

GSA

Office of Inspector General
U.S. General Services Administration



Semiannual Report to the Congress

April 1, 2014 – September 30, 2014



Abbreviations

ARRA/Recovery Act	American Recovery and Reinvestment Act
ASAC	Assistant Special Agent in Charge
BPA	Blanket Purchase Agreement
CFL	Computers for Learning
CFO	Chief Financial Officer
C.F.R.	Code of Federal Regulation
CID	Criminal Investigation Command
CIO	Chief Information Officer
CIGIE	Council of Inspectors General on Integrity and Efficiency
CO	contracting officer
COR	Contracting Officer's Representative
CSP	Commercial Sales Practices
DCIS	Defense Criminal Investigative Service
DHS	Department of Homeland Security
DOD	Department of Defense
DOL	Department of Labor
FAR	Federal Acquisition Regulation
FAS	Federal Acquisition Service
FBI	Federal Bureau of Investigation
FISMA	Federal Information Security Management Act of 2002
FMFIA	Federal Managers' Financial Integrity Act
FSS	Federal Supply Schedule
FY	fiscal year
GSA	General Services Administration
IFF	Industrial Funding Fee
IPA	independent public accounting firm
IRS	Internal Revenue Service
IT	Information Technology
MAS	Multiple Award Schedule
NCIS	Naval Criminal Investigative Service
NCR	National Capital Region
NIAF	National Intergovernmental Audit Forum
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PBS	Public Buildings Service
P.L.	public law
R&A	repairs & alterations
ROTC	Reserve Officers' Training Corps
RWA	Reimbursable Work Authorization
SAC	Special Agent in Charge
SASP	State Agency for Surplus Property
SBA	Small Business Administration
SES	Senior Executive Service
TAA	Trade Agreements Act
UCMJ	Uniform Code of Military Justice
USAO	U.S. Attorney's Office
USC	United States Code
VA	Veterans Affairs
WPA	Works Progress Administration

Foreword

This marks the end of another successful semiannual reporting period for the Office of Inspector General (OIG). The OIG continued its important work detecting fraud and mismanagement within the General Services Administration's (GSA) programs and operations.

- > We issued 54 audit reports and made 292 referrals for criminal prosecution, civil litigation, and administrative action during this period (page 8).
- > We recommended over \$269 million in funds be put to better use and questioned costs this period (page 8), bringing the total amount of financial recommendations to over \$1.06 billion for Fiscal Year (FY) 2014 (page 9).
- > Civil settlements and court-ordered and investigative recoveries totaled over \$79 million for this semiannual period (page 8) and \$114 million for FY 2014 (page 9).

Our Office of Audits continued to identify deficiencies in GSA's acquisition and federal real property programs. Notably this period, we found that procurement errors, financial losses, and deficient contract administration demonstrated the ineffective management of the Ronald Reagan Building and International Trade Center—the third report issued on this matter (page 22). Additionally, our auditors found that GSA needs to improve its implementation of Contracting Officer's Representative certification program guidance as well as strengthen its guidance on the use of contractor team arrangements (pages 17-19).

Our Office of Investigations continued to focus on major procurement fraud, including Samsung's agreement to pay \$2.3 million to resolve allegations under the False Claims Act that it knowingly provided government suppliers with products that were not in compliance with the Trade Agreements Act (page 35). Our special agents also uncovered several bribery, kickback, and bid-rigging schemes as well as Service-Disabled Veteran-Owned Small Business fraud (pages 36-39). Furthermore, our Office of Audits, Office of Investigations, and Office of Counsel continued their collaborative Federal Acquisition Regulation (FAR) disclosure work, resulting in over \$43 million in settlements and recoveries for the United States this semiannual period (page 31). Our Office of Forensic Auditing, Evaluations, and Analysis has been assigned an inspections function, many of which are underway.

Additionally, we successfully completed the Office of Special Counsel's 5 U.S.C. § 2302(c) Certification Program. This ensures that all OIG employees and supervisors have been made aware of the Whistleblower Protection Act and the Whistleblower Protection Enhancement Act.

I am pleased to report that the GSA OIG ranked #6 out of 300 agency subcomponents in the Partnership for Public Service's FY 2014 report on the Best Places to Work in the Federal Government. I appreciate the continued hard work, dedication, and professionalism of our OIG employees. I thank the Members of Congress, the Office of Management and Budget (OMB), and employees throughout GSA for their continued support in working towards our common goals.



Robert C. Erickson
Acting Inspector General
October 31, 2014

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OIG Profile

OIG Profile

Organization

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

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

- > The Office of Audits, an evaluative organization staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program, financial, regulatory, and system audits and assessments of internal controls. The office conducts attestation engagements in support of GSA contracting officials to carry out their procurement responsibilities and obtain the best value for federal customers and American taxpayers. The office also provides other services to assist management in evaluating and improving its programs.
- > The Office of Administration, a professional support staff that provides budget and financial management, contracting, facilities and support services, human resources, and information technology services.
- > The Office of Counsel, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative and regulatory review.
- > The Office of Forensic Auditing, Evaluation, and Analysis, a multidisciplinary organization that conducts analyses and evaluations of GSA programs and operations through management and programmatic reviews intended to provide insights into issues of concern to GSA, Congress, and the American public. In addition, the office formulates, directs, and coordinates quality assurance for the OIG and undertakes special projects and analyses as required by the Inspector General.
- > The Office of Investigations, an investigative organization that conducts a nationwide program to prevent, detect, and investigate illegal or improper activities involving GSA programs, operations, and personnel.

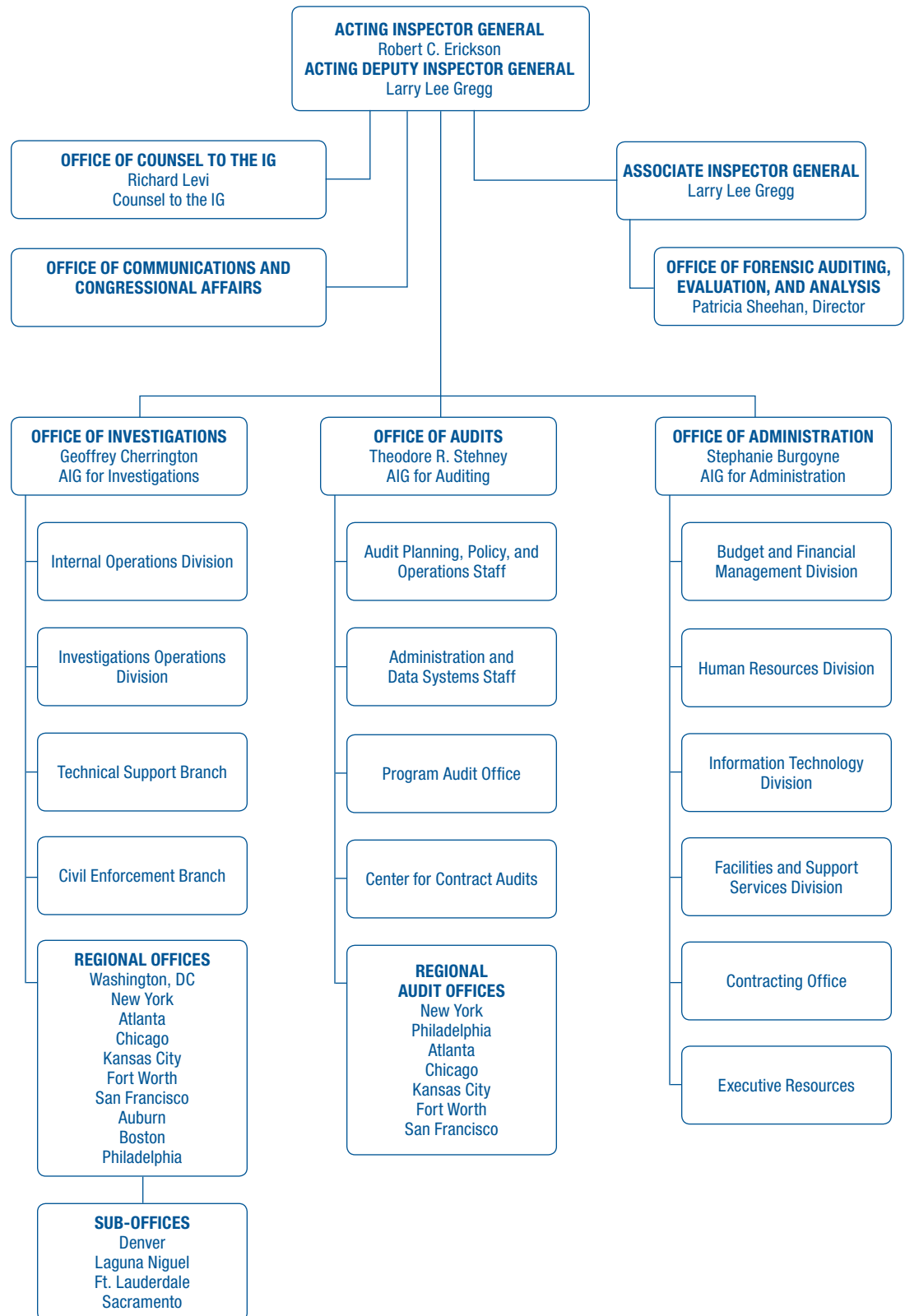
Office Locations

The OIG is headquartered in Washington, DC, at GSA's Central Office Building. Field and regional offices are maintained in Atlanta, GA; Auburn, WA; Boston, MA; Chicago, IL; Denver, CO; Fort Lauderdale, FL; Fort Worth, TX; Kansas City, MO; Laguna Niguel, CA; New York, NY; Philadelphia, PA; Sacramento, CA; San Francisco, CA; and the Washington, DC, area.

Staffing and Budget

As of September 30, 2014, our on-board staffing level was 283 employees. The OIG's fiscal year (FY) 2014 budget was \$65.6 million including \$2 million in no-year money and \$600 thousand in reimbursable authority.

OIG Organization Chart



OIG Offices and Key Officials

OFFICE OF THE INSPECTOR GENERAL		
Acting Inspector General	Robert C. Erickson (JD)	(202) 501-0450
Acting Deputy Inspector General	Larry Lee Gregg	(202) 219-1041
Special Assistant for Communications	Sarah Breen	(202) 219-1351
Congressional Affairs Liaison	Jennifer Riedinger	(202) 501-4634
OFFICE OF COUNSEL TO THE INSPECTOR GENERAL		
Counsel to the IG	Richard Levi (JC)	(202) 501-1932
OFFICE OF ASSOCIATE INSPECTOR GENERAL		
Associate Inspector General	Larry Lee Gregg (JX)	(202) 219-1041
OFFICE OF FORENSIC AUDITING, EVALUATION, AND ANALYSIS		
Director	Patricia D. Sheehan (JE)	(202) 273-4989
OFFICE OF ADMINISTRATION		
Assistant IG for Administration	Stephanie Burgoyne (JP)	(202) 273-5006
Deputy Assistant IG for Administration	Erica Kavanagh (JP)	(202) 501-4675
Director, Budget and Financial Management Division	Suzanne Melnick (JPB)	(202) 501-2352
Director, Human Resources Division	Denise McGann (JPH)	(202) 501-1734
Director, Information Technology Division	William English (JPM)	(202) 273-7340
Director, Facilities and Services Division	Carol Mulvaney (JPF)	(202) 501-3119
Contracting Officer	Brenda Reynolds (JPC)	(202) 501-2332
OFFICE OF AUDITS		
Assistant IG for Auditing	Theodore R. Stehney (JA)	(202) 501-0374
Deputy Assistant IG for Acquisition Programs Audits	James P. Hayes (JA)	(202) 273-7321
Deputy Assistant IG for Real Property Audits	Rolando N. Goco (JA)	(202) 501-2322
Deputy Assistant IG for Audit Policy and Oversight	Carolyn Presley-Doss	(202) 273-7323
Chief of Staff	Peter J. Coniglio (JA)	(202) 501-0468
Program Manager, FAR Disclosure and False Claims Act Resolution Program	Paul J. Malatino (JA)	(202) 208-0021
Director, Audit Planning, Policy, and Operations Staff	Lisa L. Blanchard (JAO)	(202) 273-7271
Director, Administration and Data Systems Staff	Thomas P. Short (JAS)	(202) 501-1366
ASSOCIATE DEPUTY ASSISTANT INSPECTORS GENERAL FOR AUDITING/REGIONAL INSPECTORS GENERAL FOR AUDITING		
Northeast and Caribbean Region Audit Office	Steven D. Jurysta (JA-2)	(212) 264-8620
Mid-Atlantic Region Audit Office	Thomas P. Tripple (JA-3)	(215) 446-4840
Southeast Sunbelt Region Audit Office	Nicholas V. Painter (JA-4)	(404) 331-5125
Great Lakes Region Audit Office	Adam R. Gooch (JA-5)	(312) 353-7781
Heartland Region Audit Office	John F. Walsh (JA-6)	(816) 926-7052
Greater Southwest Region Audit Office	Paula N. Denman (JA-7)	(817) 978-2571
Pacific Rim Region Audit Office	Hilda M. Garcia (JA-9)	(415) 522-2744
Center for Contract Audits	Barbara Bouldin (JA-A)	(202) 273-7370
Program Audit Office	Marisa A. Roinestad (JA-R)	(202) 219-0088

OFFICE OF INVESTIGATIONS		
Assistant IG for Investigations	Geoffrey Cherrington (JI)	(202) 501-1397
Deputy Assistant IG for Investigations	Lee Quintyne (JID)	(202) 501-1397
Director, Investigations Operations Division	Vacant	(202) 501-1397
Director, Internal Operations Division	Deborah Vanover (JII)	(202) 273-7272
SPECIAL AGENTS IN CHARGE (SAC)		
Mid-Atlantic Regional Office	SAC Gerald R. Garren (JI-W)	(202) 252-0008
Boston Regional Office	SAC Luis A. Hernandez (JI-1)	(617) 565-6820
Northeast and Caribbean Regional Office	ASAC Ibrahim Arce (JI-2)	(212) 264-7300
Philadelphia Regional Office	SAC James E. Adams (JI-3)	(215) 861-3550
Southeast Regional Office	SAC James Taylor (JI-4)	(404) 331-3084
Ft. Lauderdale Resident Office	ASAC Floyd Martinez (JI-4M)	(954) 356-6993
Central Regional Office	SAC Stuart G. Berman (JI-5)	(312) 353-7779
Mid-West Regional Office	SAC John F. Kolze (JI-6)	(816) 926-7214
Southwest Regional Office	SAC Paul W. Walton (JI-7)	(817) 978-2589
Denver Resident Office	SA Brooks Barringer (JI-8)	(303) 236-5072
Western Regional Office	SAC David House (JI-9)	(415) 522-2755
Laguna Niguel Resident Office	ASAC Theresa Quellhorst (JI-9L)	(949) 360-2214
Sacramento Resident Office	SA Harry S. Mumper (JI-9S)	(916) 484-4901
Northwest Regional Office	SAC Terry J. Pfeifer (JI-10)	(253) 931-7654

