



SEMIANNUAL REPORT TO THE CONGRESS



OFFICE OF INSPECTOR GENERAL

U.S. GENERAL SERVICES ADMINISTRATION

April 1, 2018 – September 30, 2018

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MESSAGE FROM THE IG



This year marks the 40th anniversary of the Inspector General Act. As one of the original twelve Offices of Inspector General established in 1978, the General Services Administration (GSA) Office of Inspector General (OIG) has established a strong tradition of independent and effective oversight. This is our 79th semiannual report to Congress.

As the report reflects, the GSA OIG continues to produce significant results for the Agency and the taxpayers. For example, during this fiscal year our audit and investigative work identified \$425 million in cost savings and yielded \$111 million in monetary recoveries. In addition, our audits highlighted opportunities for GSA to improve operations. Notable recent audits showed the need for GSA to sharpen its metrics and evaluation plan for the Transactional Data Reporting pilot program in order to enable objective and effective judgments about the pilot's value; improve controls to ensure that contract employees receive required background investigations before obtaining access to sensitive government information and facilities in connection with GSA's effort to transition federal agencies to the telecommunications contract Enterprise Infrastructure Solutions; and improve compliance with internal leasing policies in the wake of failures that led to the costly cancellation of the lease of an office building in Tulsa, Oklahoma. In response to these audits, GSA has identified actions it will take to strengthen its internal controls.

Our Office of Investigations aided in the prosecution of cases involving bribery, kickbacks, and extortion, as well as fraud related to construction and acquisition contracts. In one notable case, a contractor was sentenced to 24 months in prison after we found that he falsely claimed to have paid more than half a million dollars to a subcontractor but had, in fact, diverted the funds for his own personal gain. In another, our investigators' skillful use of data analytics revealed that a contractor who had been debarred and was ineligible to receive government contracts had formed new companies and created aliases in an attempt to circumvent his debarment. Data analytics continues to be a highly effective capability we hope to strengthen in our office.

Other highlights of our work include the completion of a multidisciplinary review of GSA's revised plan for the Federal Bureau of Investigation Headquarters project, which we expect will assist the Agency in providing more transparent cost and other information to decision makers as the project moves through the appropriations process.

The GSA OIG is proud to be part of a collaborative community that has grown to include 73 statutory Inspectors General. We look forward to continuing our efforts to provide independent and effective oversight of GSA, drawing on this office's exemplary team of dedicated professionals and the support of the Agency, Congress, and the Inspector General community in carrying out our work.

A handwritten signature in black ink that reads "Carol F. Ochoa". The signature is fluid and cursive.

Carol F. Ochoa
Inspector General
October 31, 2018



Photo: The Internal Revenue Service Building, located in Washington, D.C.

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 mission 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 that provides comprehensive coverage of GSA operations through program, financial, regulatory, and system audits and assessments of internal controls. The office conducts attestation engagements to assist GSA contracting officials in obtaining 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, Information Technology (IT) services, and administers the OIG's records management program.
- **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 INSPECTIONS**, a multi-disciplinary organization that analyzes and evaluates 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. The office also coordinates quality assurance for the OIG, and analyzes potentially fraudulent or otherwise criminal activities in coordination with other OIG components.
- **THE OFFICE OF INVESTIGATIONS**, a statutory federal law enforcement organization that conducts nationwide criminal, civil, and administrative investigations of illegal or improper activities involving GSA programs, operations, and personnel.

OFFICE LOCATIONS

Headquarters:

Washington, D.C.

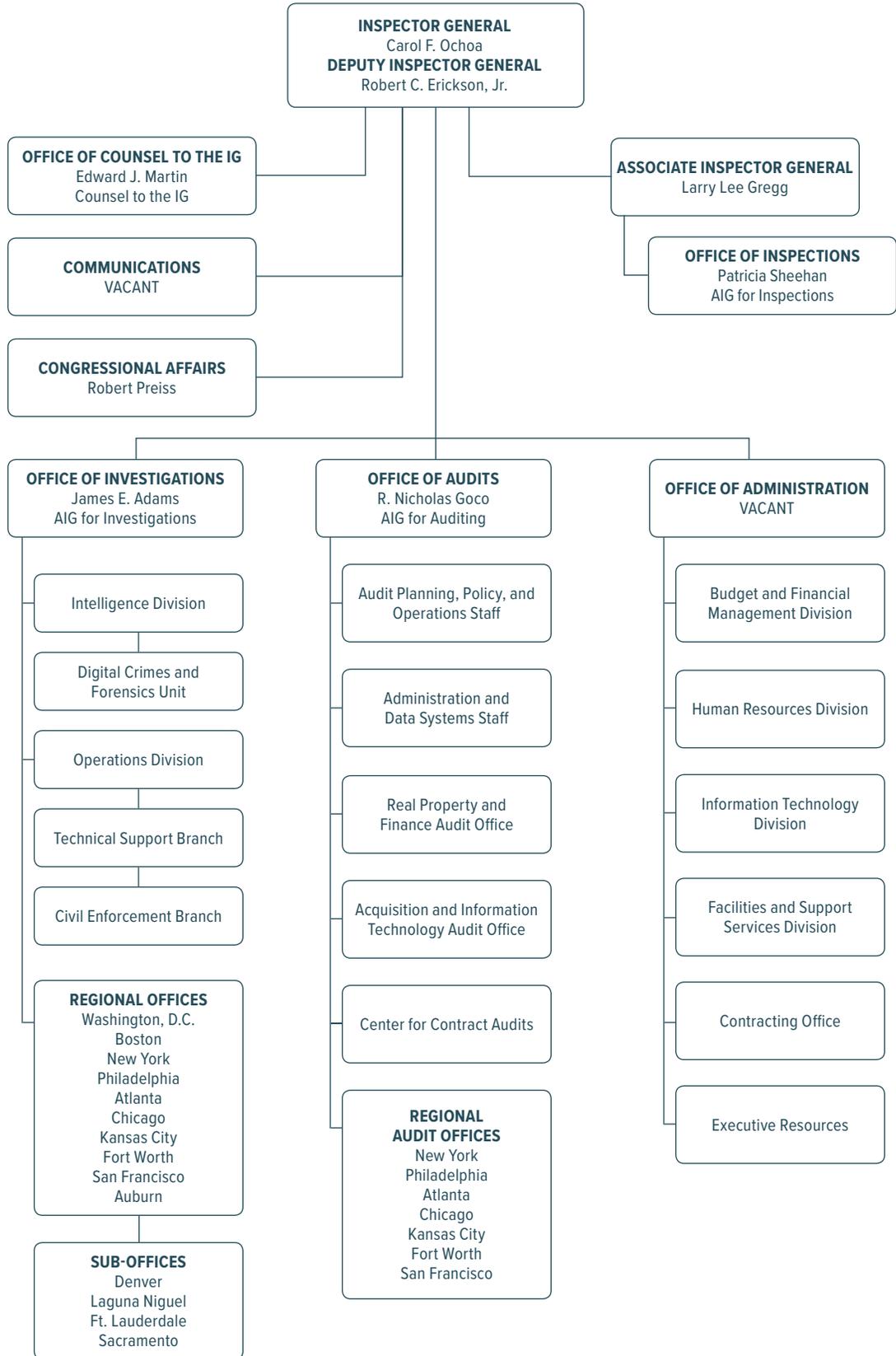
Field and Regional Offices:

Atlanta, Georgia; Auburn, Washington; Boston, Massachusetts; Chicago, Illinois; Denver, Colorado; Fort Lauderdale, Florida; Fort Worth, Texas; Kansas City, Missouri; Laguna Niguel, California; New York, New York; Philadelphia, Pennsylvania; Sacramento, California; and San Francisco, California.

