A020101	Preaward Audit of a Claim, Additional Change Items: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
05/16/02	A020115	Limited Scope Audit of a Termination Claim: Patriot Group Contractors, Inc., Contract Number GS-11P-99-MAC-0006
05/17/02	A020125	Audit of Acceleration Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/17/02	A020134	Audit of Delay Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N
05/22/02	A020157	Audit of Request for Equitable Adjustment: William R. Nash, Inc., Contract Number GS-04P-97-EXC-0015
05/28/02	A020158	Audit of Request for Equitable Adjustment: Lynn Rai Electric, Inc., Contract Number GS-04P-97-EXC-0015
05/29/02	A020109	Preaward Audit of a Claim: Schindler Elevator Corporation, Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
05/29/02	A020124	Preaward Audit of a Claim for Increased Costs: Res-Com Insulation, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
05/30/02	A020155	Audit of Request for Equitable Adjustment: Bay Mechanical, Inc., Contract Number GS-04P-97-EXC-0015
05/31/02	A020156	Audit of Request for Equitable Adjustment: Mechanical Insulations, Inc., Contract Number GS-04P-97-EXC-0015
06/06/02	A020132	Audit of Claim for Increased Costs: Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/06/02	A020141	Audit of Claim for Increased Costs: The Albert M. Higley Co., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/06/02	A020142	Audit of Claim for Increased Costs: Mohawk Re-Bar Services, Inc., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011
06/07/02	A020079	Audit of Request for Equitable Adjustment: Atlantic Coast Mechanical, Inc., Contract Number GS-04P-97-EXC-0015
06/12/02	A020097	Preaward Audit of a Claim for Increased Costs: Artisans G & H Fixtures, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
06/27/02	A010239	Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
07/08/02	A020094	Preaward Audit of Multiple Award Schedule Contract: QSS Group, Inc., Solicitation Number FCIS-JB-980001-B
07/11/02	A020065	Preaward Audit of Multiple Award Schedule Contract: Danka Office Imaging Company, Solicitation Number FCGE-C1-00-0001-B
07/16/02	A020191	Preaward Audit of Supplemental Architect and Engineering Contract: McMullan & Associates, Inc., Solicitation Number GS-11P-01-YTD-0319
07/30/02	A020086	Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems North, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032
08/05/02	A020193	Preaward Audit of Cost or Pricing Data: CITI, Solicitation Number GSC-TFMG-02-M038
08/06/02	A020207	Preaward Audit of Architect-Engineer Design Services Contract: Goody, Clancy & Associates, Inc., Solicitation Number GS-01P-BZC-0005
08/07/02	A020173	Preaward Audit of a CQM Proposal: CCJN & Company, Architects & Planners, P.C., Requisition/Procurement Request Number 2PMC-U-02-CQM

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

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
08/12/02	A020119	Audit of Request for Equitable Adjustment: Coken Company, Inc., Contract Number GS-04P-97-EXC-0015
09/03/02	A020114	Audit of Claim for Increased Costs: Cleveland Construction, Inc., Subcontractor to Clark Construction Group, Inc., Contract Number GS-04P-97-EXC-0015
09/04/02	A020180	Preaward Audit of Architect and Engineering Services Contract: Adtek Engineering, Inc., Solicitation Number GS-11P-01-YTD-0319
09/12/02	A020184	Audit of Request for Equitable Adjustment: Atlantic Coast Mechanical, Inc., Contract Number GS-04P-97-EXC-0015
09/24/02	A020196	Preaward Audit of Architect and Engineering Services Contract: BEI Structural Engineers, Inc., Solicitation Number GS-11P-01-YTD-0319
09/26/02	A020201	Preaward Audit of a Claim: Almar Plumbing and Heating Corp., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014
09/26/02	A020066	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Danka Office Imaging Company
09/27/02	A020212	Preaward Audit of Multiple Award Schedule Contract: Kar Products, LLC., Solicitation Number 7FXP-D4-01-0539-B

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

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Projected Final Action Date</b>
<b>Internal Audits</b>			
07/15/99	A82706	PricewaterhouseCoopers LLP Management Letter, Fiscal Year 1998 Financial Statement Audit	06/15/04
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	10/15/03
03/27/01	A000968	Review of Operating Equipment Inventories: Public Buildings Service, New England Region	11/15/03
05/29/01	A001012	PricewaterhouseCoopers LLP Fiscal Year 2000 Interim and Year-End Management Letters	12/15/03
06/21/01	A000811	GSA's Increasing use of Electronic Commerce Systems Requires Improved Security	12/15/03
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	10/15/03
02/07/02	A010187	EDP Management Letter FY 2001 Financial Statement Audit	11/15/03
05/10/02	A010187	Audit of the General Services Administration's Fiscal Years 2001 and 2000 Financial Statements	01/15/04
08/30/02	A010029	Feddesk's Online Services Require a Risk Assessment and Careful Consideration of User Requirements	01/15/04
09/26/02	A020011	Audit of GSA's Electronic Mail System Security	10/15/03
09/30/02	A020056	Audit of Controls Over Reimbursable Work Authorizations Billing Practices in the Greater Southwest Region	10/15/03

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## Appendix IV–Delinquent Debts