Statistics on OIG Accomplishments

Summary of OIG Performance

April 1, 2014 – September 30, 2014

OFFICE OF AUDITS

Total financial recommendations	\$ 269,537,119
These include:	
Recommendations that funds be put to better use	\$ 244,132,059
Questioned costs	\$ 25,405,060
Audit reports issued	54
Audit memoranda provided to GSA	4
Management decisions agreeing with audit recommendations	\$ 280,393,131

OFFICE OF INVESTIGATIONS

Referrals for criminal prosecution, civil litigation, administrative action, suspension & debarment	292
Indictments and informations on criminal referrals	34
Cases accepted for criminal prosecution	27
Cases accepted for civil action	9
Successful criminal prosecutions	30
Civil settlements	4
Contractors/individuals suspended and debarred	80
Employee actions taken on administrative referrals involving GSA employees	7
Civil settlements and court-ordered and investigative recoveries	\$79,125,267

Fiscal Year 2014 Results

During Fiscal Year 2014, OIG activities resulted in:

- > Over \$525 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.
- > 85 audit reports and 17¹ audit memoranda that assisted management in improving the efficiency and effectiveness of Agency operations.
- > Over \$1.06 billion in management decisions agreeing with audit recommendations; \$114 million in criminal, civil, administrative, and other recoveries.
- > 185 new investigations opened and 241 cases closed.
- > 89 subjects accepted for criminal prosecution and 27 subjects accepted for civil litigation.
- > 79 criminal indictments/informations and 69 successful prosecutions on criminal matters previously referred.
- > 9 civil settlements.
- > 16 employee actions taken on administrative referrals involving GSA employees.
- > 97 contractor/individual suspensions and 82 contractor/individual debarments.
- > 2,455 Hotline contacts received. Of these, 119 were referred to GSA program officials for review and appropriate action, 66 were referred to other federal agencies, five were referred to the OIG Office of Audits, and 83 were referred internally for investigation or further review.

¹ In the previous SAR reporting period, we issued 13 audit memoranda but only reported 12.

Statistical Summary of OIG Accomplishments

Reports Issued

The OIG issued 54 audit reports. The 54 reports contained financial recommendations totaling \$269,537,119, including \$244,132,059 in recommendations that funds be put to better use and \$25,405,060 in questioned costs. Due to GSA's mission of negotiating contracts for government-wide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other federal agencies.

Management Decisions on OIG 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, 2014. There were four reports more than six months old awaiting management decisions as of September 30, 2014. Table 1 does not include two implementation reviews that were issued during this period because they are excluded from the management decision process. Table 1 also excludes two reports from the management decision process because they pertain to ongoing investigations.

Table 1. Management Decisions on OIG Reports

	NUMBER OF REPORTS	REPORTS WITH FINANCIAL RECOMMENDATIONS*	TOTAL FINANCIAL RECOMMENDATIONS
For which no management decision had been made as of 04/01/2014			
Less than six months old	15	10	\$138,370,439
Six or more months old	8	7	\$41,238,733
Reports issued this period	50	39	\$269,537,119
TOTAL	73	56	\$449,146,291
For which a management decision was made during the reporting period			
Issued prior periods	19	14	\$160,376,953
Issued current period	24	20	\$120,016,178
TOTAL	43	34	\$280,393,131
For which no management decision had been made as of 09/30/2014			
Less than six months old	26	19	\$149,520,941
Six or more months old	4	3	\$19,232,219
TOTAL	30	22	\$168,753,160

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

Management Decisions on OIG Reports with Financial Recommendations

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

Table 2. Management Decisions on OIG Reports with Recommendations that Funds Be Put to Better Use

	NUMBER OF REPORTS	FINANCIAL RECOMMENDATIONS
For which no management decision had been made as of 04/01/2014		
Less than six months old	9	\$137,349,654
Six or more months old	5	\$40,609,801
Reports issued this period	23	\$244,132,059
TOTAL	37	\$422,091,514
For which a management decision was made during the reporting period		
Recommendations agreed to by management	19	\$263,997,152
Recommendations not agreed to by management	1	\$658,281
TOTAL	20	\$264,655,433
For which no management decision had been made as of 09/30/2014		
Less than six months old	16	\$138,584,561
Six or more months old	1	\$18,851,520
TOTAL	17	\$157,436,081

Management Decisions on OIG Reports with Questioned Costs

Table 3. Management Decisions on OIG Reports with Questioned Costs

	NUMBER OF REPORTS	QUESTIONED COSTS
For which no management decision had been made as of 04/01/2014		
Less than six months old	5	\$1,020,785
Six or more months old	6	\$628,932
Reports issued this period	23	\$25,405,060
TOTAL	34	\$27,054,777
For which a management decision was made during the reporting period		
Disallowed costs	25	\$15,733,592
Cost not disallowed	1	\$4,106
TOTAL	26	\$15,737,698
For which no management decision had been made as of 09/30/2014		
Less than six months old	6	\$10,936,380
Six or more months old	2	\$380,699
TOTAL	8	\$11,317,079

Investigative Workload

The OIG opened 84 investigative cases and closed 118 cases during this period.

Referrals

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

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

Actions on OIG Referrals

Based on these and prior referrals, 37 subjects were accepted for criminal prosecution and 12 subjects were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 34 indictments/informations and 30 successful prosecutions. OIG civil referrals resulted in four case settlements. Based on OIG administrative referrals, GSA management debarred 37 contractors/individuals, suspended 43 contractors/individuals, and took seven personnel actions against government employees.

Table 4. Summary of OIG Referrals

TYPE OF REFERRAL	CASES	SUBJECTS
Criminal	43	68
Civil	16	19
Administrative Referrals for Action/Response		95
Suspension	22	40
Debarment	29	70
TOTAL	110	292

Monetary Results

Table 5 presents the amounts of fines, penalties, settlements, recoveries, forfeitures, judgments, and restitutions payable to the U.S. government as a result of criminal and civil actions arising from OIG referrals. Table 6 presents the amount of administrative recoveries and forfeitures as a result of investigative activities.

Table 5. Criminal and Civil Results*

	CRIMINAL	CIVIL
Fines and Penalties	\$775,620	
Settlements		\$4,750,421
Recoveries		\$0
Forfeitures	\$5,172,904	
Seizures	\$0	
Restitutions	\$23,818,135	
TOTAL	\$29,766,659	\$4,750,421

Table 6. Non-Judicial Recoveries

Administrative Recoveries*	\$44,604,584
Forfeitures	\$3,603
TOTAL	\$44,608,187

* Administrative Recoveries includes the FAR disclosures reported on page 31.

Management Challenges

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.

CHALLENGE	BRIEF DESCRIPTION OF CHALLENGE
Acquisition Programs	GSA's procurement organization awards and administers government-wide contracts worth hundreds of billions of dollars. While GSA tries to obtain quality products and services at the best available prices, attention is needed to mitigate challenges with the GSA Schedules Program that include pricing, contractor compliance, contract workload management, meeting small business goals, and proposed changes to the GSA Acquisition Regulation.
GSA's Organizational Structure	In FY 2012, GSA began consolidating its budget and financial management as well as other support services and administrative functions. In moving forward with the consolidation, GSA needs to reassess many aspects of its controls and systems.
Improving the Management and Utilization of Federal Real Property	The federal government is focusing on improving the management and use of federal real property. To meet these goals, the Public Buildings Service needs to align its programs and operations with solutions that address both short and long term customer needs. Although immediate customer need often drives workload, local real property portfolios must be examined to assess whether they are suitable to meet long term goals.
Reducing GSA's Footprint – Managing a Mobile Workforce	Due to GSA's reduction in workspace for its central and regional offices, GSA must implement and manage a mobile workforce strategy. With increased telework and physical contact being limited, challenges will involve collaboration, management and supervision, document security, and information technology (IT) capabilities.
Information Technology	Improvements are needed to protect sensitive GSA information and to address emerging risks. Coordination, collaboration, and accountability across the agency are necessary to protect sensitive GSA information. GSA IT systems do not always use effective data models, business rule validation checks, or data exchange specifications to ensure data quality. GSA's continued adoption of mobile computing remains a risk that must be managed.
Financial Reporting	GSA continues to have weaknesses in internal controls and financial processes, including the absence of an integrated procurement and acquisition system, ineffective information and communication processes, and the lack of effective supervision over regional and operational personnel. Further, GSA is challenged with identifying the existence of environmental contamination in its properties and needs an effective process in place to determine remediation costs of environmental liabilities for its financial statement reporting.
Protection of Federal Facilities and Personnel	GSA plays a significant role in providing a safe, healthy, and secure environment for employees and visitors. GSA, along with the Department of Homeland Security, is responsible for the security of federal facilities. Therefore, maintaining open, accessible, and safe public buildings remains a primary focus for GSA. At the present time, the Government Accountability Office has taken the lead in overseeing this challenge.
Greening Initiative – Sustainable Environmental Stewardship	With its major role in federal construction, building operations, acquisition, and government-wide policy, GSA faces challenges to achieve sustainability and environmental goals. GSA is required to increase energy efficiency, reduce greenhouse gas emissions, conserve water, reduce waste, support sustainable communities, and leverage purchasing power to promote environmentally responsible products and technologies. GSA has to develop a management framework, collect data to support goals and evaluate results, and fund specific programs.
American Recovery and Reinvestment Act Impact	GSA will continue to be affected through the conclusion of Recovery Act projects. Although many of these projects are completed or near completion, challenges remain, including: (1) managing projects with reduced travel, (2) preparing for the future submission of construction claims, (3) performing effective commissioning, and (4) evaluating projects for reduced energy consumption and cost savings.

Management Challenges

Acquisition Programs

GSA provides federal agencies with billions of dollars in products and services through various contract types. As of September 30, 2014, there were over 17,200 Multiple Award Schedule (MAS) contracts under GSA's procurement program that generated over \$32.7 billion in annual sales. We oversee this program by conducting preaward, postaward, and performance audits. Historically, for every dollar invested in our preaward audits, we achieve at least \$10 in lower prices or more favorable contract terms and conditions for the benefit of the government and taxpayer.

Significant Preaward Audits

The pre-decisional, advisory nature of preaward audits distinguishes them from other audit products. This program provides vital, current information enabling contracting officers to significantly improve the government's negotiating position to realize millions of dollars in savings on contracts. During this reporting period, we performed preaward audits of 32 contracts with an estimated value of over \$4.2 billion and recommended nearly \$264 million of funds be put to better use. Management decisions were also made on 23 preaward audit reports, which recommended over \$244 million of funds be put to better use. Management agreed with 99 percent of our recommended savings.

Three of our more significant audits were of MAS contracts with combined projected government sales of nearly \$857 million. These audits recommended nearly \$154 million of funds be put to better use. Some of the more significant findings within one or more of these audit reports include: (1) commercial sales practices information was not current, accurate, or complete; (2) proposed labor categories were not supported by commercial sales; (3) the Price Reductions clause was violated; (4) price reduction provisions were ineffective; and (5) controls were not in place to properly administer the Price Reductions clause.

Opportunities Exist to Strengthen the Federal Acquisition Service's Contracting Officer's Representative Workforce

Report Number A130007/Q/A/P14006, dated September 29, 2014

Contracting Officer's Representatives (COR) play a critical role in ensuring that the government achieves the best value when acquiring goods and services. CORs ensure that contractors meet their contract commitments and are often the first to recognize when a contractor or program is underperforming. To emphasize the importance of COR training and development government-wide, the Office of Federal Procurement Policy established the Federal Acquisition Certification for Contracting Officer's Representatives program (COR certification program). Our objectives were to determine if FAS CORs are certified, designated, and developed in accordance with the COR certification program and applicable GSA guidance; and whether the COR certification program is effectively managed to ensure consistency and transparency.

We identified several instances in which FAS CORs were not certified, designated, or developed in accordance with the COR certification program requirements and best practices. We also found inadequate and unreliable COR data maintained by FAS and within the Federal Acquisition Institute Tracking Application System (FAITAS).

FAS is not consistently implementing COR certification program guidance and stated best practices, possibly affecting COR foundational knowledge. For example, 22 of the 52 COR certification requests we analyzed had no evidence of ethics training in their FAITAS profile. FAS CORs are not being designated in accordance with COR certification program guidance due to decentralized management and limited system access. Internal workload reports showed 15 CORs who were assigned to at least one contract, but did not have a COR certificate. We also identified nine CORs assigned to at least one contract who possessed an expired or revoked certificate. Based on our analysis of continuous learning points (CLPs) achievement requests, FAS CORs are meeting the number of CLPs as required by the COR certification program; however, we question the quality of training received. Many CORs are taking duplicative or non-applicable training courses and some are earning an implausible number of CLPs within a time period. In addition, FAS has identified required training courses to enhance the knowledge of the acquisition workforce; however, we found that many CORs are not completing these courses.

We recommended that the FAS Commissioner:

- > Implement a control to ensure that all FAS CORs are accounted for and registered in FAITAS.
- > Develop guidance to ensure the consistent implementation of the COR certification program as it relates to certifications, to include how regional CORs who report nationally should register in FAITAS.
- > Improve quality, use, and tracking of COR designation letters.
- > Develop a method to quantify and monitor COR workload.
- > Establish guidelines for evaluating training courses for credit towards CLP achievement requests, and controls to ensure CORs complete FAS-required training courses.
- > Determine whether restructuring the Central Office bureau would improve transparency and management of the FAS COR workforce.

The FAS Commissioner stated that actions will be taken to strengthen the COR workforce.

Audit of Contractor Team Arrangement Use

Report Number A130009/Q/A/P14004, dated September 8, 2014

A MAS contractor team arrangement (team arrangement) is an agreement between two or more MAS contractors to work together to meet customer agency contracting needs. The team members develop a team arrangement, independent from the government, which cannot conflict with the underlying terms and conditions of their separate GSA MAS contracts. The team arrangement is documented in a written agreement that details the responsibilities of each team member. When the government awards a contract to a team arrangement, each member of the team arrangement has privity of contract and can interact directly with the government.