STAFFING AND BUDGET

As of September 30, 2018, our on-board staffing level was 303 employees. The OIG's Fiscal Year (FY) 2018 budget was \$65 million in annual appropriated funds plus \$600 thousand in reimbursable authority.

OIG ORGANIZATION CHART



FISCAL YEAR 2018 RESULTS

During Fiscal Year 2018, OIG activities resulted in:

- Over \$426.8 million in recommendations that funds be put to better use and questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayer.
- Over \$111 million in criminal, civil, administrative, and other investigative recoveries.
- 65 audit reports and five audit memoranda that assisted management in improving the efficiency and effectiveness of Agency operations.
- 124 new investigations opened and 158 cases closed.
- 144 subjects accepted for criminal prosecution and 25 subjects accepted for civil litigation.
- 88 criminal indictments/informations and 61 successful prosecutions on criminal matters previously referred.
- 16 civil settlements.
- 28 employee actions taken on administrative referrals involving government employees.
- 244 contractors/individuals suspended and debarred.
- 39 lost pieces of Works Progress Administration artwork recovered.
- 1,502 hotline contacts received. Of these, 169 were referred to GSA program officials for review and appropriate action, 46 were referred to other federal agencies, 39 were referred to the OIG Office of Audits, six were referred to the OIG Office of Inspections, and 134 were referred internally for investigation or further review.

GSA’S MANAGEMENT CHALLENGES

The Reports Consolidation Act of 2000, Public Law 106-531, requires the Inspectors General of major federal agencies to report on the most significant management challenges facing their respective agencies. The following table briefly describes the challenges we have identified for GSA for Fiscal Year 2018.

CHALLENGE	BRIEF DESCRIPTION OF CHALLENGE
Enhancing Government Procurement	GSA’s Federal Acquisition Service (FAS) operates to create efficiency in the federal government’s acquisition of goods and services. FAS seeks to accomplish this by leveraging the buying power of the federal government to obtain necessary products and services at the best value possible. However, FAS faces challenges in fulfilling its mission to meet its customers’ needs effectively, efficiently, and economically. Specifically, attention is needed to mitigate challenges with the GSA Schedules Program, including the support and adoption of category management, emphasizing the reduction of government price variability, and delivering the System for Award Management.
Maximizing the Performance of GSA’s Real Property Inventory	GSA must maximize the performance of its real property inventory in order to provide its tenant agencies with space that meets their needs at a reasonable cost to American taxpayers. To achieve this goal, GSA should plan the best approach to reduce and consolidate space, dispose of and exchange federal property, reduce leasing costs, meet the operations and maintenance needs of aging buildings, and ensure effective management of energy and utility contracts.
Sustaining Technology Transformation Services, FAS	Since its inception, GSA has faced challenges in operating the new Technology Transformation Service (TTS). Specifically, Government Accountability Office (GAO) and GSA OIG audits have found that TTS has not fully established outcome-oriented goals, measured performance, and prioritized projects; did not properly execute inter- and intra-agency agreements; lacked reliable internal controls over billings; and has routinely disregarded fundamental security requirements related to the acquisition of information technology and the operation of information systems. TTS faces additional challenges surrounding its merger into FAS including ensuring its operations are not adversely affected, sustaining its mission, implementing an effective oversight and control structure for the organization, and addressing the challenge of frequent leadership changes and high staff turnover.
Making Agency Cybersecurity a Priority	GSA is responsible for providing stable and secure technical solutions and services to meet the business needs of its internal and external customers, while ensuring compliance with information technology security-related laws, regulations, and guidance. GSA is challenged with an environment of competing priorities and increasingly sophisticated cyber-attacks. GSA will be challenged with protecting GSA building control systems against cyber threats, controlling access to sensitive information in GSA systems, and strengthening information technology security controls in high-risk areas.
Efficiently Managing Human Capital to Accomplish GSA’s Mission	GSA must focus on hiring and retaining staff with the necessary skills to perform critical functions, especially given the number of GSA employees in mission-critical roles who will be retirement-eligible in the near future. GSA identified seven mission-critical occupational categories – Acquisition, Financial Management, Information Technology, Program Management, Property Management, Realty, and Human Resources – that make up 43 percent of GSA’s workforce. GSA faces the loss of veteran expertise through retirements as 15 percent of employees in these mission-critical occupational categories are eligible to retire now.
Safeguarding Federal Facilities and Providing a Secure Work Environment	Under Presidential Policy Directive 21 on Critical Infrastructure Security and Resilience, GSA is responsible for continuity of operations, providing government-wide contracts for critical infrastructure systems, and coordination with the Federal Protective Service to ensure building occupant security. However, we have found GSA’s security clearance process for contractors needs improvement, GSA-managed facilities are at an increased risk of unauthorized access, facility-specific building badges at GSA-managed facilities are unsecured and unregulated, and GSA’s tracking and maintenance of contractor employee background investigation data is inadequate.

SIGNIFICANT AUDITS

SIGNIFICANT AUDITS

The Office of Audits conducts independent and objective audits to improve the effectiveness and efficiency of GSA's management and operations. These audits focus on GSA's programs, internal controls, IT infrastructure, and compliance with federal laws and regulations. Audits are also performed to assist GSA contracting personnel in obtaining the best value for federal customers. During this reporting period, we issued a total of 39 audit reports, including 27 contract audits. Our contract audit work identified nearly \$98 million in potential cost savings and recoveries for the federal government.

PREAWARD AUDITS

GSA provides federal agencies with products and services through various contract types. Under GSA's procurement program, there are over 10,000 Multiple Award Schedule (Schedule) contracts, which generate over \$30 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 savings from lower prices or more favorable contract terms and conditions for the benefit of the taxpayer.

The pre-decisional, advisory nature of preaward audits distinguishes them from other audit products. Preaward audits provide vital, current information enabling contracting officers to significantly improve the government's negotiating position to realize millions of dollars in savings on negotiated contracts.

Three of our more significant preaward audits were of Schedule contracts with combined projected government sales exceeding \$827 million. Through these audits, we identified potential savings of \$68 million. We also found, among other things, that the contractor's commercial sales practices information was not accurate, current, and/or complete; proposed labor rates were overstated; the government was overcharged for unqualified labor; and price reduction provisions were ineffective.