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

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

During the period April 1, 2003 through September 30, 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 between 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 system, making them better tools for collection technicians and enabling them to provide better service to their customers. During the period, four new reports were created in ARCS to improve the accuracy of data reported on the Treasury Report on Receivables, the Inspector General's Semiannual Report to the Congress, and to our monthly Accounts Receivable Statistics Report.
- GSA has been working with the FMS to remove all non-paying claims over two years old from open receivables. This will give us a clearer picture of our outstanding workload and help us concentrate on collectible receivables. We have implemented a 100-day plan to review and contact delinquent accounts, especially those approaching two years old, on a quarterly basis. A substantial number of two year old claims were researched and either collected or written off.
- The Profit Recovery Group, through a contract arrangement with GSA, continues to actively review and pursue overpayments, in conjunction with our Public Buildings Service and Federal Technology Service Accounts Payable Division associates.
- GSA representatives held meetings with various National Institute for the Blind/National Institute for the Severely Handicapped (NIB/NISH) customers to discuss payment of GSA bills. The representatives emphasized all GSA bills must be paid within 45 days, including those for items with discrepancies. As a result, the amount of outstanding accounts receivable from NIB/NISH customers decreased from \$4.1 million on March 31, 2003, to \$2.9 million on August 31, 2003.
- As of September 4, 2003, the District of Columbia (DC) Government owed GSA \$768,227 for supply bills over two years old. This is a decrease of approximately \$120,000 from the amount owed as of February 28, 2003. Because of payments made on the delinquent bills and other old billings, the Federal Supply Service (FSS) lifted the suspension on the DC Government's authority to purchase new non-emergency vehicles. Several face-to-face meetings between the DC Government, GSA Office of Finance, and FSS were held in the spring and summer to discuss payment of these bills. A spreadsheet of all outstanding supply bills is sent monthly to the DC Government's Inspector General (IG) and Chief Financial Officer (CFO). The meetings resulted in payment of many outstanding delinquent bills and focused the attention of the DC Government IG and CFO offices on paying future GSA bills in a timely manner.
- During this period, \$3,885,695 was collected on four recent audit-related claims. Two of the claims were paid in full and the remaining balance due on the other two claims is \$540,500. The largest audit claim collected was \$2,365,695 related to a case against Sprint Communications.

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## *Appendix IV—Delinquent Debts*

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

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

	<b>As of April 1, 2003</b>	<b>As of September 30, 2003</b>	<b>Difference</b>
Total Amounts Due GSA	\$20,815,885	\$17,564,137	-\$3,251,748
Amounts Delinquent	\$12,683,773	\$10,177,279	-\$2,506,594
Total Amount Written Off as Uncollectible Between 4/01/03 and 9/30/03	\$3,336,514		

## Appendix V—Reporting Requirements

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

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

Requirement	Page
<b>Inspector General Act</b>	
Section 4(a)(2) – Review of Legislation and Regulations . . . . .	24–26
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies. . . . .	2, 15
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies . . . . .	2, 15
Section 5(a)(3) – Prior Recommendations Not Yet Implemented . . . . .	37
Section 5(a)(4) – Matters Referred to Prosecutive Authorities. . . . .	32
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused. . . . .	None
Section 5(a)(6) – List of Audit Reports. . . . .	40
Section 5(a)(7) – Summary of Each Particularly Significant Report. . . . .	2, 15
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs . . . . .	31
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use . . . . .	30
Section 5(a)(11) – Description and Explanation for Any Significant Revised Management Decision . . . . .	None
Section 5(a)(12) – Information on Any Significant Management Decisions with Which the Inspector General Disagrees. . . . .	None
<b>Senate Report No. 96-829</b>	
Resolution of Audits . . . . .	29
Delinquent Debts . . . . .	61
<b>National Defense Authorization Act, Public Law 104-106, 5 U.S.C. App. 3, § 5 note . . . . .</b>	<b>47</b>

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## Appendix VI—OIG Offices and Key Officials

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### 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, Acting RIGA Kristin R. Wilson (JA-F) .....(202) 501-0006  
Information Technology Audit Office, RIGA Gwendolyn A. McGowan (JA-T) .....(703) 308-1223  
Acquisition Programs Audit Office, Acting RIGA Kenneth L. Crompton (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

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

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### **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, 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
Philadelphia Sub-Office, Special Agent James Barry (JI-W/P) . . . . .	(215) 446-4830
New York Zone Office, RIGI Peter P. Maino (JI-2) . . . . .	(212) 264-7300
Boston Sub-Office, Assistant RIGI Joseph J. Dzikczek (JI-2/B) . . . . .	(617) 565-6820
Chicago Zone Office, RIGI Harvey G. Florian (JI-5) . . . . .	(312) 353-7779
Kansas City Sub-Office, Assistant RIGI John F. Kolze (JI-5/KC) . . . . .	(816) 926-7214
Cleveland Sub-Office, Special Agent James T. Sohayda (JI-5/CLE) . . . . .	(216) 522-2155
Fort Worth Zone Office, RIGI Charles D. Yandell (JI-7) . . . . .	(817) 978-2589
Atlanta Sub-Office, Assistant RIGI Lee P. Quintyne (JI-7/G) . . . . .	(404) 331-5126
San Francisco Zone Office, RIGI Liza Shovar (JI-9) . . . . .	(415) 522-2755
Auburn Sub-Office, Special Agent Terry Pfeifer (JI-9/A) . . . . .	(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

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## *Notes*

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