Our objectives were to determine the extent to which contracting officers follow existing guidance and regulations in the administration of team arrangements, and assess contracting officer awareness of risk in improperly administering team arrangements.

We found that contracting officers generally follow the existing team arrangement guidance; however, we identified specific instances of improperly administered team arrangements. Contracting personnel admitted they have limited experience with team arrangements and have not received formal instruction regarding their administration, which is a primary contributing factor to improper administration. In addition, contracting officers are aware of some risks associated with improper administration, but contracting system limitations hinder their ability to mitigate these risks. Further, FAS does not have a tracking method to identify team arrangements. Without complete and accurate data on team arrangements, FAS cannot gather reliable information (e.g., how often they occur, where they occur) or identify and address potential issues.

We recommended that the FAS Commissioner:

- > Strengthen guidance by:
 - Developing FAS policies specific to contractor team arrangements.
 - Providing instruction and training to contracting officers and MAS contractors on the use of contractor team arrangements.
- > Develop a centralized internal identification and tracking methodology for contractor team arrangements.

The FAS Commissioner agreed with our report recommendations.

Improving the Telecommunications Order and Invoice Processing Could Benefit Customers of the Federal Acquisition Service's Network Services Division, Pacific Rim Region

Report Number A120164/Q/9/P14005, dated September 29, 2014

FAS's Network Services Division (Division), Pacific Rim Region, assists customer agencies on a broad range of telecommunications solutions and services. Its goal is to obtain the lowest aggregate prices for these services through local service acquisition contracts and other acquisition vehicles. Our audit objective was to determine whether the Division is processing telecommunications orders and invoices for federal customers in an accurate and timely manner.

The Division is not processing telecommunications orders and invoices accurately and timely because it is not resolving discrepancies between inventory and billing databases. Furthermore, the Division's delay in transitioning customers' telecommunications orders was a missed opportunity for maximizing savings of approximately \$2.5 million. We also concluded that the Division's invoices lacked transparency, which limited customers' ability to identify administrative surcharge fees.

To address the findings identified, we recommended the Acting FAS Regional Commissioner, Pacific Rim Region:

- > Improve coordination and communication with the Financial Services Center by identifying, prioritizing, and resolving inventory and billing variances.
- > Perform monthly reconciliations of significant variances between inventory and billing database systems, by assigning adequately trained Division personnel.
- > Update and adhere to planned timelines and assign trained personnel to transition customer accounts to the local services acquisition contract.
- > Identify and address challenges faced in the current transition process in preparation for the next local services acquisition contract to avoid lengthy delays and lost savings opportunities.
- > Develop planning guidance to ensure timely transition of customers to the next local services acquisition contract.
- > Disclose on GSA customer invoices itemized costs associated with the Division's administrative surcharge.

The Acting FAS Regional Commissioner, Pacific Rim Region, agreed with our report recommendations.

Audit of the Administration of Regional Local Telecommunications Services Contracts, Northeast and Caribbean Region

Report Number A130010/Q/2/P14003, dated August 11, 2014

FAS, Northeast and Caribbean Region, provides telecommunications services contracts for federal agencies in New York, New Jersey, Puerto Rico, and the U.S. Virgin Islands. These contracts provide federal government users continuity of services and a measure of price stability for local telecommunications services. The Network Services Division (Network Services) assists customer agencies in obtaining comprehensive telecommunications services at the lowest aggregate prices.

Our objectives were to determine whether Network Services is effectively managing its workload to ensure that Regional Local Telephony Contracts (RLTCs) in the Northeast and Caribbean Region are administered efficiently and timely; and that customers are billed at agreed-upon RLTC rates.

We found that the absence of a team lead and inadequate training requirements for Network Services Information Technology Managers results in inefficient administration of RLTCs. In addition, customers were billed an undisclosed markup due to the lack of transparency in the billing process and cost savings were not provided to its customers.

Based on our findings, we recommended the Acting FAS Regional Commissioner, Northeast and Caribbean Region:

- > Establish a permanent team lead position within Network Services.
- > Implement a policy that requires Network Services IT Managers to complete specialized training to ensure that they have the necessary skills to efficiently administer RLTCs.
- > Develop and implement an on-the-job training plan to assist less experienced IT Managers in acquiring the skills necessary to administer contracts, regardless of complexity.
- > Require Network Services to establish formal agreements with customer agencies that set terms and conditions, and outline all pricing components including the RLTC rates that GSA pays to vendors.
- > Implement a policy that requires full disclosure of all administrative surcharges by clearly itemizing customer invoices.

The Acting FAS Regional Commissioner, Northeast and Caribbean Region, agreed with our report recommendations.

Improving the Management and Utilization of Federal Real Property

While the Federal Government is focusing on improving the management and utilization of federal real property, GSA and its customers are also facing the reality of reduced budgets. Given this environment, PBS needs to align its programs and operations to solutions that address both short and long term needs. Although immediate customer need often drives workload, local real property portfolios must be examined to assess whether they are suitable to meet long term goals, especially where vacant owned space could replace expiring leases.

Procurement Errors, Financial Losses, and Deficient Contract Administration Demonstrate Ineffective Management of the Ronald Reagan Building and International Trade Center

Report Number A110217/P/R/R14004, dated June 17, 2014

In March 1995, PBS awarded a contract for trade center management services for the Ronald Reagan Building and International Trade Center (ITC) to Trade Center Management Associates, LLC (TCMA), which remained in effect through March 2009. In December 2008, PBS awarded a new contract to TCMA, for similar services. Our objectives were to determine whether conditions identified in a prior audit report were corrected under the new contract and whether internal controls effectively prevented procurement errors.

We found that PBS failed to achieve a competitive procurement and circumvented plans to re-compete the base contract. Additionally, PBS's contract administration resulted in flawed oversight of TCMA's performance, as well as increased costs, many of which should be the contractor's responsibility. As a result, the ITC Working Fund may not be able to sustain the operations of the ITC. For example, PBS: paid an additional \$186,894 for duplicative services that were originally covered in the base contract; lost an estimated \$791,991 in tenant rent and fees as a result of a February 2011 fire; and forfeited a rent waiver that could have saved \$25,200 in federal funds. Ultimately, PBS did not effectively manage the TCMA contract.

Based on our findings, we recommended the PBS Regional Commissioner, National Capital Region:

- > Ensure objectivity in exercising current contract options or awarding a future contract, including: collecting historical data; conducting market research; and limiting an individual's influence in the source selection process.
- > Determine whether ITC operations can be made self-sustaining. If PBS determines that the ITC cannot be self-sustaining, PBS should contact OMB and Congress regarding the self-sustaining portion of the ITC legislation. Additionally, implement policy regarding how projects in the complex should be funded.
- > Implement policies and procedures to negotiate general and administrative and profit rates when work is primarily performed by subcontractors.

- > Address payment of duplicative costs by:
 - Recovering \$186,894 in duplicative monies paid to TCMA for activation activities and construction management services.
 - Implementing policies and procedures to prevent duplicative costs in future activation activities and construction management services.
- > Implement policies and procedures to mitigate known and potential conflicts of interest.
- > Improve processes for evaluating contractor performance, including: assigning performance monitors; completing monthly performance reports; defining an event; and validating events.
- > Correct deficiencies in the licensing area, including: creating a formal approval process that includes the written approval of the license and the signature of a government leasing contracting officer; clarifying PBS's position on possessory interest tax in the master license agreement; and refraining from exceeding broker commission limits from the base contract.
- > Resolve the insurance dispute expeditiously in order to recover \$2.2 million in construction costs for the restoration of the food court and rent loss.
- > Refrain from granting rent waivers for any holiday event.

The PBS Regional Commissioner, National Capital Region, agreed with our report recommendations.

Reimbursable Work Authorizations for the Peachtree Summit Building Violated Appropriations Law and GSA Policy

Report Number A130110/P/4/R14006, dated September 30, 2014

We initiated this limited scope audit after the Treasury Inspector General for Tax Administration brought to our attention possible improper use of RWAs for work at the Peachtree Summit Federal Building, located in Atlanta, Georgia. Our objective was to determine whether PBS allowed changes to the scope, funding type, or obligation expiration date of RWAs from the Internal Revenue Service that were not in compliance with GSA's RWA National Policy Document and federal appropriations law.

We found that the Atlanta North Service Center in the Southeast Sunbelt Region violated appropriations law and GSA policy by accepting RWAs that used expired funds for work unrelated to the scope of the original RWA. In addition, the service center's RWA files were incomplete and lacked adequate support. These practices violate GSA's policies on the use of excess funds on new or amended RWAs and violate the bona fide needs rule and account closing laws.

We identified four factors that contributed to these policy and appropriations law violations: (1) PBS lacks controls for identifying questionable fund changes and accepting RWAs with incorrect codes; (2) PBS accepted Internal Revenue Service-provided cost estimates without verification of price reasonableness; (3) PBS did not closeout RWA projects in a timely manner; and (4) PBS accepted RWAs at fiscal year-end without adequate scrutiny.

In addition, the type and extent of documentation maintained electronically in the RWA Entry and Tracking Application was inconsistent. The documentation observed was not sufficient to support the RWAs reviewed.

We recommended that the PBS Regional Commissioner, Southeast Sunbelt Region:

- > Develop and implement controls to ensure client agency fund certifications are valid.
- > Ensure that Independent Government Estimates, whether generated by client agencies or GSA, satisfy the requirements established by the RWA National Policy Document.
- > Develop and implement a process to ensure timely closeout of RWAs that are substantially complete and ensure closed RWAs are only re-opened for valid transactions.
- > Develop controls to ensure RWAs receive an appropriate level of scrutiny to ensure a bona fide need.
- > Clarify and actively manage the policy regarding RWA documentation in the RWA Entry and Tracking Application to ensure the service centers apply the policy consistently.

The PBS Regional Commissioner, Southeast Sunbelt Region, partially agreed with our report recommendations.

GSA Should Disclose Historic Building Information for the Federal Triangle South Project

Memorandum Number A140114-2, dated September 10, 2014

On the Federal Triangle South project, PBS plans to exchange the GSA NCR Regional Office Building (Regional Office Building) and the Cotton Annex Building for construction and related services at the GSA Headquarters Building and the Department of Homeland Security's St. Elizabeths campus. PBS issued the Request for Qualifications for the project on April 7, 2014, and is currently working to issue the Request for Proposals. We initiated monitoring efforts on the Federal Triangle South project in February 2014. The objective of our monitoring is to notify PBS of any areas of concern discovered during our oversight. In July 2014, we identified a concern regarding the historic status of the Regional Office Building.

Currently, the Cotton Annex Building is eligible for listing in the National Register of Historic Places (National Register). However, PBS, in conjunction with the Department of the Interior's National Park Service, Keeper of the National Register, determined the Regional Office Building ineligible for listing in the National Register. PBS noted, however, that historically significant murals in the lobby of the building are protected under GSA's Fine Arts Program and will remain under GSA ownership.

Currently the Regional Office Building is federally owned and not subject to local regulation. However, when the NCR Office Building is exchanged and removed from the Federal inventory, it could be subject to local regulation. The Washington, D.C. Historic Preservation Office disagreed with the ineligibility determination and may declare the Regional Office Building historic when ownership is transferred from GSA to the developer, upon project completion.

The possible historic determination after PBS exchanges the building was not included in the April 7, 2014, Request for Qualifications. Our memorandum advises GSA to fully disclose the complete historic status of the Regional Office Building to interested developers for the Federal Triangle South project. Specifically:

- > The D.C. Historic Preservation Office's potential historic local landmark designation.
- > A potential change in eligibility for listing in the National Register.
- > GSA's intent to retain ownership of historic murals in the Regional Office Building's main lobby.

The PBS Commissioner noted his commitment to ensuring all qualified offerors will be made aware of updated historic building information.

Financial Reporting

Controls over budgetary and financial reporting are affected by the absence of an integrated procurement and acquisition system, ineffective information and communication processes, and the lack of effective supervision over regional and operational personnel. In addition, GSA does not have an effective due care process to investigate and identify properties that may contain hazardous substances. Without an effective process in place, GSA is challenged with identifying the existence of environmental contamination in its properties.

Audit of GSA's FY 2013 Improper Payments Performance

Report Number A140021/B/9/F14002, dated April 15, 2014

GSA's Office of the Chief Financial Officer manages agency efforts to eliminate future, and recover past, improper payments. The Office of the Chief Financial Officer reviews disbursements as part of its improper payments program and also employs the services of a payment recapture audit contractor to identify and recover overpayments from commercial vendors. Our objective was to determine whether GSA complied with the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), for FY 2013.

We determined that GSA complied with IPERA; however, it needs to improve and strengthen aspects of its implementation of the requirements under IPERA. Specifically, we determined that (1) GSA did not accurately report its FY 2013 improper payments information, (2) GSA improperly paid its payment recapture audit contractor, and (3) regional reviews for claims validations were not timely.

To address the findings identified, we recommended the Chief Financial Officer:

- > Adhere to established accounting processes and strengthen current review procedures to ensure accurate reporting of improper payments information in the Agency Financial Report.
- > Establish a formal review process for the OMB MAX Information System submission of improper payments information.
- > Correct the FY 2013 improper payments information reported in the OMB MAX Information System.
- > Seek reimbursement from the payment recapture audit contractor for the FY 2013 improper payment of \$14,768.
- > Review prior fiscal year invoices from the payment recapture audit contractor to verify billing accuracy and recover any identified overpayments.
- > Establish internal controls to ensure billings from the payment recapture audit contractor are accurately invoiced and paid.
- > Develop and disseminate formal procedures regarding claim validation reviews and timelines to all regional offices.

The Chief Financial Officer agreed with our report findings and recommendations.

GSA Office of Inspector General Fiscal Year 2013 Risk Assessment of GSA's Charge Card Program

Memorandum Number A140019-3, dated September 29, 2014

The Government Charge Card Abuse Prevention Act of 2012 and OMB Memorandum M-13-21, Implementation of the Government Charge Card Abuse Prevention Act of 2012, require Inspectors General to conduct annual risk assessments of purchase cards, combined integrated card programs, and travel card programs to analyze the risks of illegal, improper, or erroneous purchases and payments. Inspectors General are required to use these risk assessments to determine the necessary scope, frequency, and number of audits to be performed in these areas.

As of September 2013, GSA had 1,055 active purchase card holders which accounted for approximately 9 percent of GSA's employees. In FY 2013, GSA had over \$33 million in purchase card spending, a 52 percent reduction over FY 2011 spending. As of September 2013, GSA had 9,246 active travel card holders which accounted for approximately 78 percent of GSA employees. In FY 2013, GSA had approximately \$4 million in travel card spending, a 75 percent reduction over FY 2011 spending.