INTERNAL AUDITS

AUDIT OF TRANSACTIONAL DATA REPORTING PILOT EVALUATION PLAN AND METRICS

Report Number A140143/Q/T/P18004, dated July 25, 2018

We have monitored GSA's efforts in Transactional Data Reporting (TDR) since 2014 and included the implementation of TDR in our annual *Assessment of GSA's Major Management Challenges* since Fiscal Year 2015. Based upon our assessment of risks surrounding TDR, we included this audit in our *Fiscal Year 2017 Audit Plan*.

Under the TDR rule, contractors are required to report transactional data, including prices paid by government customers, for products and services sold under their respective GSA contracts. In August 2016, GSA's FAS launched a 3-year pilot using a phased implementation over 6 months. The eight schedules included in the TDR pilot account for more than 40 percent of GSA's Multiple Award Schedules Program sales. Our audit objective was to determine if GSA's TDR Pilot Evaluation Plan and Metrics will enable GSA to objectively measure and evaluate whether the TDR pilot is improving the value of the Schedules Program for GSA's customer agencies and the American taxpayer.

We determined that the TDR Pilot Evaluation Plan and Metrics will not enable GSA to objectively measure or evaluate whether the TDR pilot is improving the value of the Schedules Program. Specifically, we found that the TDR pilot objectives are not well-defined, some metrics lack performance targets, and a majority of the metrics rely on data that is not available for use in or evaluation of the pilot.

Based on our audit findings, we made three recommendations to the FAS Commissioner and the Associate Administrator for the Office of Government-wide Policy. Our recommendations included revising the TDR pilot objectives to include specific statements of accomplishment; establishing performance targets for each pilot metric; and ensuring that TDR data is available, accurate, and reliable for use in and evaluation of the pilot.

The FAS Commissioner and the Associate Administrator for the Office of Government-wide Policy partially agreed with our report findings and recommendations.

GSA'S PUBLIC BUILDINGS SERVICE DOES NOT TRACK AND REPORT ALL UNUSED LEASED SPACE AS REQUIRED

Report Number A160133/P/6/R18002, dated August 10, 2018

We performed this audit to determine whether Public Building Service (PBS) accurately reports the amount of vacant and unused leased space and whether PBS's controls for managing unused leased space are effective in preventing and reducing undue costs to the government.

We found that PBS did not identify or report unused leased space under non-cancelable occupancy agreements where the tenant continues to pay rent. As a result, PBS is not backfilling the space or taking other steps to minimize the impact to the taxpayer. In addition, PBS is not consistently complying with its policies for using non-cancelable occupancy agreements. We found several non-cancelable occupancy agreements that did not meet PBS's criteria for this designation.

Based on our audit findings, we made two recommendations to the PBS Commissioner. These included developing and implementing a process to ensure that PBS reports and mitigates all unused space for all non-cancelable occupancy agreements in its lease portfolio, and taking action to ensure that existing and future non-cancelable occupancy agreements comply with PBS policy.

The PBS Commissioner agreed with our report recommendations.

PBS'S LEASING FOR THE ETON SQUARE OFFICE CENTRE WAS NOT EFFECTIVE OR COMPLIANT WITH POLICIES

Report Number A170091/P/7/R18001, dated June 6, 2018

We performed a limited scope audit of PBS's leasing process for the Eton Square Office Centre (Eton Square) building in Tulsa, Oklahoma, based on a congressional request. Our audit objective was to determine the effectiveness of PBS's leasing process for the Eton Square lease and whether PBS complied with its leasing policies and procedures.

We found that PBS did not effectively fulfill its leasing responsibilities at the Eton Square building. Specifically, although PBS officials were aware before executing the lease that the building's roof leaked, they did not incorporate terms and conditions into the lease to ensure that the lessor followed through on its assertion that it would replace the roof prior to occupancy. As a result, PBS lacked the ability to compel the lessor to replace the roof, despite recurring water leaks and mold problems in the building. PBS was ultimately forced to terminate the lease at a cost of \$974,000 to taxpayers.

In addition, PBS personnel did not follow the PBS policies and procedures to identify and address accessibility deficiencies in the Eton Square building. Consequently, the leased space did not comply with federal accessibility requirements and people with disabilities were unable to easily access the leased space.

Based on our audit findings, we made two recommendations to the PBS Deputy Regional Commissioner for the Greater Southwest Region. First, we recommended implementation of controls to ensure that necessary building improvements, as identified during market survey tours, are discussed during negotiations and incorporated into terms and conditions of future leases to ensure the lessor resolves the issues and makes those improvements prior to occupancy. Second, we recommended that PBS employees follow the PBS Leasing Desk Guide procedures pertaining to accessibility requirements for potential and selected lease properties

The Acting PBS Regional Commissioner for the Greater Southwest Region agreed with our report recommendations.

FAS'S OFFICE OF FLEET MANAGEMENT IN THE PACIFIC RIM REGION DID NOT COMPLY WITH CALIFORNIA STATE EMISSIONS REGULATIONS, RESULTING IN A \$485,000 FINE

Report Number A170040/Q/5/P18002, April 19, 2018

We performed this audit in response to a request from FAS management to examine the internal control environment of the Office of Fleet Management operations in the Pacific Rim Region. Our audit objective was to determine whether the Pacific Rim Region Fleet had adequate controls to ensure compliance with applicable laws and regulations related to vehicle emissions standards.

We determined that the Pacific Rim Region Fleet did not correctly evaluate the impact of the California Truck and Bus Regulation emissions standards on its fleet and, consequently, did not take the necessary steps to ensure compliance with the regulation. This resulted in a \$485,000 fine by the Environmental Protection Agency (EPA) for violations of vehicle emissions standards in the California Truck and Bus Regulation. Furthermore, the Office of Fleet Management did not follow its own policy requiring coordination with state and local officials to ensure that it meets emission program standards. This fine could have been avoided if the Pacific Rim Region Fleet had established adequate processes to ensure that vehicles were accurately tracked and taken the proper safeguards to ensure compliance.

Based on our audit findings, we made two audit recommendations to the FAS Commissioner. Specifically, we recommended that the Office of Fleet Management ensure adherence to recently issued policy related to new or updated laws and regulations and assess whether the Fleet Management System meets current and future needs to track vehicle information related to emissions standards compliance effectively.

The FAS Commissioner agreed with our report findings and recommendations.

FAS DID NOT ENSURE THAT CONTRACT EMPLOYEES HAD BACKGROUND INVESTIGATIONS BEFORE PROVIDING SUPPORT TO AGENCIES TRANSITIONING TO ENTERPRISE INFRASTRUCTURE SOLUTIONS

Interim Memorandum Number A170103-4, dated June 29, 2018

In October 2017, we began an audit of FAS's administration of the Transition Ordering Assistance (TOA) task order in response to a hotline complaint. FAS awarded the TOA task order to support federal agencies transitioning mission-critical telecommunications and information technology infrastructure services from the expiring Networkx contracts to the new Enterprise Infrastructure Solutions (EIS) contracts. Our audit objective was to determine whether FAS's TOA task order was administered in accordance with the Federal Acquisition Regulation (FAR) and other applicable regulations, policies, and provisions to ensure the task order fulfills its intended purpose.