GSA has policies and procedures in place to address risks of purchase card misuse. Despite these controls, GSA's independent public accountant noted some deficiencies with charge card monitoring (both purchase and travel) during its test work for GSA's FY 2013 financial statement audit. Further, in accordance with the Improper Payments Elimination and Recovery Act, the GSA OCFO conducted a risk assessment and evaluated purchase card program payments. The OCFO concluded that the purchase card program had a medium risk for improper payments.

GSA has policies and procedures in place to address risks of travel card misuse. However, we noted that the Government Charge Card Abuse Prevention Act of 2012 requires that "appropriate training is provided to each travel charge card holder" and OMB Circular No. A-123 Appendix B clarifies, "All program participants must take refresher training, at a minimum, every 3 years." Currently, GSA does not have a training refresher requirement for the travel card program.

Based upon our analysis and in consideration of the prior audit work and testing conducted on GSA's purchase card program, we determined that sufficient evidence exists to assess a medium risk of illegal, improper, or erroneous purchases and payments made through the purchase card program, which coincides with GSA's risk assessment. In addition, while we identified a training risk, we determined that sufficient evidence exists to assess that there is a low risk of illegal, improper, or erroneous purchases and payments made using GSA's travel card program.

As a result of these risk assessments, we do not plan to include any audits of the purchase card or travel card programs in FY 2015. However, we will continue to monitor the progress of corrective actions taken in response to GSA's independent public accountant's charge card findings. In addition, we plan to analyze purchase and travel card expenditures as part of the FY 2014 Charge Card Risk Assessment.

American Recovery and Reinvestment Act Impact

The Recovery Act provided GSA with a \$5.55 billion appropriation for its Federal Buildings Fund, and in accordance with the Act, PBS is using the funds to convert Federal buildings into High-Performance Green Buildings, as well as to construct Federal buildings, courthouses, and land ports of entry. The Recovery Act mandated that \$5 billion of the funds be obligated by September 30, 2010, and that the remaining funds be obligated by September 30, 2011. Under this mandate GSA's project teams have had to plan and contract for projects within extremely short timeframes. Although many of these projects are complete or near completion, challenges remain. Specifically: (1) managing projects with reduced travel; (2) preparing for a future inflow of construction claims; (3) performing effective commissioning; and (4) evaluating projects for reduced energy consumption and cost savings.

PBS Did Not Support Scope Changes and Pricing for Contract Modifications on the Mariposa Land Port of Entry Recovery Act Project

Report Number A120174/P/R/R14005, dated September 25, 2014

As part of our oversight of GSA Recovery Act projects, we performed an audit of PBS's corrective actions to resolve invalid obligations on the Mariposa Land Port of Entry modernization project. Our objective was to ensure PBS's corrective actions were sufficient to identify and correct improper obligations of Recovery Act funds.

In response to an earlier OIG alert report, PBS stated that it would review Recovery Act projects to identify any potentially invalid contract modifications. PBS committed to take corrective actions, where necessary, to correct improper obligations, record proper obligations, or de-obligate improperly obligated funds.

As part of this effort, PBS reviewed the modifications issued for the Mariposa Land Port of Entry Recovery Act project. This was GSA's third costliest Recovery Act project with total construction costs of \$187 million, including \$173 million in Recovery Act funds. PBS determined that corrective action was necessary for a September 2012 modification that incorporated a Memorandum of Understanding with the contractor to achieve comprehensive settlement of 77 outstanding change order requests. PBS determined that this modification lacked the necessary documentation to support the price and scope of work. PBS issued another modification to clarify the Memorandum of Understanding, which expanded the number of change orders to 143 and funded the comprehensive settlement by reallocating \$7.4 million in Recovery Act funds.

Our audit found that PBS did not sufficiently define the complete scope of work for these services, thereby creating the potential for partially invalid obligations and duplicative payments for work. Also, PBS did not demonstrate that pricing for the work was reasonable. For example, the list of change orders included work funded by other modifications that PBS issued for this project. Further, the modification files did not contain evidence the contracting officer met the requirement to determine fair and reasonable pricing; such as inclusion of an independent government estimate, price negotiation memorandum, or determination for required cost or pricing data.

Given the lack of a defined scope of work, as well as a lack of price support, PBS has no assurance that the pricing for the modification was fair and reasonable.

We recommended that the PBS Regional Commissioner, Pacific Rim Region:

- > Review the modifications to determine whether the scope of work is sufficiently defined and whether remedial action is necessary to address possible duplicative work.
- > Verify that the modification files for the Memorandum of Understanding include either documentation supporting fair and reasonable pricing or a determination by the head of contracting authority stating the award is in the best interest of the government.

The PBS Regional Commissioner, Pacific Rim Region, acknowledged our report recommendations and has taken action.

PBS Did Not Follow Internal Guidance for Congressional Notification When Supplementing Funding for the Recovery Act Project at 10 W. Jackson

Report Number A090172/P/5/R14002, dated April 18, 2014

As part of our oversight of GSA Recovery Act projects, we performed an audit of modifications issued as part of the modernization project at 10 W. Jackson in Chicago, Illinois. Our objective was to determine whether GSA plans, awards, and administers contracts for major construction and modernization projects in accordance with prescribed criteria and Recovery Act mandates. This audit addressed some of the modifications to Contract Number GSP0510GB5006, related to the 10 W. Jackson modernization project. The total value of the modernization project is approximately \$25 million.

We found that PBS did not notify Congress that it used non-prospectus Repair and Alterations funds on these modifications as a supplement to its Recovery Act funding. According to PBS guidance, this should have resulted in Congressional notification because the non-prospectus Repair and Alterations funding was being used on a project above the prospectus level.

As PBS has taken corrective action on this issue as part of corrective actions related to a prior report (A120111/P/R/R14001, dated March 17, 2014), we made no recommendations. In its response to the draft report, PBS management concurred with the report recommendations.

Award and Administration of Task Order GS-P-02-10-PE-5078 for Construction Services in Support of the American Recovery and Reinvestment Act of 2009 at the Joseph P. Addabbo Federal Office Building in Jamaica, New York

Memorandum Number A090184-75, dated August 13, 2014

On March 30, 2010, PBS awarded Task Order GS-P-02-10-PE-5078 to Rome Management Associates, LLC for the “Design Build and Installation of a Utility-Interactive Photovoltaic System with a New Cool Roofing System” at the Joseph P. Addabbo Federal Office Building in Jamaica, New York. The task order was awarded against Rome Management Associates, LLC’s Term Design Build Multiple Award Indefinite Quantity Contract Number GS-02P-08-PED-0067 for a firm-fixed price of \$3,047,305. Our objective was to determine whether PBS awarded and administered this contract in accordance with prescribed criteria and Recovery Act mandates.

We identified seven areas of concern related to the award and administration of this task order: (1) The project’s bonding requirements were inadequately administered; (2) The Schedule of Values (SOV) was inappropriately modified; (3) An unpriced modification was improperly used; (4) The photovoltaic inverter was not compliant with the Buy American Act; (5) GSA erroneously declared that the contractor met its substantial completion date; (6) Certified payrolls were inaccurate; and (7) Several subcontractor employees did not have appropriate security clearances.

The PBS Regional Administrator, Northeast and Caribbean Region, essentially agreed with our findings related to the bonding requirements, the non-compliant photovoltaic inverter, and the certified payrolls. She also:

- > Disagreed that the modification to the SOV was inappropriate, although she acknowledged that “the file should have had an explanation of the SOV revision.”
- > Acknowledged that “the PDL [price to be determined later] was awarded improperly” although she also pointed out that “there was a bona-fide need for the issuance of this PDL.”
- > Disagreed that the declaration of substantial completion was erroneous because GSA had beneficial use of the roof and the photovoltaic system by the substantial completion date.
- > Asserted that “there was an adequate number of cleared employees...to escort the employees that did not have final favorable clearance status...”
- > Stated that “based on the issues raised in the subject report, GSA/PBS will ensure that training on the proper application of the various contract fundamentals outlined above will be made mandatory to all COs and CORs and will be given within the next few months.”

In response, we reaffirmed our findings. The SOV issue remains a concern because this may have been an advance payment or front loading. The PDL was not needed since the Construction Notice to Proceed had not yet been issued and there was no exigent need for the work to be started. In addition, there is sufficient documentary evidence that contradicts the contracting officer's representative's assessment that the project was substantially complete. Finally, we found no documentation that the employees without proper clearances were ever actually escorted.

Other Initiatives

The FAR requires government contractors to disclose credible evidence of violations of the False Claims Act and federal criminal law under Title 18 of the United States Code (18 U.S.C.) to agencies' OIGs. To facilitate implementation of this requirement, we developed internal procedures to process, evaluate, and act on these disclosures and created a website for contractor self-reporting.

FAR Rule for Contractor Disclosure

Effective December 12, 2008, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council agreed on a final rule amending the FAR. The final rule implements the Close the Contractor Fraud Loophole Act, Public Law 110-252, Title VI, Chapter 1. Under the rule, a contractor must disclose to the relevant agency's OIG credible evidence of a violation of federal criminal law (within 18 U.S.C.) involving fraud, conflicts of interest, bribery, or the offering or acceptance of gratuities or credible evidence of a violation of the civil False Claims Act, connected to the award, performance, or closeout of a government contract performed by the contractor or subcontractor. The rule provides for suspension or debarment when a principal knowingly fails to disclose, in writing, such violations in a timely manner.

Disclosures for this Reporting Period

As disclosures are made, the Offices of Audits, Investigations, and Counsel jointly examine each acknowledgment and make a determination as to what actions, if any, are warranted. During this reporting period, we received ten new disclosures. The matters disclosed included billing errors, excess labor charges, failure to comply with contract requirements related to commercial sales practices disclosures and price reduction monitoring, and false representation of eligibility. We concluded our evaluation of 19 disclosures that resulted in \$43,782,598 in settlements and recoveries to the government and assisted on two disclosures referred by another agency because of their potential impact on GSA operations. Finally, we continued to evaluate 33 existing disclosures during this reporting period.

Government Contractor Significant Report Findings

The National Defense Authorization Act for FY 2008, P.L. 110-181, requires each IG appointed under the IG Act of 1978 to submit an annex on final, completed contract audit reports issued to the contracting activity as part of its Semiannual Report to the Congress. The annex addresses significant audit findings – unsupported, questioned, or disallowed costs in excess of \$10 million – or other significant contracting issues. During this reporting period, there were no audit reports that met these requirements.

Significant Investigations

Significant Investigations

GSA is responsible for providing working space for one million federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a government-wide services and supply system. To meet the needs of the 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 taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions and inspections to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective action. During this period, civil, criminal, and other monetary recoveries totaled over \$79 million (see Tables 5 and 6).

Civil Settlements

Samsung Electronics America, Inc., and Summit Government Group, LLC, Agree to Pay \$2.3 Million to Resolve Allegations under the False Claims Act

On July 17, 2014, Samsung Electronics America, Inc. (Samsung), agreed to pay \$2,300,000 to resolve allegations under the False Claims Act that it knowingly provided government suppliers with products that were not in compliance with the Trade Agreements Act (TAA). The case was initiated based upon a qui tam, filed on October 18, 2011, alleging Samsung and Summit Government Group, LLC (Summit), sold Samsung computer products to government customers under Summit's GSA schedule contract that were not compliant with the TAA. From January 2005 to August 2013, Samsung sold electronics and information technology products to authorized resellers, certifying that the Samsung products would be TAA compliant, which resulted in the resellers listing those products on their schedule contracts. In fact, the specified products were manufactured in China, which is not a TAA designated country.

Criminal Investigations

Government Officials Arrested, Charged and Sentenced, One Contractor Pleads Guilty and Eight Contractors Sentenced in Bribery Investigation in Southern California

This investigation determined that GSA and DOD subcontractors paid kickbacks to prime contractors and at least one government official in order to receive subcontracts. Further, the subjects then structured bank deposits under \$10,000 to avoid detection by authorities, which violated money laundering statutes. The scheme impacted the award of multiple federal contracts valued collectively at several million dollars. Natividad “Nate” Cervantes, former U.S. Navy Official, pled guilty to one count each of bribery and conspiracy to commit bribery, and was sentenced to 24 months’ confinement, 24 months’ supervised release, a \$200 fine, and forfeiture of \$106,964. Timothy F. Cashman, a GSA Building Manager at the San Ysidro Land Port of Entry, was arrested and charged with conspiracy to commit bribery and theft of government property in July 2014. Minh Nguyen, owner of government contractor MBN Group, pled guilty to one count of structuring transactions to evade financial institution reporting requirements. Eight additional government contractors were sentenced after previously pleading guilty to their roles in the scheme. Bayani Abueg, owner of MBR Associates (MBR), was sentenced to six months of confinement, three years of probation, a \$200 special assessment, IRS restitution of \$105,025, and a \$366,140 fine. MBR was sentenced to five years’ probation, a \$400 special assessment, and issued a \$375,000 fine. Hugo Alonso, owner of Hugo Alonso, Inc. (HAI), received 12 months’ confinement, three years’ probation, a \$200 special assessment, and a \$126,964 fine. HAI was sentenced to five years’ probation and an \$800 special assessment. Paul Dana Kay, owner of PKI Construction, was sentenced to five years’ probation, a \$5,000 fine, and a \$100 special assessment. Raul Mercado and Gerardo Mercado, owners of Blue Ocean Construction (a GSA subcontractor and DOD prime contractor), were both sentenced to 60 days’ home confinement, five years’ probation, 200 hours of community service, a \$1,000 fine, and a \$100 special assessment. Manuel Ramirez, owner of MRN Construction, a GSA and DOD subcontractor, was sentenced to 60 days’ home confinement, five years’ probation, and a \$100 special assessment. Raul and Gerardo Mercado and Manuel Ramirez had previously pled guilty to one count each of violating of the Anti-Kickback Act. This case was worked jointly with the FBI, DCIS, NCIS, IRS-CI, SBA OIG, and the U.S. Attorney’s Office in San Diego, CA.

Contractor Pleads Guilty to Paying GSA Officials for Contracts

Francisco Bituin, owner and operator of FLBE, Inc., a construction engineering firm located in Herndon, VA, paid a GSA project manager cash bribes and other gifts totaling over \$5,000 in value in exchange for future GSA contract awards. In addition, Bituin offered the employee \$20,000 cash, the use of a vacation home in Las Vegas, and a 5 percent share of his company. On July 21, 2014, Bituin pled guilty to bribery of a public official. Bituin is scheduled to be sentenced on November 7, 2014.

Contractor Sentenced to Prison for Bribing Contracting Officials

Carl Roberts, a general construction contractor and owner of four construction companies, paid two cooperating defendants a total of \$2,300 in cash payments for government contract awards. The work was to be performed at GSA facilities in Maryland. On May 16, 2014, Roberts was sentenced to six months of imprisonment, followed by six months of home confinement, and 24 months of supervised release. This sentence follows Roberts' January 2014 guilty plea to bribery.

Contractor Sentenced after Paying Bribes for Work

Donald Patterson owned and operated a general construction company located in Rockville, MD, and had been awarded multiple contracts with the federal government (including GSA) that were paid by a government purchase card. Our investigation revealed Patterson gave a GSA employee two cash payments in exchange for work to be completed at GSA facilities. This resulted in Patterson's indictment for bribery and his arrest by GSA OIG Special Agents on September 6, 2013. Patterson pled guilty to the charge on November 8, 2013. On January 24, 2014, Patterson was sentenced to eight months of home confinement and 14 months of probation, and ordered to pay a \$3,000 fine and forfeit \$1,800.

Individual Pleads Guilty in Computer Hacking Scheme Targeting Government Employees

Our investigation identified a Nigerian man, Abiodun Adejohn, as part of a computer hacking and identity theft scheme that defrauded vendors of nearly \$1 million of office products. The scheme employed "phishing" attacks using fraudulent e-mails and websites that mimicked legitimate e-mails and web pages of the U.S. government. The scheme involved leading employees (of targeted agencies) to visit fake web pages where they then provided their e-mail account user names and passwords. The scheme used these stolen credentials to access the employees' e-mail accounts in order to place fraudulent orders for office products, in the employees' names, from vendors who were authorized to do business with U.S. government agencies. Adejohn and his co-conspirators directed the vendors to ship the fraudulent orders to individuals in New Jersey and elsewhere. These individuals repackaged and shipped the products to overseas locations controlled by Adejohn and his co-conspirators. Once the orders were received in Nigeria, Adejohn and his co-conspirators sold the products on the black market. Adejohn pled guilty in U.S. District Court for the District of New Jersey to wire fraud conspiracy. This case was worked jointly with the FBI, EPA OIG, DOC OIG, and DCIS.

Bid Rigging Scheme Unravels in Series of Court Actions

Our investigation revealed that Chancellor Ellis, a contractor at CBP working in the procurement process, was involved in a bid rigging scheme. During a one-year period beginning in March 2009, Ellis provided co-conspirators, who were employed by Thundercat Technology, with a competitive advantage on the procurement by improperly sharing two Independent Government Cost Estimates, the acquisition plan, internal checklists and procurement requests, and a draft statement of objectives. As a result, Thundercat Technology won the \$24 million CBP contract, which (in turn) paid ten percent of its profits to Ellis' company, Excedo Solutions. The investigation determined Excedo was paid approximately \$350,000, of which Ellis personally received \$150,000. On June 17, 2014, Ellis pled guilty to federal conspiracy violations. On February 21, 2014, Anthony Bilby, former Outside Sales Representative for Thundercat Technology, was sentenced to 16 months' imprisonment and two years' supervised release, and ordered to forfeit \$1,065,103. This case was worked jointly with the DHS OIG.

Taunton Forms and Construction Owner and Project Manager Sentenced for Conspiring to Commit Mail Fraud and Make False Statements

We received a hotline complaint alleging violations of the Davis-Bacon Act by Taunton Forms and Construction. Our investigation determined that from December 2007 to July 2010, the owner and project manager of Taunton Forms and Construction devised a scheme to pay workers less than the federally required prevailing wage and avoided the contractually required fringe benefit payments to labor union benefit plans. The owner and project manager also conspired with unionized cement masons from another company to work on the GSA project and paid them "under the table." The conspiracy included falsifying to the Massachusetts Department of Unemployment Assistance that the masons had been laid off or their hours reduced, permitting them to supplement their reduced wages with unemployment benefits while they worked on the GSA project (and others). The owner and the principal mason conspirator pled guilty to conspiracy to commit mail fraud and make false statements. The owner was sentenced to four years of probation, including 18 months of home confinement, and ordered to pay \$164,627 in restitution. His co-conspirator was sentenced on July 15, 2014, to one year of probation, including six months of home confinement, and ordered to pay \$10,800 in restitution.

Business Owner Pled Guilty to False Claims

Our investigation disclosed that Miriam Friedman, the owner of Office Dimensions, Inc., in Teaneck, NJ, fraudulently certified that her business was a service-disabled veteran-owned small business (SDVOSB) in order to obtain dozens of government contracts set aside for businesses owned by service-disabled veterans. Friedman, who never served in the U.S. military, certified in a central registry for government contractors that her father-in-law, who was retired, unemployed, and had very little involvement with Office Dimensions, was the owner and operator of the business. Friedman's father-in-law had served in the U.S. military, but was not classified as a service-disabled veteran. In any case, Friedman was the individual who controlled the day-to-day management and finances of Office Dimensions. On May 22, 2014, Friedman pled guilty in federal court to submitting false claims to the government in relation to the scheme, which netted her company approximately \$1.2 million in set-aside contracts. This case was worked jointly with the VA OIG and IRS CI.

\$8.7 Million GSA Custodial Services Contract Fraud

We initiated an investigation of Diversified, the GSA custodial contractor, at the Robert A. Young Federal Building in St. Louis, MO. The investigation determined that Diversified, a purported SDVOSB, was not controlled or managed by a service disabled veteran. The investigation found Regina Danko used her company, Tri-Ark Industries, Inc., to create a joint venture company named Diversified Ventures with another person. They hired a service-disabled veteran as a "rent-a-vet" so that they could use his status to obtain the SDVOSB set-aside custodial services contract. Danko, the Tri-Ark secretary, and Danko's joint venture partner managed and controlled the joint venture. Danko paid the veteran approximately \$26,000 to use his status but kept almost all \$874,227 of the contract profits. On September 5, 2014, Danko pled guilty in the U.S. District Court in the Eastern District of Missouri to conspiracy to commit wire fraud and make false statements concerning the \$8.7 million GSA custodial services contract. She is scheduled to be sentenced on December 11, 2014.

Kylee Construction Indicted for Service-Disabled Veteran-Owned Small Business Fraud

Our investigation found that although Emanuel Hill, a service-disabled veteran, was listed as the owner of Kylee Construction, when actually Ricky Lanier directed the operations of the company and received a majority of the profits. Beginning in November 2005 and continuing through April 2013, Hill, Ricky Lanier, Katrina Lanier, and Latoya Speight conspired to fraudulently obtain federal government contracts for Kylee Construction that were intended to be awarded to SDVOSBs. Our investigation resulted in a 20-count indictment against Hill, the Laniers, and Speight for a scheme to defraud the government. This case was worked jointly with the VA OIG and SBA OIG.

Government Contractor Sentenced and Two Others Convicted in 8(a) Disadvantaged Business Investigation

Our investigation disclosed that Vernon J. Smith III conspired with Anthony Wright to create a fraudulent 8(a) disadvantaged minority-owned business, Platinum One Contracting, Inc., with Wright as the president and owner. In reality, Wright was merely a figurehead used to obtain 8(a) status and Smith was the individual who controlled the day-to-day management and finances of Platinum. Platinum submitted false documents to SBA in order to gain 8(a) status and obtained over \$50 million in 8(a) set-aside contracts from GSA, DOD, and other agencies. The investigation also determined that Smith conspired with his wife, Georgia Smith, to file false tax returns in connection with the 8(a) scheme. On July 2, 2014, Vernon Smith was sentenced to 42 months of imprisonment and ordered to pay restitution in the amount of \$7,033,844. Miriam Smith pled guilty to her role in the tax evasion scheme in April 2014 and Wright pled guilty to his role in the 8(a) scheme in June 2013. Both are awaiting sentencing. This case was worked jointly with the DCIS, SBA OIG, and IRS CI.

GSA OIG Recovers \$1.7 Million in Default Judgment

GSA's contracting office reported that Hardie Industries failed to obtain requisite surety bonds and falsely certified it had paid its subcontractors for work completed on GSA's Wilber J. Cohen building. Our investigation revealed Hardie Industries submitted a false invoice for its surety bonds and also falsely submitted multiple invoices for subcontractor work that Hardie wrongfully claimed had been paid. Additionally, Hardie breached its contract with GSA by similarly failing to obtain the requisite surety bonds before commencing work on the Ariel Rios building. GSA terminated both contracts with Hardie for default, and this judgment resolves civil claims related to these two contracts. On June 17, 2014, Hardie Industries was ordered to pay a default judgment in the amount of \$1,732,135.

GSA OIG Recovers \$500,000 Lost in Relocation Fraud Scheme

On June 24, 2014, RE/MAX Allegiance Relocation Services agreed to pay the government \$509,807 to resolve allegations that it violated the False Claims Act by overbilling for transportation services. RE/MAX had a contract to transport the personal property of relocated federal employees within the U.S., and between the U.S. and Canada. The qui tam alleged that the defendant charged for move management services that were not provided and overbilled agencies by charging inapplicable tariff rates and mixing tariff rates between GSA's Multiple Award Schedules contract for Relocation Services and GSA's Centralized Household Goods Traffic Management Program.

Husband and Wife Sentenced for Real Estate Scheme

Our investigation determined that Gregory and Kimberly Jeffreys, who were conducting business through Cougar Palouse, LLC, swindled millions of dollars from banks and investors through complex real estate fraud schemes, some of which involved GSA property and money. Gregory Jeffreys pled guilty to fraud charges in November 2013, and on June 5, 2014, he was sentenced to five years' imprisonment and five years' probation and ordered to pay restitution in the amount of \$9,386,019. Kimberly Jeffreys pled guilty to a bank fraud charge in February 2014, and on July 29, 2014, she was sentenced to 90 days of home confinement, three years' probation, 120 hours of community service, and a forfeiture of \$125,000. This case was worked with the FBI.

GSA Employee Suspended Without Pay and Loses Security Clearance

A GSA national account management specialist was suspended without pay for 30 days and had his security clearance revoked. Our investigation revealed that the employee made numerous false statements and certifications; misused his GSA travel card by deliberately using it to purchase an airline ticket for a personal flight to China; failed to report his foreign travel, or payment for that travel by the Chinese government; used his public office for private gain by obtaining government discounts on personal purchases and requesting assistance in renewing his real estate license; violated GSA's IT Rules of Behavior by not using a password on his government issued cellular phone; and by conducting private business on government equipment. The employee's security clearance was revoked on May 8, 2014, for his failure to report his foreign contacts as required.

Two City Officials Sentenced for Illegally Converting Federal Excess Property

Our investigation revealed that former Alaska city officials Alfred "Bear" Ketzler, Jr., and Alfred Fabian stole approximately \$1 million in federal property that was acquired through GSA's Federal Excess Personal Property Utilization Program on behalf of the municipality that employed them. Ketzler and Fabian pled guilty to wire fraud and theft on June 6, 2014. Ketzler was then sentenced to 16 months' imprisonment and two years' probation, and Fabian received a sentence of six months' imprisonment and two years' probation. This case was worked with the FBI.

Individual Pled Guilty to Purchase Order Fraud

Our investigation revealed Robert J. Anderson, Sr., sent GSA schedule contractor Ranger Joe's International multiple fraudulent GSA purchase orders for a total of \$4,069 in merchandise, which were in fact for personal, not government, use and which Anderson did not pay for. On July 25, 2014, Anderson was arraigned at the Boston Municipal Courthouse on one count of larceny over \$250 and three counts of attempted larceny over \$250. During the arraignment, Anderson pled guilty to all four counts and was sentenced to one year of prison to be served concurrently at the Worcester House of Corrections, West Boylston, MA, where he was already serving a sentence for other crimes.

Individual Pleads Guilty to Purchase Card Fraud

Our investigation revealed Phuc Doan placed multiple fraudulent orders on GSA Advantage, using U.S. government purchase cards assigned to DOD personnel to purchase Canon cameras totaling \$26,701. In addition, Doan made hundreds of fraudulent purchases utilizing stolen civilian credit cards. We found that Doan ultimately obtained \$57,339 in stolen items and made \$450,000 in attempted purchases. A parallel investigation conducted by the U.S. Postal Inspection Service discovered an additional \$371,000 in stolen items and \$1,500,000 in intended purchases. On August 28, 2014, Doan pled guilty to the use of an unauthorized access device based on our investigation. Doan had previously pled guilty to another use of unauthorized access device charge related to the parallel investigation by the U.S. Postal Inspection Service. Doan is scheduled to be sentenced on December 9, 2014.

Misuse of a GSA Government Fleet Credit Card Assigned to the U.S. Navy

In June 2010, the GSA Loss Prevention Team reported suspicious odometer readings, multiple same-day purchases, and back-to-back over-tank fuel purchases made from a single fleet credit card that was assigned to the U.S. Navy in Norfolk, Virginia. Our investigation revealed Latavis Hobbs was unlawfully using the GSA Government Fleet Credit Card to purchase gasoline and re-selling it to others for personal profit. GSA OIG Special Agents arrested Hobbs on January 10, 2014. On July 29, 2014, Hobbs was sentenced to three years of probation and ordered to pay \$16,402 in restitution. The sentence follows Hobbs' plea of guilty to federal theft charges on March 21, 2014.

Department of Homeland Security Contractor Pled Guilty to GSA Government Fleet Credit Card Fraud

Our investigation revealed that Jeffery Franklin, a DHS contract driver, used multiple GSA Government Fleet Credit Cards to fuel his personal vehicle. On May 5, 2014, Franklin pled guilty to credit card fraud violations in the Superior Court of the District of Columbia. Franklin was immediately sentenced to 180 days of confinement (suspended) and one year of probation, and ordered to pay restitution in the amount of \$3,920. Franklin was also suspended from doing any work with the federal government for three years.

Navy Recruiter Sentenced for Misuse of a GSA Government Fleet Credit Card

The GSA Loss Prevention Team made a referral to the OIG regarding possible fraudulent transactions associated with a GSA Government Fleet Credit Card assigned to the Northern District of New England Navy Recruiting Office in Boston, MA. Between August 20, 2013, and September 27, 2013, former Navy recruiter Luke Green used the GSA Government Fleet Credit Card to purchase cigarettes and fuel for his personally owned vehicle and other vehicles in the amount of \$315. Green had been dishonorably discharged for drug related offenses and was facing state criminal charges in the Hillsborough County Superior Court in Manchester, NH. On September 24, 2014, Green pled guilty to one count of fraudulent use of a credit card. Green was immediately sentenced to six months' imprisonment and ordered to pay \$315 in restitution.