We found that FAS has not ensured that contract employees, working under the TOA task order, receive favorable background investigation determinations before providing them with access to sensitive government information, systems, and facilities. As a result, FAS has spent more than \$675,000 for work performed by 16 contract employees who had not received the required determinations, thereby placing FAS and its customer agencies at risk. Due to the risk FAS assumed, we elevated this concern to management's attention.

In our memorandum, we noted that the FAS Commissioner should enhance management controls to ensure that the Office of Information Technology Category adheres to the background investigation provisions of the TOA task order.

The FAS Commissioner generally agreed with the memorandum's conclusions.

GSA DID NOT COMPLY WITH THE IMPROPER PAYMENTS ACTS IN FISCAL YEAR 2017

Report Number A170104/B/3/F18004, dated May 11, 2018

As required by the Improper Payments Acts, GSA's Office of the Chief Financial Officer manages Agency efforts to eliminate future improper payments and recover past improper payments. Our audit objectives were to determine if, in Fiscal Year 2017, GSA complied with the Improper Payments Acts, accurately and completely reported improper payment estimates and figures in its Agency Financial Report, and took efforts to reduce and recapture improper payments.

We determined that GSA did not comply with the Improper Payments Acts for the second consecutive year because it did not meet its improper payment reduction target for the Rental of Space Program. Additionally, GSA published the Agency Financial Report with several errors related to improper payments. Finally, GSA did not accurately test its Purchase Card Program payments, resulting in several errors in reported estimates and figures in its Fiscal Year 2017 Agency Financial Report tables.

Based on our audit findings, we made four recommendations to the GSA Chief Financial Officer. These recommendations included submitting corrected improper payments information and, in accordance with Office of Management and Budget (OMB) guidance, a plan addressing the Agency's noncompliance. We also recommended several process improvements and additional controls to ensure accurate testing and reporting of improper payments.

GSA's Chief Financial Officer agreed with our report findings and recommendations.

AUDIT OF PBS'S AMERICAN RECOVERY AND REINVESTMENT ACT SUSTAINABILITY RESULTS

Report Number A150026/P/R/R18003, dated September 21, 2018

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided GSA with \$3.2 billion for full and partial building modernizations to convert federal buildings into high-performance green buildings. Our audit objective was to determine whether buildings that received full or partial modernizations under the Recovery Act are meeting their minimum performance sustainability criteria.

We found that PBS did not always implement high-performance green building measures to meet the criteria, or have the ability to gauge the effectiveness of the measures that were implemented. Specifically, we reviewed seven minimum performance criteria across 15 Recovery Act full or partial modernization projects and found that the projects did not meet 40 percent of the applicable minimum performance criteria.

Based on our audit finding, we made three recommendations to the PBS Commissioner. Specifically, we recommended that senior management provide oversight of the implementation of the minimum performance criteria in future capital projects, including documenting approval to waive these criteria; PBS review Recovery Act projects and implement building improvements needed to meet the minimum performance criteria; and PBS assess results of implemented high-performance green building measures in future capital projects.

The PBS Commissioner generally agreed with our report finding and recommendations.

AUDIT OF FAS'S WIRELESS FEDERAL STRATEGIC SOURCING INITIATIVE

Report Number A160063/Q/T/P18003, dated June 14, 2018

In 2005, the government implemented the Federal Strategic Sourcing Initiative (FSSI), a program designed to enable the government to leverage its buying power. With FSSI Wireless, FAS intends to improve the procurement and management of wireless services across government. Using this program, ordering agencies are able to consolidate their number of wireless contracts in an effort to reduce costs and achieve better volume discounts. Our audit objective was to determine if FAS administers the FSSI Wireless Blanket Purchase Agreements (BPA) in order to achieve best pricing for ordering agencies.

We found that FAS had more opportunities to provide savings to the federal government for wireless services by addressing significant FSSI Wireless rate variances and BPA rates that are equal to the contract rates under Schedule 70, GSA's General Purpose Commercial Information Technology Equipment, Software, and Services Schedule. In addition, some FSSI Wireless BPA deliverables were not provided in accordance with BPA terms and conditions, potentially impairing effective contract administration.

Based on our audit findings, we made five recommendations to the FAS Commissioner. Specifically, we recommended that the FAS Commissioner use BPA task order prices to determine if the BPAs represent best value in FAS's annual rate review and require that BPA rates are lower than Schedule 70 contract rates, use BPA task order prices to assist in determining price reasonableness for any future wireless BPAs, implement controls to ensure that contractors are billing ordering agencies in compliance with the pricing terms of the BPAs, assess the BPA deliverable requirements to determine the most appropriate recipient(s) of the deliverable information, and implement controls to ensure that all BPA deliverables include required information and are provided to the required recipients.

The FAS Commissioner agreed with our report findings and recommendations.

GSA OFFICE OF INSPECTOR GENERAL'S FISCAL YEAR 2017 RISK ASSESSMENT OF GSA'S CHARGE CARD PROGRAM

Memorandum Number A180027, dated September 28, 2018

We conducted a risk assessment of GSA's charge card program to identify and analyze risks of illegal, improper, or erroneous purchases related to GSA's purchase and travel cards. We based our risk assessment on limited purchase card testing and our *Audit of GSA's Fiscal Year 2017 Travel Card Program*.

Through our limited purchase card testing, we noted the Office of Administrative Services' (OAS) improvement in its follow-up rate for high-risk transactions that it previously deemed questionable (e.g., purchases containing the words casino, hotel, or party). However, we also found that OAS should improve its purchase card controls to ensure that cardholders upload supporting documentation into GSA's system of record. In our travel card audit, we found that cardholders continue to perform well in loading supporting documentation into GSA's travel card system of record. However, OAS should provide its travel card questionable charges reports to supervisors in a timely manner and ensure those reports are responded to in a timely manner.

Based on our limited purchase card testing and the results of our travel card audit, we assessed the risks related to purchase and travel cards as moderate and low, respectively.

AUDIT OF GSA'S FISCAL YEAR 2017 TRAVEL CARD PROGRAM

Report Number A180031/O/R/F18005, dated September 25, 2018

We conducted this audit to comply with OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, which requires audits of travel card programs with \$10 million dollars in prior year travel spending. GSA's travel card spending for Fiscal Year 2017 exceeded \$10 million dollars for the first time since 2012. Our audit objectives were to determine whether GSA's travel card program has controls in place to ensure travel cardholders complied with GSA's travel card policies; and GSA travel card transactions processed in Fiscal Year 2017 were properly and fully supported, reported, and approved.

We found that GSA's Travel Policy and Charge Card Program Office personnel, housed within OAS, were not ensuring that supervisors for GSA's travel cardholders receive questionable charges reports in a timely manner. This severely limits the ability of supervisors and OAS to detect and address travel card misuse and abuse. Further, we found that OAS regional coordinators continue to not follow up on questionable charges when they do not receive a response from a cardholder's supervisor.