Navy Employee Pled Guilty to Fraudulent Use of the GSA Government Fleet Credit Card

The GSA Loss Prevention Team reported that three GSA Government Fleet Credit Cards assigned to the Naval Operations Support Center in Lehigh Valley, PA, had been used for suspicious purchases. Our investigation revealed that Petty Officer 1st Class John C. Diianni unlawfully used the GSA Government Fleet Credit Cards on numerous occasions to purchase fuel for his personal vehicles. Diianni pled guilty to larceny and wrongful appropriation, and was sentenced to five months of confinement, a Bad Conduct Discharge, reduction in rank from E-6 to E-3, and was ordered to pay \$20,000 in restitution. This case was worked with the NCIS.

U.S. Department of Labor Job Corps Employee Sentenced for GSA Government Fleet Credit Card Fraud

The GSA Loss Prevention Team identified suspicious transactions associated with GSA Government Fleet Credit Cards assigned to several vehicles leased to the DOL in upstate New York. Our investigation disclosed that Joseph Ernst, a former Maintenance Technician at the Job Corps Academy in Glenmont, NY, used the GSA Government Fleet Credit Cards to purchase fuel for his personal vehicles, and for those of his associates in exchange for cash. Ernst was arrested and charged with theft and fraud under New York state law. He was sentenced on August 22, 2014, to five years of supervisory release, and ordered to pay \$950. This case was worked with the DOL OIG.

Three U.S. Army Soldiers Discharged for GSA Government Fleet Credit Card Fraud

The GSA Loss Prevention Team reported that a GSA Government Fleet Credit Card was being used to purchase miscellaneous food items. Our investigation identified three soldiers who were making fraudulent charges, including buying and returning automotive parts for credit. The three soldiers admitted to making the charges. Private First Class David Dement and Specialist Patrick Hardie were each demoted in rank to Private and discharged under other than honorable conditions. Specialist Gregory Wetmore was granted a discharge in lieu of trial by court martial and discharged under other than honorable conditions. The loss to the government was estimated to be \$4,679.

WPA Era Art Recovery Efforts

As a direct result of the cooperative efforts between the GSA OIG and the GSA, Office of the Chief Architect, Fine Arts Division, a total of 55 lost pieces of Works Progress Administration (WPA) artwork were recovered during this reporting period. These pieces of American history are not subject to public sale, but their comparative value totals \$138,600. Their historic value is immeasurable. Forty-eight pieces have been put on a loan with the Portland Public Schools, where they are on public display as originally intended. Since the inception of cooperative recovery efforts, 258 WPA pieces have been recovered, with a total value of \$3,900,750.

WPA Painting Offered for Auction on eBay Recovered by OIG Special Agents

Our investigative efforts recovered a 1939 WPA painting, "Snow Covered Marsh," by Archie Tillinghast, on September 11, 2014. We received information the painting was being offered for sale on eBay. We notified eBay of the U.S. government's ownership of the artwork and requested eBay terminate the auction. Our agents then contacted the seller to inform him of GSA's claim of title to the painting. The seller agreed to cooperate and ultimately returned the painting.

WPA Print Recovered after Attempt to Sell at Art Gallery

On June 12, 2014, we recovered a 1936 print titled "White Boat," by Blanche Lazzelle. We were alerted that a woman was attempting to sell the print through an art gallery. Our investigation revealed the print was part of the New Deal program and was property of the U.S. government. Our agents contacted the seller to inform her of GSA's claim of title to the print. The seller agreed to cooperate and returned the print.

48 New Deal Era Paintings Recovered in Portland, OR

One of our Special Agents conducting research for lost WPA art work identified 38 WPA lithographs missing from the Portland Public School District. The special agent traced the lithographs to a Portland area art conservator, who said she maintained the pieces because she feared they would be lost or destroyed. While verifying the location of the 38 pieces, the special agent identified 10 additional paintings. In total, we recovered 48 pieces commissioned by the Works Progress Administration, the Federal Art Project, and the Public Works of Art Project. The GSA Fine Arts Office executed a loan agreement to display the paintings in Portland Public Schools.

New Deal Era Murals recovered in Eureka, CA

We recovered five New Deal era murals commissioned by the Treasury Relief Art Project from a former federal building in Eureka, CA. The murals had been commissioned for the Federal Building in Eureka; however, GSA later sold the building. The murals in the building had been lost until a private citizen contacted our special agents. The GSA Fine Arts Office executed a loan agreement with the U.S. District Court for the Northern District of California Historical Society. The murals are presently being restored for subsequent long-term exhibit at the new Federal Building in McKinleyville, CA.

Suspension and Debarment Initiative

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

During this reporting period, the OIG made 110 referrals for consideration of suspension/ debarment to the GSA Office of Acquisition Policy. GSA issued 80 actions based on current and previous OIG referrals.

Integrity Awareness

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse. This period, we presented 35 briefings attended by 564 regional and central office employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

Hotline

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. Our FraudNet electronic reporting system also allows internet submission of complaints. During this reporting period, we received 1053 Hotline contacts. Of these, 84 were referred to GSA program officials for review and appropriate action, 23 were referred to other federal agencies, three were referred to the OIG Office of Audits, and 50 were referred internally for investigation or further review.

Forensic Auditing, Evaluation, and Analysis

The Office of Forensic Auditing, Evaluation and Analysis provides the Inspector General with the means to independently and objectively analyze and evaluate GSA's programs and operations through management and programmatic inspections and evaluations that are intended to provide insight into issues of concern to GSA, Congress, and the American public; review and evaluate presumptive and/or current fraudulent and criminal activities through the use of forensic auditing skills, tools, techniques, and methodologies; and formulate, direct, and coordinate quality assurance for the OIG.

During this reporting period, the office initiated three new evaluations, continued work on three previously opened evaluations, and assisted the Office of Investigations on one case.

Government-Wide Policy Activities

Government-Wide Policy Activities

We regularly provide advice and assistance on government-wide policy matters to the Agency, as well as to other federal agencies and committees of Congress. In addition, as required by the IG Act of 1978, we review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of 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 government-wide policies and programs, most of the legislation and regulations reviewed invariably affect government-wide issues such as procurement, property management, travel, and government management and IT systems. To ensure the auditors' independence when performing subsequent audit work, we participate in Agency task forces, committees, and working groups in an observer or advisor capacity.

Legislation, Regulations, and Subpoenas

During this reporting period, the OIG reviewed numerous legislative matters and proposed regulations. We also responded to requests from Members of Congress on behalf of their constituents as well as Congressional committees. The OIG also made substantive comments on several proposed laws and regulations. Additionally, we issued 33 subpoenas in support of our audit, inspection, evaluative, and investigative work.

Interagency and Intra-agency Committees and Working Groups

- > **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The Acting IG is a member of the Investigations Committee and Homeland Security Roundtable. The Acting IG is also the liaison between CIGIE and the Federal Chief Acquisition Officers Council. Through CIGIE, we also participate in the following organizations:
 - **CIGIE Disaster Assistance Working Group.** On January 29, 2013, the President signed into law the Disaster Relief Appropriations Act of 2013 (P.L. 113-2), which provides fiscal year 2013 supplemental appropriations to respond to and recover from the damage caused by Hurricane Sandy. It provides funds to eighteen Federal agencies (GSA received \$7M) and directs their OIGs to oversee the use of these funds. As a member, the GSA OIG will work with the Group to develop and use information technology resources and oversight mechanisms to detect and remediate waste, fraud, and abuse as these appropriated funds are obligated and expended.
 - **Federal Audit Executive Council Information Technology Committee.** The Office of Audits participates in the Federal Audit Executive Council Information Technology Committee. This Committee provides a forum to share information and coordinate audits of significant IT issues to the OIG community and the federal government. The committee also develops and recommends best practices to be used by OIGs in addressing IT issues.

- **CIGIE Professional Development Committee’s Leadership Development Subcommittee.** The Office of Counsel participates in the Leadership Development Subcommittee, which serves as the liaison between the CIGIE Professional Development Committee and the CIGIE Training Institute’s Leadership and Mission Support Academy. The subcommittee is a working group that promotes high quality leadership and mission support training, education, and professional development throughout the CIGIE community.
- **CIGIE IT Committee.** The Office of Audits participates in the CIGIE Information Technology Committee. This committee facilitates effective IT audits, evaluations, and investigations and provides a vehicle to express the IG community’s perspective on government-wide IT operations. The Office of Audits was one of 19 offices that participated in a recent initiative to review agency cloud computing efforts across the federal government.
- > **TeamMate Technical Support Group.** As part of our mission to address some of the complex integration and security issues surrounding E-Gov and the use of information technology, the TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the Commerce Clearing House TeamMate Users Group to discuss concerns and challenges facing TeamMate users. TeamMate is an automated audit workpaper management system that strengthens the audit process, increases the efficiency and effectiveness of our auditors and audits, and ultimately leads to more robust, quality audit products.
- > **Information Assurance Committee.** The Office of Audits participates in the Office of the Chief Information Officer’s Information Assurance Committee. This committee oversees the development and implementation of enterprise security policy and makes recommendations on GSA’s IT security policies. The committee is comprised of representatives with information security responsibilities from the PBS, FAS, and staff offices. The OIG participates to monitor the progress of the Agency in meeting its information security performance metrics and goals.
- > **Interagency Fraud and Risk Data Mining Group (IFRDMG).** The Office of Forensic Auditing, Evaluation, and Analysis participates in the Interagency Fraud and Risk Data Mining Group, which is a collection of investigators and auditors within the federal community that has been formed for the purpose of sharing best practices, raising awareness, and offering a forum for the evaluation of data mining and risk modeling tools and techniques to detect fraudulent patterns and emerging risks.

Appendices

Appendix I – Significant Audits from Prior Reports

Under the Agency audit management decision process, the GSA Offices of Administrative Services and the Chief Financial Officer are responsible for tracking the implementation of audit recommendations after a management decision has been reached. These offices furnished the following status information.

Three audits identified in prior reports to the Congress include recommendations that have not yet been fully implemented. These recommendations are being implemented in accordance with currently-established milestones.

Audit of the Postpayment Audit Process, Transportation Audits Division, Federal Acquisition Service

Period First Reported: October 1, 2013 to March 31, 2014

The objective was to determine whether the Transportation Audits Division's postpayment audit process effectively ensures the maximum recovery of transportation overpayments within the 3-year timeframe established under 31 United States Code Section 3726. The report contained five recommendations; two have not been implemented.

The remaining recommendations involve strengthening the Transportation Audits Division's postpayment audit process to maximize collections and ensuring that the Accounts Receivable Tracking System is current by updating the number of invoices received for postpayment audit. The recommendations are scheduled for completion by January 15, 2015.

Audit of GSA's Controls over the National Capital Region's Reimbursable Work Authorizations

Period First Reported: April 1 to September 30, 2013

The objective was to determine whether GSA's controls over Reimbursable Work Authorizations (RWAs), as implemented by the National Capital Region (NCR), ensure compliance with applicable policies and laws. The report contained two recommendations, which have not been implemented.

The remaining recommendations involve developing and implementing a plan to ensure existing controls are consistently applied at all NCR service centers and identifying internal control system weaknesses to improve RWA management; and clarifying and actively managing the policy regarding RWAs to ensure that the service centers apply the policy consistently, and that RWAs are authorized at the appropriate levels throughout the NCR service centers. The recommendations are scheduled for completion by February 27, 2015.

Audit of the General Services Administration’s FY 2012 Financial Statements

Period First Reported: October 1, 2012, to March 31, 2013

The objective was to conduct an audit of GSA’s consolidated balance sheet, the individual balance sheets of the Federal Buildings Fund and the Acquisition Services Fund, the related consolidated and individual statement of net cost, the changes in net position, and the combined and individual statements of budgetary resources for fiscal year 2012. The report contained 98 recommendations; four have not been implemented.

The remaining recommendations involve: (1) continuing the assessment of the agency’s financial information technology infrastructure with the objective of improving the effectiveness of information technology controls, as well as the timeliness and accuracy of financial reporting; (2) training the contracting officers to understand the need and the requirement to obtain the proper certifications of funds availability from the certifying official before signing any obligation; (3) implementing the Accounting for Environmental Guidelines in fiscal year 2013; and (4) enforcing policies with the regions to ensure that all RWAs are recorded in the RWA Entry and Tracking Application (RETA) timely and accurately. The recommendations are scheduled for completion by March 31, 2015.

Appendix II – Audit Report Register

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
(Note: Because some audits pertain to contract awards or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.)				
PBS INTERNAL AUDITS				
04/18/14	A090172	PBS Did Not Follow Internal Guidance for Congressional Notification When Supplementing Funding for the Recovery Act Project at 10 W. Jackson		
05/21/14	A130120	Audit of Environmental Liability Issues at the Former Hardesty Federal Complex, Kansas City, Missouri		
06/17/14	A110217	Procurement Errors, Financial Losses, and Deficient Contract Administration Demonstrate Ineffective Management of the Ronald Reagan Building and International Trade Center		\$186,894
08/19/14	A140157	Alert Report: Sensitive But Unclassified Building Information Unprotected in GSA's Cloud Computing Environment		
09/25/14	A120174	PBS Did Not Support Scope Changes and Pricing for Contract Modifications on the Mariposa Land Port of Entry Recovery Act Project		
09/30/14	A130110	Reimbursable Work Authorizations for the Peachtree Summit Building Violated Appropriations Law and GSA Policy		
PBS CONTRACT AUDITS				
06/26/14	A130093	Examination of a Claim: Amthor Steel, Inc., Subcontractor to Mascaro Construction Company, L.P., Contract Number GS-02P-03-DTC-0010		
06/26/14	A140126	Examination of a Final Settlement Proposal: Hoar-Christman, LLC, Contract Number GS-04P-09-EX-C-0077		
07/28/14	A140111	Examination of a Termination Settlement Proposal: Sigma Construction, Inc., Contract Number GS-09P-08-NP-C-0005		
09/09/14	A140111	Examination of a Claim: Sigma Construction, Inc., Contract Number GS-09P-08-NP-C-0005		
09/16/14	A130094	Examination of a Claim: Clayton B. Obersheimer, Inc., Subcontractor to Mascaro Construction Company, L.P., Contract Number GS-20P-03-DTC-0010		
09/23/14	A140125	Examination of a Final Settlement Proposal: Consigli Construction Co., Inc., Contract Number GS-01P-09-BZ-C-0028		
09/29/14	A140122	Examination of Administrative Labor Rates, Employee Qualifications, and Change Order Markups: Swinerton Builders, Contract number GS-09P-09-KTC-0103		\$237,627
09/30/14	A130092	Examination of a Claim: Mascaro Construction Company, LP, Contract Number GS-02P-03-DTC-0010		

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
FAS INTERNAL AUDITS				
08/11/14	A130010	Audit of the Administration of Regional Local Telecommunications Services Contracts, Northeast and Caribbean Region		
09/08/14	A130009	Audit of Contractor Team Arrangement Use		
09/29/14	A120164	Improving the Telecommunications Order and Invoice Processing Could Benefit Customers of the Federal Acquisition Service's Network Services Division, Pacific Rim Region		
09/29/14	A130007	Opportunities Exist to Strengthen the Federal Acquisition Service's Contracting Officer's Representative Workforce		
FAS CONTRACT AUDITS				
04/14/14	A130136	Preaward Examination of Multiple Award Schedule Contract: Fisher Scientific Company LLC, Solicitation Number 7FCB-C4-070066-B		\$114,318
04/15/14	A130095	Preaward Audit of Multiple Award Schedule Contract Extension: Westcon Group North America, Inc., Contract Number GS-35F-0563U		
04/24/14	A110139	Postaward Examination of Multiple Award Schedule Contract: Alaska Structures, Incorporated, Contract Number GS-07F-0084K		\$1,999,255
04/25/14	A140107	Preaward Examination of Multiple Award Schedule Contract Extension: SAP Public Services, Inc., Contractor Number GS-35F-0406V		\$175,940
04/30/14	A140101	Preaward Examination of Multiple Award Schedule Contract Extension: Sapient Government Services, Inc., Contract Number GS-35F-0442V		\$1,803
04/30/14	A130134	Limited Scope Postaward Examination of Multiple Award Schedule Contract: Science Applications International Corporation, Contract Number GS-23F-8006H		\$67,397
05/06/14	A130103	Preaward Examination of Multiple Award Schedule Contract Extension: Trendway Corporation, Contract Number GS-28F-0003V		
05/06/14	A130133	Preaward Examination of Multiple Award Schedule Contract: Steelcase, Inc., Contract Number GS-27F-0014V		
05/08/14	A130123	Preaward Examination of Multiple Award Schedule Contract Extension: Teknion LLC, Contract Number GS-27F-0013V		\$2,713
05/13/14	A100205	Postaward Examination of Multiple Award Schedule Contracts: Nuance Communications, Inc., Contract Number GS-35F-0442L, GS-35F-0668T, GS-25F-0107M, GS-35F-0295M, and GS-03F-4040B		\$9,624,552
05/14/14	A140109	Limited Scope Postaward Examination of Multiple Award Schedule Contract: Pacific Star Communications, Incorporated, Contract Number GS-35F-0031L, For the Period October 12, 2005, Through October 11, 2010		\$318,528
05/20/14	A130089	Limited Scope Postaward Examination of Multiple Award Schedule Contract: QinetiQ North America, Inc., Contract Number GS-35F-4674H		\$1,855,039
05/22/14	A140038	Preaward Examination of Multiple Award Schedule Contract Extension: G4S Government Solutions Inc., GS-07F-5548P		

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
05/27/14	A130135	Preaward Examination of Multiple Award Schedule Contract Extension: CAS Severn, Inc., Contract Number GS-35F-0380V		\$14,321
05/29/14	A140037	Preaward Examination of Multiple Award Schedule Contract Extension: CW Government Travel, Inc., Contract Number GS-33F-0022P		
06/19/14	A140057	Preaward Examination of a Multiple Award Schedule Contract Extension: ATD-American Co., Contract Number GS-28F-0030P		\$4,895
06/26/14	A130062	Preaward Examination of Multiple Award Schedule Contract Extension: FJC Security Services, Inc., Contract Number GS-07F-5323P		
07/10/14	A130124	Preaward Examination of Multiple Award Schedule Contract Extension: Avaya Federal Solutions, Inc., Contract Number GS-35F-0156V		
07/16/14	A130043	Limited Scope Postaward Examination of Multiple Award Schedule Contract: ICF Z-Tech, Inc., Contract Number GS-35F-0102M		\$2,482,454
07/16/14	A130054	Preaward Audit of Multiple Award Schedule Contract Extension: PricewaterhouseCoopers, LLP, Contract Number GS-10F-0466N		\$35,918
07/18/14	A140066	Preaward Examination of Multiple Schedule Contract Extension: Atlantic Diving Supply, Inc., Contract Number GS-07F-5965P		\$4,647
07/21/14	A130126	Preaward Examination of Multiple Award Schedule Contract Extension: Strategic Operations, Inc., Contract Number GS-07F-5527P		\$33,571
07/23/14	A130106	Preaward Audit of Multiple Award Schedule Contract Extension: CSI Aviation, Inc., Contract Number GS-33F-0025V		\$7,845,666
07/29/14	A130116	Preaward Examination of Multiple Award Schedule Contract Extension: Management Concepts, Inc., Contract Number GS-02F-0010J		\$14,121
08/07/14	A130097	Preaward Examination of Multiple Award Schedule Contract Extension: J K Moving and Storage, Inc., Contract Number GS-33F-0002P		
08/29/14	A130125	Preaward Examination of Multiple Award Schedule Contract Extension: Sigmatech, Incorporated, Contract Number GS-23F-0090P		\$6,001
09/05/14	A140130	Preaward Examination of Multiple Award Schedule Contract Extension: Atlantic Diving Supply, Inc., Contract Number GS-07F-6072P		
09/10/14	A140056	Preaward Examination of Multiple Award Schedule Contract Extension: Four Points Technology, LLC, Contract Number GS-35F-0553P		
09/16/14	A140132	Preaward Examination of Multiple Award Schedule Contract Extension: A-T Solutions, Inc., Contract Number GS-02F-0193P		\$239,961
09/18/14	A130098	Preaward Examination of Multiple Award Schedule Contract Extension: Preferred Systems Solutions, Inc., Contract Number GS-35F-0060J		
09/25/14	A140044	Preaward Examination of Multiple Award Schedule Contract Extension: American Institutes for Research in the Behavioral Sciences, Contract Number GS-10F-0112J		\$124,671

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
OTHER INTERNAL AUDITS				
04/15/14	A140021	Audit of GSA's FY 2013 Improper Payments Performance		\$14,768
09/08/14	A140029	Implementation Review of Corrective Action Plan: Review of Blanket Purchase Agreement Number GS-06F-04123: Kipper Tool Company, Report Number A110163/Q/6/P12011, September 27, 2012		
09/17/14	A140025	Implementation Review of Corrective Action Plan: Audit of Personal Property Donation Program: New Jersey State Agency for Surplus Property Federal Acquisition Service Northeast and Caribbean Region, Report Number A110117/Q/2/P12005		
09/18/14	A140028	Implementation Review of Corrective Action Plan: Audit of GSA's Cost-Reimbursement Contracts, Report Number A120052/Q/A/P12004, March 30, 2012		
09/23/14	A140026	Implementation Review of Corrective Action Plan: Audit of the Public Buildings Services' Compliance with Fee Limitations for Architect/Engineering Contracts, Report Number A090172/P/4/R13004, dated March 29, 2013		

Appendix III – OIG Reports over 12 Months Old, Final Agency Action Pending

Public Law 104-106 requires the head of a Federal agency to complete final action on each management decision required with regard to a recommendation in an Inspector General's report within 12 months after the date of the report. If the head of the Agency fails to complete final action within the 12-month period, the Inspector General shall identify the matter in the semiannual report until final action is complete. In GSA, the Offices of Administrative Services and the Chief Financial Officer are responsible for monitoring and tracking open recommendations. While we continue to assist the Agency in resolving these open items, various litigative proceedings, continuing negotiations of contract proposals, and corrective actions needed to undertake complex and phased-in implementing actions often delay timely completion of the final action.

The Offices of Administrative Services and the Chief Financial Officer provided the following list of reports with action items open beyond 12 months:

DATE OF REPORT	REPORT NUMBER	TITLE
CONTRACT AUDITS		
8/19/2009	A090106Q3X09084	Preaward Review of Multiple Award Schedule Contract Extension: Perot Systems Government Services, Inc., Contract Number GS-00F-0049M
9/4/2009	A090254PCX09097	Report on Audit of Parts of a Firm Fixed price Proposal for Architectural and Engineering Services on the New St. Elizabeth's West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center: Greenhorne & O'Mara, Inc., Solicitation Number GS11-P08-MKC0080
9/9/2009	A090232PCX09101	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the new St. Elizabeth's West Campus of the United States Department of Homeland Security Headquarters and Consolidated National Operations Center in Washington, DC: Haley & Aldrich, Inc., Solicitation Number GS11-P08-MKC0079
9/10/2009	A090234PCX09102	Report on Audit of Direct Labor Rates, Indirect Rates, and Other Direct Portion of HDR Architecture, Inc.'s Subcontract Proposal under Solicitation Number GS11-P08-MKC0079
11/9/2009	A090202Q6X10016	Preaward Review of Multiple Award Schedule Contract Extension: Computech, Inc., Contract Number GS-35F-0108K
12/10/2009	A090159Q5X10022	Preaward Review of Multiple Award Schedule Contract Extension: RCF Information Systems, Inc., Contract Number GS-35F-0613J
9/16/2010	A100148P9X10087	Examination of a Change Order Proposal: Alutiiq International Solutions, LLC, Contract Number GS-08P-08-JF-C-0005
1/27/2011	A100075Q7X11022	Preaward Review of Multiple Award Schedule Contract Extension: Cort Business Services Corporation, Contract Number GS-28F-7018G
1/27/2011	A100213P9X11023	Examination of a Claim: Cobb Mechanical Contractors Subcontractor to Caddell Construction Company, Incorporated, Contract Number GS-07P-05-UEC-3003

DATE OF REPORT	REPORT NUMBER	TITLE
2/2/2011	A100171P9X11025	Examination of a Claim: Layton Construction Company, Inc., Contract Number GS-08P-07-JFC-0016
6/1/2011	A110070P9X11058	Examination of a Claim: Bergelectric Corporation Subcontractor to Caddell Construction Co., Inc., Contract Number GS-07P-05-UEC-3003
6/1/2011	A110087Q3X11057	Preaward Examination of Multiple Award Schedule Contract Extension: National Interest Security Company, LLC, Contract Number GS-25F-0032L
6/13/2011	A110108Q4X11063	Preaward Examination of Multiple Award Schedule Contract Extension: Protective Products Enterprises, Contract Number GS-07F-9029D
7/7/2011	A100140Q5X11070	Preaward Review of Multiple Award Schedule Contract Extension: Veterans Imaging Products, Inc., Contract Number GS-14F-0005L
7/8/2011	A110132PRX11067	Preaward Examination of Architect-Engineer Proposal: R.A. Heintges & Associates Subcontractor to Smith-Miller & Hawkinson Architects, LLP, Solicitation Number GS11-P10-MKC0050
7/8/2011	A110132PRX11068	Preaward Examination of Architect-Engineer Proposal: Smith-Miller & Hawkinson Architects, LLP, Solicitation Number GS11-P10-MKC0050
7/14/2011	A110140PAX11071	Preaward Examination of Architect/Engineering Proposal: Lehman Smith McLeish, PLLC, Subcontractor to Smith-Miller & Hawkinson Architects LLP, Solicitation Number GS11-P10-MKC0050
7/27/2011	A100170P9X11077	Examination of a Claim: Caddell Construction Company, Incorporated, Contract Number GS-07P-05-UEC-3003
8/4/2011	A110133PAX11080	Preaward Examination of Architect Engineer Proposal: Arup USA, Inc., Subcontractor to Smith-Miller & Hawkinson Architects LLP, Solicitation Number GS11-P10-MKC0050
8/15/2011	A110180P9X11084	Examination of Architect and Engineering Services Contract: RTKL Associates, Inc., Contract Number GS-11P-11-MK-C-0045
8/19/2011	A110111Q7X11086	Preaward Examination of Multiple Award Schedule Contract Extension: Thermo Electron North America, LLC, Contract Number GS-24F-0026L
8/22/2011	A090196P2X11087	Review of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Contract Number GS-02P-04-DTC-0028(N) Options Number 3, 5, and 6
8/25/2011	A110136Q3X11088	Preaward Examination of Multiple Award Schedule Contract Extension: Konica Minolta Business Solutions U.S.A., Inc., Contract Number GS-25F-0030M
9/8/2011	A110021P9X11093	Examination of a Claim: Myrex Industries Subcontractor to Caddell Construction Company, Incorporated, Contract Number GS-07P-05-UEC-3003
9/9/2011	A110067Q2X11092	Preaward Examination of Multiple Award Schedule Contract Extension: Clifton Gunderson, LLP, Contract Number GS-23F-0135L
9/12/2011	A110146P9X11095	Examination of Conversion Proposal: White Construction Company, Contract Number GS-07P-06-UEC-0059
10/13/2011	A100210Q5X12001	Preaward Examination of Multiple Award Schedule Contract Extension: Labat-Anderson, Inc., Contract Number GS-25F-0028L
11/15/2011	A110197Q3X12003	Preaward Examination of Multiple Award Schedule Contract Extension: KDH Defense Systems, Inc., Contract Number GS-07F-0249T
12/7/2011	A110176Q4X12010	Preaward Examination of Multiple Award Schedule Contract Extension: Fontaine Trailer Company, Incorporated, Contract Number GS-30F-0018T