Based on our audit findings, we made two recommendations to GSA's Chief Administrative Services Officer. Specifically, we recommended that OAS should specify a timeframe for distributing the Travel Card Policy Office's travel card questionable charges report to the OAS regional coordinators, and implement a process to ensure that OAS regional coordinators follow up on questionable charges.

GSA's Chief Administrative Services Officer agreed with our report findings and recommendations.

SUMMARY OF CONTRACT AUDIT REPORTS

The Office of Audits issues contract audit reports to provide assistance to contracting officials in awarding and administering GSA contracts. The two primary types of contract audits include:

- Preaward audits provide GSA contracting officials with information to use when negotiating fair and reasonable GSA contract prices.
- Postaward audits examine GSA contractor’s adherence to contract terms and conditions.

During the period April 1, 2018, to September 30, 2018, we issued 27 contract audit reports. In these reports, we found:

- 14 contractors did not submit accurate, current, and complete information.
- 11 contractors did not comply with price reduction provisions.
- 10 contractors overcharged GSA customers.
- 9 contractors did not adequately accumulate and report Schedule sales for Industrial Funding Fee (IFF) payment purposes and/or did not correctly calculate and submit their Industrial Funding Fee payments.
- 6 contractors assigned employees who were unqualified for their billable positions to work on GSA Schedule task orders.
- 3 contractors did not adequately segregate and accumulate labor hours, material costs, and other direct costs on time-and-material task orders.

We also recommended nearly \$98 million in cost savings in 18 of these contract audit reports. This includes funds that could be put to better use, which is the amount the government could save if our audit findings are implemented. It also includes questioned costs, which is money that should not have been spent such as overbillings and unreported price reductions.

April 1, 2018 – September 30, 2018

CONTRACT AUDIT REPORTS	
Recommendations that funds be put to better use	\$97,294,649
Questioned Costs	\$589,772

FAR DISCLOSURE PROGRAM

The FAR requires government contractors to disclose credible evidence of violations of federal criminal law under Title 18 of the United States Code (18 U.S.C.) and the False Claims Act 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

Federal Acquisition Regulation 52.203-13(b) implements the Close the Contractor Fraud Loophole Act, Public Law 110–252, Title VI, and Chapter 1. Under the rule, a contractor must disclose, to the relevant agency's OIG, certain violations of federal criminal law (within 18 U.S.C.), or a violation of the civil False Claims Act, connected to the award, performance, or closeout of a government contract performed by the government contractor or subcontractor. The rule provides for suspension or debarment of a contractor 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 nine new disclosures. The matters disclosed include overbillings, illegal recruitment fees, business size/status violations, inaccurate commercial sales practices disclosures, and bundled software billed but not provided. We concluded our evaluation of two disclosures that resulted in over \$3.4 million in settlements and recoveries to the government. We also assisted on five disclosures referred by another agency because of the potential impact on GSA operations and continued to evaluate 14 pending disclosures.

STATISTICAL SUMMARY OF OIG AUDITS

April 1, 2018 – September 30, 2018

OFFICE OF AUDITS	
Total financial recommendations	\$97,884,421
These include:	
Recommendations that funds be put to better use	\$97,294,649
Questioned costs	\$589,772
Audit reports issued	39
Audit memoranda provided to GSA	2
GSA Management decisions agreeing with audit recommendations	\$61,946,229

Audit Reports Issued

The OIG issued 39 audit reports. Of these reports, 18 contract audits contained financial recommendations totaling nearly \$98 million, including more than \$97.2 million in recommendations that funds be put to better use and over \$589 thousand 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 Audit Reports

Table 1 summarizes the status of audits requiring management decisions during this period, as well as the status of those audits as of September 30, 2018. There were three reports more than 6-months old awaiting management decision as of September 30, 2018. Table 1 does not include four implementation reviews that were issued during this period because they were excluded from the management decision process. Table 1 also does not include three reports excluded from the management decision process.

Table 1. GSA 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 04/01/2018			
Less than 6 months old	12	9	\$64,755,356
Six or more months old	4	2	\$189,915,759
Reports issued this period	35	18	\$97,884,421
TOTAL	51	29	\$352,555,536
For which a management decision was made during the reporting period			
Issued prior periods	13	10	\$67,123,476
Issued current period	22	13	\$37,533,739
TOTAL	35	23	\$104,657,215
For which no management decision had been made as of 09/30/2018			
Less than 6 months old	13	5	\$60,350,682
Six or more months	3	1	\$187,547,639
TOTAL	16	6	\$247,898,321

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

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

	NUMBER OF REPORTS	FUNDS BE PUT TO BETTER USE
For which no management decision had been made as of 04/01/2018		
Less than 6 months old	6	\$62,548,644
Six or more months	2	\$189,915,759
Reports issued this period	15	\$97,294,649
TOTAL	23	\$349,759,052
For which a management decision was made during the reporting period		
Recommendations agreed to by management	15	\$59,527,176
Recommendations not agreed to by management	2	\$42,710,986
TOTAL	17	\$102,238,162
For which no management decision had been made as of 09/30/2018		
Less than 6 months old	5	\$59,973,251
Six or more months old	1	\$187,547,639
TOTAL	6	\$247,520,890

GSA Management Decisions on OIG Reports with Questioned Costs

Table 3. GSA Management Decisions on OIG Audit Reports with Questioned Costs

	NUMBER OF REPORTS	QUESTIONED COSTS
For which no management decision had been made as of 04/01/2018		
Less than 6 months old	3	\$2,206,712
Six or more months old	0	\$0
Reports issued this period	11	\$589,772
TOTAL	14	\$2,796,484
For which a management decision was made during the reporting period		
Disallowed costs	11	\$2,419,053
Costs not disallowed	0	\$0
TOTAL	11	\$2,419,053
For which no management decision had been made as of 09/30/2018		
Less than 6 months old	3	\$377,431
Six or more months old	0	\$0
TOTAL	3	\$377,431



Photo: John Minor Wisdom U.S. Court of Appeals Building, New Orleans, LA

SIGNIFICANT INVESTIGATIONS



Photo: Fresco paintings surrounding doorway to room 5138, Department of Justice, Washington, D.C.

SIGNIFICANT INVESTIGATIONS

The Office of Investigations conducts independent and objective investigations relating to GSA programs, operations, and personnel. The office consists of special agents with full statutory law enforcement authority to make arrests, execute search warrants, serve subpoenas, and carry concealed weapons. Special agents conduct investigations that may be criminal, civil, or administrative in nature and often involve complex fraud schemes. Investigations can also involve theft, false statements, extortion, embezzlement, bribery, anti-trust violations, credit card fraud, diversion of excess government property, and digital crimes. During this reporting period, the office opened 70 investigative cases, closed 75 investigative cases, referred 75 subjects for criminal prosecution, and helped obtain 26 convictions. Civil, criminal, and other monetary recoveries resulting from our investigations totaled over \$13 million.

CIVIL SETTLEMENTS

FORMER EMPLOYEE OF GSA CONTRACTOR SECOND CHANCE BODY ARMOR, INC. SETTLES FALSE CLAIMS ALLEGATIONS RELATED TO DEFECTIVE BULLETPROOF VESTS

On July 16, 2018, Richard C. Davis, the founder and former president and Chief Executive Officer (CEO) of Second Chance Body Armor, Inc., agreed to relinquish his interest in \$1.2 million in assets previously frozen by the United States and pay an additional \$125,000 to resolve allegations under the False Claims Act that Second Chance Body Armor, Inc. sold defective bulletproof vests to federal, state, local, and tribal law enforcement agencies. The settlement resolves allegations that from at least 1998 to 2004, Second Chance Body Armor, Inc. manufactured and sold bulletproof vests that contained Zylon fibers manufactured by Toyobo Co., Ltd, which they knew to be defective. GSA OIG investigated this case with Department of Commerce (DOC) OIG, Defense Criminal Investigative Service (DCIS), U.S. Air Force Office of Special Investigations (AFOSI), U.S. Treasury Inspector General for Tax Administration (TIGTA), U.S. Army Criminal Investigation Command (Army CID), Department of Energy (DOE) OIG, and the Defense Contract Audit Agency (DCAA).

**J SQUARED, INC., (DOING BUSINESS AS UNIVERSITY LOFT COMPANY)
AGREED TO A SETTLEMENT VALUED AT OVER \$328,000**

On June 6, 2018, J Squared, Inc., (J Squared) agreed to pay \$328,028, to resolve allegations under the False Claims Act associated with J Squared's contract to provide furniture to the U.S. Army Corps of Engineers (USACE). The settlement resolves allegations that in October 2014, J Squared submitted a claim to the USACE to recover costs incurred when the USACE terminated a delivery order awarded to J Squared under its GSA Multiple Award Schedule contract. Subsequent to a Stop Work Order issued by the USACE, J Squared submitted a claim, and received payment for, costs it attributed to the canceled delivery order. The claim included reimbursement for "Vendor Stop Work Costs" that were allegedly incurred from a purchase order to a third-party vendor for furniture items that were to be used in fulfillment of J Squared's delivery order to the USACE. The investigation showed that J Squared did not incur the Vendor Stop Work Costs because it canceled its purchase order with the third-party vendor in April 2014, after receiving the Stop Work Order from the USACE. The GSA OIG investigated this case with the AFOSI, DCIS, and Army CID.

CRIMINAL INVESTIGATIONS

MULTIPLE DEFENDANTS CHARGED IN FRAUD AND MONEY LAUNDERING SCHEME INVOLVING OVER \$200 MILLION IN SMALL BUSINESS CONSTRUCTION CONTRACTS

A GSA OIG investigation found that Brian Ganos, the president of Sonag Company, Inc., and vice president of Nuvo Construction Company, Inc. conspired with others to make false representations in order to obtain over \$200 million worth of government construction contracts in the Milwaukee area. The contracts were issued under the Small Business Administration (SBA) 8(a), Department of Transportation (DOT) Disadvantaged Business Enterprise (DBE), and the U.S. Department of Veterans Affairs (VA) Service Disabled Veteran Owned Business (SDVOSB) set-aside programs. Also involved in the scheme were: Jorge Lopez, president and co-owner of Nuvo Construction Company, Inc.; Nicholas Rivecca, Sr., owner of Sonag Ready Mix, LLC; James Hubbell, former owner of C3T, Inc.; Telemachos Agoudemos, owner and president of C3T, Inc.; along with Mark Spindler, CPA and business associate of Ganos. In April of 2018, several actions were filed in the Eastern District of Wisconsin related to this scheme. As a result, Ganos, Spindler, and Sonag Company were indicted for conspiracy to commit mail and wire fraud. Ganos was also charged with money laundering and Spindler was later charged with a misprision of a felony. Hubbell and Lopez pleaded guilty to conspiring to defraud the United States. Lopez's company, Nuvo Construction Company, Inc. was also indicted on mail fraud charges. Agoudemos pleaded guilty to making false statements to federal agents during the investigation and Rivecca, Sr., pleaded guilty to conspiring to defraud the United States. Additionally, on September 12, 2018, Rivecca and his company, Sonag Ready Mix, LLC, agreed to pay \$629,732 to resolve allegations that they violated the False Claims Act by defrauding the DOT's DBE program. GSA OIG investigated this case with the Federal Bureau of Investigations (FBI), VA OIG, DOT OIG, DCIS, SBA OIG, DCAA, and Army CID.

COMPANY OWNER PLEADED GUILTY TO SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS FRAUD

A GSA OIG investigation found that a contractor fraudulently used the name and status of a SDVOSB to obtain a \$45.7 million USACE SDVOSB set-aside construction contract that he was not eligible to receive. Joseph David Dial, who allowed the use of his company's SDVOSB status, was previously indicted on charges of major program fraud and wire fraud and arrested. On May 8, 2018, Dial pleaded guilty to major program fraud and wire fraud. GSA OIG investigated this case with the DCIS, Army CID, and SBA OIG.

GOVERNMENT CONTRACTOR SENTENCED FOR \$10 MILLION DOLLAR SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS SCHEME

A GSA OIG investigation determined that Stanley Raass, owner of Raass Brothers, Inc., devised a scheme to fraudulently obtain construction contracts set-aside for SDVOSBs. Raass falsely certified in GSA’s System for Award Management (SAM) that RWT, LLC was a legitimate SDVOSB, knowing that RWT, LLC was controlled and operated by Raass Brothers, Inc. RWT, LLC was subsequently awarded over \$10 million in SDVOSB set-aside contracts it was not eligible to receive. On May 23, 2018, Raass was sentenced in the District of Utah to 24 months’ imprisonment and 36 months’ supervised release for wire fraud and money laundering. GSA OIG investigated this case with the FBI, DCIS, Naval Criminal Investigative Service (NCIS), Army CID, VA OIG, SBA OIG, and Internal Revenue Service Criminal Investigations (IRS CI).

SIX EXECUTIVES SENTENCED FOR COMMITTING FRAUD AGAINST THE U.S. GOVERNMENT IN A \$8.1 MILLION “MADE IN THE USA” BOOT MARKETING SCHEME

As reported in our last semiannual report, a GSA OIG investigation determined that from December 2008 to August 2012, six executives from Wellco Enterprises, Inc. conspired to import military-style boots that were made in China into the United States, and then deceptively market and sell those boots to federal agencies and the general public as “Made in the USA” and as compliant with the Berry Amendment and the Trade Agreements Act. In total, Wellco Enterprises, Inc. sold at least \$8.1 million of fraudulent boots. In recent months, all six executives were sentenced in the Eastern District of Tennessee on fraud charges stemming from their involvement in the conspiracy. Vincent Lee Ferguson, former President and CEO, was sentenced to 41 months’ incarceration and 24 months’ supervised release. Matthew Lee Ferguson, former Senior Vice President of Sales, and Kerry Joseph Ferguson, former Director of Marketing and Communications, were both sentenced to 6 months’ incarceration, 36 months’ supervised release with 6 months’ home confinement, and 100 hours of community service. Neil Streeter, former Vice President of Government Contracting, was sentenced to 28 days’ incarceration, 60 months’ probation, a \$3,500 fine, and 200 hours’ community service. Two other employees, Matthew Harrison Martland and Stephanie Lynn Kaemmerer, were sentenced to probation and fines. GSA OIG investigated this case with AFOSI, DCIS, and Homeland Security Investigations (HSI).