DATE OF REPORT	REPORT NUMBER	TITLE
12/22/2011	A110178Q3X12014	Preaward Examination of Multiple Award Schedule Contract Extension: Sharp Electronics Corporation, Contract Number GS-25F-0037M
12/27/2011	A110191QAX12016	Preaward Examination of Multiple Award Schedule Contract Extension: Paradigm Technologies, Inc., Contract Number GS-23F-0023T
12/27/2011	A110198Q4X12015	Preaward Examination of Multiple Award Schedule Contract Extension: Scott Technologies Incorporated, Contract Number GS-07F-9563G
1/23/2012	A110186Q7X12018	Preaward Examination of Multiple Award Schedule Contract Extension: BRSI, L.P., Contract Number GS-23F-0186L
2/3/2012	A120065P9X12019	Examination of a Claim: Bergelectric Corporation, Subcontractor to Caddell Construction Company, Inc., Contract Number GS-07P-05-UEC-3003
2/8/2012	A120075P4X12020	Examination of a Claim: Enola Contracting Services, Inc., Contract Number GS-04P-07-EX-C-0167
2/22/2012	A110089Q2X12021	Preaward Examination of Multiple Award Schedule Contract Extension: Quality Software Services, Inc., Contract Number GS-35F-0308L
3/1/2012	A110097Q7X12024	Preaward Examination of Multiple Award Schedule Contract Extension: Dell Marketing, L.P., Contract Number GS-35F-4076D
3/2/2012	A120021Q3X12023	Preaward Examination of Multiple Award Schedule Contract Extension: Presidio Networked Solutions, Inc., Contract Number GS-35F-4554G
3/27/2012	A120074Q5X12028	Preaward Examination of Multiple Award Schedule Contract: Kimball International, Inc., Contract Number GS-29F-0177G
3/28/2012	A120070P9X12029	Examination of a Claim: Cobb Mechanical Contractors Subcontractor to Caddell Construction Co., Inc., Contract Number GS-07P-05-UEC-3003
4/10/2012	A120090Q3X12032	Preaward Examination of Multiple Award Schedule Contract Extension: Mine Safety Appliances Company, Contract Number GS-07F-9628G
4/12/2012	A110143Q5X12034	Preaward Examination of Multiple Award Schedule Contract Extension: The J. Diamond Group, Inc., Contract Number GS-07F-0305L
5/9/2012	A120069P9X12039	Examination of a Claim: Cleveland Construction, Inc., Subcontractor to Caddell Construction Co., Inc., Contract Number GS-07P-05-UEC-3003
7/6/2012	A120126Q5X12050	Preaward Examination of Multiple Award Schedule Contract: Hamilton Products Group, Inc., Solicitation Number 3QSA-JB-100001-B
7/17/2012	A120136P4X12053	Examination of a Claim: Lenex Steel Company, Contract Number GS-05P-02-GB-C-0089
8/9/2012	A120063P9X12055	Examination of a Claim: Caddell Construction Co., Inc., Contract Number GS-07P-05-UEC-3003
8/21/2012	A120083P9X12059	Examination of a Change Order Proposal: M.A. Mortenson Company, Contract Number GS-08P-09-JFC-0010
8/23/2012	A120061Q5X12060	Preaward Examination of Multiple Award Schedule Contract Extension: Schneider Electric USA, Inc., Contract Number GS-07F-9462G
9/18/2012	A120121P9X12064	Examination of a Termination Settlement Proposal: Alutiiq International Solutions, LLC, Contract Number GS-08P-08-JF-C-0005
9/20/2012	A120141P9X12065	Examination of a Claim: Turner Construction Company, Contract Number GS-07P-11-HH-C-0003
10/16/2012	A120071Q2X13002	Preaward Examination of Multiple Award Schedule Contract Extension: ICF Z-Tech, Inc., Contract Number GS-35F-0102M

DATE OF REPORT	REPORT NUMBER	TITLE
11/2/2012	A120066Q5X13004	Preaward Examination of Multiple Award Schedule Contract Extension: Life Fitness, Inc., Contract Number GS-07F-9380G
11/5/2012	A110138Q6X13005	Preaward Audit of Multiple Award Schedule Contract Extension: United Parcel Service, Inc., Contract Number GS-23F-0282L
11/21/2012	A120155Q3X13007	Preaward Examination of Multiple Award Schedule Contract Extension: Avion Solutions, Inc., Contract Number GS-00F-0082N
12/6/2012	A110147Q6X13010	Preaward Audit of Multiple Award Schedule Contract Extension: Xerox Corporation, Contract Number GS-25F-0062L
12/6/2012	A120078Q4X13009	Preaward Examination of Multiple Award Schedule Contract Extension: Computer Sciences Corporation, Contract Number GS-35F-4381G
1/24/2013	A120150Q3X13018	Preaward Examination of Multiple Award Schedule Contract Extension: Grant Thornton LLP, Contract Number GS-23F-8196H
1/30/2013	A120165P4X13019	Examination of Conversion Proposal: Skanska USA Building, Inc., Contract Number GS-04P-09-EX-C-0078
2/8/2013	A120177Q3X13021	Preaward Examination of Multiple Award Schedule Contract Extension: ASI Government, Inc., Contract Number GS-10F-0308N
2/28/2013	A120095Q7X13024	Preaward Examination of Multiple Award Schedule Contract Extension: Military Personnel Services Corporation, Contract Number GS-10F-0234M
3/1/2013	A120098Q2X13025	Preaward Examination of Multiple of Multiple Award Schedule Contract Extension: Dynamics Research Corporation, Contract Number GS-35F-4775G
3/5/2013	A120178Q3X13026	Preaward Examination of Multiple Award Schedule Contract Extension: VT Aepco, Inc., Contract Number GS-23F-0191N
3/20/2013	A120147Q2X13028	Preaward Examination of Multiple Award Schedule Contract Extension: Harris Corporation, RF Communications Division, Contract Number GS-35F-0163N
3/21/2013	A120109Q7X13030	Preaward Examination of Multiple Award Schedule Contract Extension: ICF Macro, Inc., Contract Number GS-23F-9777H
3/28/2013	A120142QAX13031	Preaward Examination of Multiple Award Schedule Contract Extension: Science Applications International Corporation, Contract Number GS-23F-8006H
3/28/2013	A130034P4X13032	Examination of Claim: Caddell Construction Co., Inc., Contract Number GS-05P-02-GBC-0089
3/29/2013	A120127Q4X13033	Preaward Examination of Multiple Award Schedule Contract Extension: General Dynamics Information Technology, Inc., Contract Number GS-23F-8049H
4/5/2013	A100210Q5X13064	Preaward Examination of a Multiple Award Schedule Contract Extension: Labat-Anderson, Inc., Contract Number GS-25F-0028L
4/17/2013	A120162Q5X13036	Preaward Examination of Multiple Award Schedule Contract Extension: Kforce Government Solutions, Inc., Contract Number GS-23F-9837H
4/19/2013	A130051Q3X13037	Preaward Examination of Multiple Award Schedule Contract Extension: ANSYS, Inc., Contract Number GS-35F-0639N
5/13/2013	A130047P4X13040	Examination of a Request for Equitable Adjustment: Skanska USA Building, Inc., Contract Number GS-04P-09-EX-C-0076
5/29/2013	A130044Q6X13044	Preaward Audit of Multiple Award Schedule Contract: Tektronix, Inc., Contract Number GS-24F-0819A

DATE OF REPORT	REPORT NUMBER	TITLE
6/3/2013	A120113Q2X13046	Preaward Examination of Multiple Award Schedule Contract Extension: MSC Industrial Direct Co., Inc., Contract Number GS-06F-0010N
6/12/2013	A130056Q3X13048	Preaward Examination of Multiple Award Schedule Contract Extension: DHA Group, Inc., Contract Number GS-00F-0003W
6/28/2013	A130069Q7X13051	Preaward Examination of Multiple Award Schedule Contract Extension: L-3 Communications Vertex Aerospace, LLC, Contract Number GS-10F-0328N
7/11/2013	A120152Q6X13054	Preaward Audit of Multiple Award Schedule Contract Extension: Herman Miller, Inc., Contract Number GS-28F-8049H
7/22/2013	A120104Q2X13057	Preaward Examination of Multiple Award Schedule Contract Extension: International Paper Company dba Xpedx, Contract Number GS-15F-0042M
7/31/2013	A120134Q6X13059	Preaward Audit of Multiple Award Schedule Contract Extension: International Business Machines Corporation, Contract Number GS-35F-4984H
9/6/2013	A130085Q3X13063	Preaward Examination of Multiple Award Schedule Contract Extension: Bart & Associates, Inc., Contract Number GS-35F-5924H
9/9/2013	A120156Q4X13065	Preaward Examination of Multiple Award Schedule Contract Extension: General Dynamics Information Technology, Inc., Contract Number GS-35F-4357D
9/11/2013	A130082Q7X13066	Preaward Examination of Multiple Award Schedule Contract Extension: AECOM Government Services, Inc., Contract Number GS-10F-0497N
9/30/2013	A120087Q9X13067	Preaward Examination of Multiple Award Schedule Contract Extension: Eaton Corporation, Contract Number GS-07F-9460G

DATE OF REPORT	REPORT NUMBER	TITLE	PROJECTED FINAL ACTION DATE
INTERNAL AUDITS			
8/19/2011	A090172	Recovery Act Report - GT "Mickey" Leland Federal Building Renovation Project: Construction Contract Audit of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009	12/31/2014
9/30/2011	A110095	FY 2011 Office of Inspector General Information Technology Security Audit of the SmartPay - Citibank System	1/15/2015
5/30/2012	A110100	Audit of Management Controls Within the Network Services Division Pacific Rim Region, Federal Acquisition Service	3/31/2015
11/8/2012	A120101	Audit of the General Services Administration's Fiscal Year 2012 Financial Statements	3/31/2015
6/4/2013	A120161	Improper Management Intervention in Multiple Award Schedule Contracts, Federal Supply Schedule 70 - Information Technology Contracts Federal Acquisition Service	10/15/2014
9/11/2013	A120001	Audit of GSA's Controls over the National Capital Region's Reimbursable Work Authorizations	2/27/2015

Appendix IV – OIG Reports Without Management Decision

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

Reports that were six months old as of September 30, 2014 and remain unresolved:

Preward Review of Multiple Award Schedule Contract Extension for a Construction Company

We performed this audit to determine whether a construction company submitted current, accurate, and complete CSP information; maintained sales monitoring and billing systems that ensure proper administration of the price reduction provisions and billing terms of the contract; and adequately accumulated and reported schedule sales for IFF payment purposes. We concluded that the GSA and non-GSA pricing methodologies differ, and each sale is so unique that these sales cannot be priced using MAS processes. Ordering procedures under the contract are inconsistent with the FAR, and GSA sales are inconsistent with the General Services Administration Acquisition Manual's direction for procuring construction as a commercial item. The contract does not afford effective price reduction protection due to inadequate Maximum Order Threshold levels, insufficient monitoring, and an invalid price/discount relationship with the basis of award customer. After multiple meetings to resolve the contracting officer's (CO) disagreement with our findings, we are going to escalate the issues to agency management.

Preaward Examination of Multiple Award Schedule Contract Extension for a Technical and Science Equipment Reseller

We performed this audit to determine whether a technical and science equipment reseller disclosed and submitted current, accurate, and complete CSP information; maintained sales monitoring and billing systems that ensure proper administration of the price reduction provisions and billing terms of the contract; and adequately accumulated and reported schedule sales for IFF payment purposes. We concluded that the CSP information was not current, accurate, or complete; procedures and current contract terms did not provide effective price reduction protection; some customers were overbilled; and the contract was not properly administered. We recommended the contract not be extended until the contractor has resolved these issues. We are working with agency management to resolve the issues and assist in establishing negotiation objectives.

Preaward Examination of Multiple Award Schedule Contract Extension for a Technology and Consulting Company

We performed this audit to determine whether a technology and consulting company disclosed and submitted current, accurate, and complete CSP information; maintained sales monitoring and billing systems that ensure proper administration of the price reduction provisions and billing terms of the contract; adequately accumulated and reported schedule sales for IFF payment purposes; assigned qualified employees to work on task orders; and adequately segregated and accumulated labor hours, material costs, and other direct costs on time-and-material task orders.

We concluded that the CSP information was neither accurate nor complete, proposed labor rates were overstated, and the Price Reductions clause was ineffective. After multiple meetings to resolve the contracting officer's (CO) disagreement with our findings, we are going to escalate the issues to agency management.

Preaward Audit of Multiple Award Schedule Contract Extension for a Telecommunications Company

We performed this audit to determine whether a telecommunications company disclosed and submitted current, accurate, and complete CSP information; maintained sales monitoring and billing systems that ensure proper administration of the price reduction provisions and billing terms of the contract; and adequately accumulated and reported schedule sales for IFF payment purposes. We could not accomplish the audit objectives because the company did not provide the information necessary to perform the audit. Based on the lack of data, we recommended the contract not be extended. We are working with agency management to resolve the issues.

Appendix V – Peer Review Results

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

In FY 2012, the Office of Audits underwent a peer review by the Department of Justice. On December 20, 2012, the GSA OIG received a peer review rating of “pass.” The peer review team found that the GSA OIG’s system of quality control is suitably designed and complied with to provide it with reasonable assurance of performing and reporting in conformity with applicable standards in all material respects. No outstanding recommendations exist from any previous peer review conducted by another Office of Inspector General.

The Office of Audits did not conduct any peer reviews of another OIG during this reporting period. No outstanding recommendations exist from previous peer reviews that have not been fully implemented.

The Office of Investigations received a full compliance rating from its last peer review, which was conducted by the Small Business Administration OIG in 2013. During this reporting period, the Office of Investigations conducted a peer review of the Department of Treasury OIG. On August 28, 2014, Acting Inspector General Robert Erickson issued the peer review report on the Department of Treasury OIG’s investigative operations, which included a determination that the agency’s investigative operations are “in compliance with the quality standards established by the CIGIE and the Attorney General guidelines.” The report included no recommendations for improvement.

Appendix VI – Reporting Requirements

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the Congress in Senate Report No. 96-829 relative to the 1980 Supplemental Appropriations and Rescission Bill, the National Defense Authorization Act, and the Dodd-Frank Wall Street Reform Act are also cross-referenced to the appropriate page of the report.

REQUIREMENT	PAGE
INSPECTOR GENERAL ACT	
Section 4(a)(2) – Review of Legislation and Regulations	51
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies	16–32
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	16–32
Section 5(a)(3) – Prior Recommendations Not Yet Implemented	55
Section 5(a)(4) – Matters Referred to Prosecutive Authorities	12
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused	none
Section 5(a)(6) – List of OIG Reports	57
Section 5(a)(7) – Summary of Each Particularly Significant Report	16–32
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs	11
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	11
Section 5(a)(10) – Summary of OIG Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	66
Section 5(a)(11) – Description and Explanation for Any Significant Revised Management Decision	none
Section 5(a)(12) – Information on Any Significant Management Decisions with Which the Inspector General Disagrees	none
SENATE REPORT NO. 96-829	
Resolution of Audits	10
NATIONAL DEFENSE AUTHORIZATION ACTS	
Public Law 104-106, 5 U.S.C. app. 3, § 5 note	61
Public Law 110-181	32
DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT	
Peer Review Results	68

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