GOVERNMENT CONTRACTOR PLEADED GUILTY TO ACCEPTING \$2.5 MILLION IN BRIBES AND KICKBACKS IN CONNECTION WITH FEDERAL CONTRACTS

A GSA OIG investigation found that, over a 5-year period, Bhaskar Patel, former Senior Project Manager for Schneider Electric Building America Inc., received more than \$2.5 million in bribes and kickbacks in exchange for awarding Schneider's federal contracts to subcontractors. On August 6, 2018, Bhaskar Patel pleaded guilty to accepting illegal kickbacks and bribes in connection with federal contracts. GSA OIG investigated this case with VA OIG, NCIS, U.S. Department of Agriculture (USDA) OIG, Coast Guard Investigative Service, and the FBI.

GOVERNMENT CONTRACTORS FORFEIT \$2.1 MILLION FOR SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS FRAUD AND CONSPIRACY

A GSA OIG investigation found that Paul Salavitch and Jeff Wilson, owners of Patriot Company, Inc., falsely represented to federal agencies that Patriot Company, Inc. was a SDVOSB, which resulted in Wilson fraudulently receiving \$13.8 million in set-aside federal construction contracts that Wilson and Salavitch were not eligible to receive. Subsequently, Salavitch pleaded guilty to making a false writing, and Patriot Company, Inc. pleaded guilty to conspiracy to commit wire fraud. On August 23, 2018, Wilson was sentenced to 18 months in prison. On September 13, 2018, Wilson, The Wilson Group, Janet Wilson, Lindsey Briedwell, and Salavitch, through civil proceedings, collectively forfeited over \$2.1 million that was previously seized by the U.S. government. GSA OIG investigated this case with the VA OIG.

INDIVIDUAL PLEADED GUILTY TO PASSING FAKE GSA CHECKS

A GSA OIG investigation revealed that Gregory Garrison opened a business checking account at a credit union in Spokane, Washington, and subsequently deposited numerous fake checks totaling \$61,300, including several checks purported to be issued by GSA. After Garrison was arrested by the Spokane, Washington Police Department for passing fake checks bearing the GSA logo, the GSA OIG and Spokane, Washington Police Department secured a search warrant for Garrison's computer. The GSA OIG Digital Crimes and Forensics Unit's analysis of Garrison's computer identified evidence of identity theft and financial fraud. On June 20, 2018, Garrison pleaded guilty in Spokane County Superior Court to identity theft, theft, money laundering, and unlawful possession of instruments of financial fraud. Garrison was sentenced to 84 months' imprisonment, followed by 12 months' community custody, and ordered to pay \$48,860 in restitution.

GOVERNMENT CONTRACTOR SENTENCED TO 24 MONTHS’ IMPRISONMENT FOR MAJOR FRAUD AGAINST THE UNITED STATES

A GSA OIG investigation determined that Milton “Cleve” Collins, former Chief Operating Officer for Don Brady Construction, doing business as Apex 3, filed false subcontractor payment certifications in connection with a \$1.5 million GSA construction contract for the Ed Jones Federal Courthouse and Post Office in Jackson, Tennessee. Collins falsely certified to GSA that he had paid the subcontractor \$580,000 for their work on the contract, and then diverted the GSA monies for his personal gain. On September 5, 2018, Collins was sentenced in the Western District of Tennessee to 24 months’ confinement followed by three years’ supervised release, and payment of \$517,750 in restitution. GSA OIG investigated this case with the FBI.

COMPANY PRESIDENT PLEADED GUILTY AND SENTENCED FOR \$2.4 MILLION PAYPHONE CALLING SCAM

A GSA OIG investigation found that David Grudzinski, President, Coin Telecom Systems, created a dial-around compensation scheme utilizing hundreds of payphones his company owned and operated. Grudzinski programmed the payphones to automatically call 1-800 toll-free numbers in order to acquire the compensation fee for each phone call placed. During the active span of the scheme, he received approximately \$2.4 million in compensation. In April 2018, Grudzinski pleaded guilty in Federal District Court to mail fraud, wire fraud, and money laundering. In July 2018, Grudzinski was sentenced to 18 months’ imprisonment, three years’ supervised release, and ordered to pay \$2.4 million in restitution. GSA OIG investigated this case with the FBI, IRS CI, and the U.S. Postal Inspection Service.

FOUR INDIVIDUALS PLEADED GUILTY AND TWO SENTENCED FOR FALSE CLAIMS AND CONSPIRACY TO DEFRAUD THE GOVERNMENT

A GSA OIG investigation revealed that Onur Simsek, Andrea Cabrera, Sercan Kapukaya, Erman Demirbozan and Kaya Keklikci created fraudulent entity registrations in GSA’s SAM and used them to obtain contracts to provide substandard and counterfeit items to the Department of Defense (DoD). On May 18, 2018, all five were arrested in Florida pursuant to an indictment charging them with conspiracy to defraud the government, making false and fictitious claims, use of false documents, and wire fraud violations. In August, four of them pleaded guilty to some of those violations. Kapukaya pleaded guilty to making a false claim and was subsequently sentenced to 112 days’ incarceration (time served), two years’ probation, and ordered to pay \$93,001 in restitution. Keklikci pleaded guilty to conspiring to defraud the government and was sentenced to 95 days’ incarceration (time served), one year probation, and ordered to pay \$1,262 in restitution. Cabrera pleaded guilty to conspiring to defraud the government. Demirbozan pleaded guilty to wire fraud. GSA OIG investigated this case with DCIS and HSI.

PUBLIC BUILDINGS SERVICE BUILDING MANAGER SENTENCED

A GSA OIG investigation determined that Michelle Daniels, a GSA building manager, illegally created building ID cards for her dependent daughter in order to provide the daughter access to a federal building. Without an official purpose, Daniels instructed GSA contractors to create building access cards for her daughter in 2014 and 2015. On May 1, 2018, Daniels was sentenced in the Northern District of California to 2 years' probation and ordered to perform 150 hours of community service for aiding and abetting entry by false pretense to real property of the United States.

FORMER GSA EMPLOYEE SENTENCED FOR POSSESSION OF CHILD PORNOGRAPHY

A GSA OIG investigation determined that Oscar Galvez, a former GSA project manager, had a large amount of child pornography on his home computers and that he used external storage devices to view anime child pornography on his GSA computer while at his GSA workspace. On May 31, 2018, Galvez was sentenced to 4 years' prison, followed by 5 years' supervised release, and required to pay \$3,000 in restitution for possession of child pornography. GSA OIG investigated this case with HSI, United States Marshals Service, and the Bismarck, North Dakota Police Department.

CHILD PORNOGRAPHER SENTENCED

A GSA OIG investigation into the possible downloading and distribution of child pornography by a GSA employee resulted in the exoneration of the employee, but led the investigative team to identify a co-resident of the employee as being responsible for the activity. On April 13, 2018, the individual was sentenced to 10 years' incarceration (8.5 years suspended) to be served through home detention and 5 years' probation for violations of the Maryland criminal code regarding possession and production of child pornography. GSA OIG investigated this case with FBI, HSI and Maryland State Police.

SECURITY GUARDS SENTENCED IN EXTORTION SCHEME

A GSA OIG investigation determined that several former contract security guards were involved in an extortion scheme, which involved payments in exchange for passing firearms qualification scores. The individuals involved formerly worked for North American Security, Inc., a company that provides security guard services under a GSA contract. On May 11, 2018, Diamond Mabry pleaded guilty to one count of conspiracy-theft scheme and was sentenced to 5 years' incarceration, with all but one day suspended, and 3 years' probation. In addition, Mabry was ordered to pay \$1,690 in restitution and \$1,000 in fines. GSA OIG investigated this case with DOC OIG and the U.S. Department of Health and Human Services OIG.

CONTRACTOR CONVICTED AND SENTENCED IN SCHEME TO CIRCUMVENT FEDERAL EXCLUSION RULES

A GSA OIG investigation determined that Alter Stesel formed new companies and created aliases in order to continue to do business with the U.S. government after he and his business, A1 4 Electronics, had been debarred and were ineligible to receive government contracts. Stesel pleaded guilty to six counts of wire fraud violations. On September 20, 2018, Stesel was sentenced to 6 months' incarceration, 2 years' supervised release and ordered to pay a \$600 assessment. GSA OIG identified this fraud through the use of data analytics and investigated this case with the State Department OIG.

THREE INDIVIDUALS ARRESTED AND PLEADED GUILTY TO EXPLOITING THE FEDERAL SURPLUS PROPERTY DONATION PROGRAM

A GSA OIG investigation found that Mark Jackson, Jimmy Winemiller Jr., and Don Stephens Jr., each from Little Rock, Arkansas, participated in a fraudulent scheme to exploit the GSA's Federal Surplus Property Donation program. The donation program was designed to assist qualifying businesses, municipal agencies, disadvantaged businesses, and non-profit organizations. The three men conspired to acquire government surplus property under false pretenses that was otherwise unavailable to the public. The property was then sold for significant profit. Over the course of the scheme, Jackson acquired hundreds of pieces of equipment, which he, Winemiller, and Stephens Jr., then sold for over \$2.5 million. On July 25, 2018, Jackson, Winemiller, and Stephens, each pleaded guilty to conspiracy to commit wire fraud. The GSA OIG investigated this case with the FBI and SBA OIG.

GSA CONTRACTOR PLEADED GUILTY FOR OPERATING A MULTI-MILLION DOLLAR FRAUD SCHEME

A GSA OIG investigation revealed that Brian Brundage, former president of Intercon Solutions, operated a multi-million dollar fraud scheme involving the illegal landfilling and re-selling of potentially hazardous waste. He had fraudulently misrepresented to both government and commercial customers that the materials were being disassembled and recycled. On September 18, 2018, Brundage pleaded guilty to one count of wire fraud and one count of tax evasion. GSA OIG investigated this case with HSI, IRS CI, and EPA CID.

ADMINISTRATIVE MISCONDUCT

GSA PBS EMPLOYEE SUSPENDED FOR 5 DAYS

A GSA OIG investigation into allegations of administrative misconduct (consuming alcohol at work) by a GS-12 GSA PBS National Capital Region employee responsible for operating crucial federal building systems resulted in the employee's 5-day suspension.

D.C. FIRE EMS CAPTAIN RETIRES FOLLOWING FLEET CREDIT CARD INVESTIGATION

A GSA OIG investigation determined that a captain employed by D.C. Fire and Emergency Medical Services (EMS) misused a government vehicle leased from GSA to commute to and from his place of employment. The captain voluntarily retired on May 25, 2018, and no further action was taken. GSA OIG investigated this matter with D.C. Fire and EMS Internal Affairs Unit.

GSA CONTRACTOR REMOVED FROM CONTRACT FOR LACK OF CANDOR

A GSA OIG investigation determined that a GSA contractor knowingly provided false information to a GSA IT Specialist. The GSA contractor fabricated a story about the destruction of a government-issued iPhone in an effort to conceal the fact that the iPhone was confiscated by GSA OIG for forensic analysis. On September 25, 2018, the contractor was removed from the GSA contract.

INVESTIGATIONS OF SENIOR OFFICIALS

ALLEGATIONS AGAINST SENIOR GOVERNMENT EMPLOYEE UNSUBSTANTIATED

The GSA OIG initiated an investigation of allegations that a senior government employee was under investigation for ethics and conduct violations related to their previous employment and the employee was involved in a Ponzi scheme. The investigation concluded that the allegations were unsubstantiated.

FLEET CARD FRAUD

During this reporting period, we continued to investigate Fleet card cases. Notable cases include:

- Daniel Nodine, a USDA employee, used GSA Fleet credit cards to purchase fuel and general merchandise items for his personal use. Nodine pleaded guilty to a theft charge in the District of Oregon, and on June 14, 2018, he was sentenced to 2 years' probation and 40 hours' community service, and ordered to pay \$1,051 in restitution.
- Slade A. Hardesty Fortner stole a GSA Fleet credit card and used the card to purchase fuel. On July 30, 2018, Hardesty Fortner pleaded guilty in Grant County, Washington Superior Court to theft charges and was sentenced to 30 months' confinement and ordered to pay \$500 in restitution.
- In April and May 2018, five Nashville area residents were arrested in a scheme to use GSA Fleet credit card information to re-encode counterfeit credit cards, which were used to purchase large amounts of diesel fuel. The fuel was then sold at illegal fuel farms. The charges include identity theft, trafficking in identity theft, theft over \$1,000, theft over \$10,000, felony conspiracy to commit theft over \$10,000, criminal simulation, and possession of marijuana. GSA OIG investigated the case with the Tennessee Highway Patrol and the United States Secret Service.
- An Army Sergeant assigned to the White House Communications Agency misused a GSA Fleet credit card to purchase approximately \$1,131 worth of fuel for his personal vehicle. On August 17, 2018, a U.S. Magistrate Judge in the Eastern District of Virginia approved a pre-trial diversion agreement for the individual. The terms of the agreement requires the individual to pay restitution of \$791 and perform 75 hours of community service.
- Darrin Elzie, a supervisor in the movers section at U.S. Agency for International Development, was charged with credit card fraud violations under the D.C. Code after he admitted to misusing a GSA Fleet credit card to purchase fuel for his personal use. On June 8, 2018, he pleaded guilty to fraud in the first degree in violation of the D.C. Code and was sentenced to 6 months' probation and ordered to pay restitution in the amount of \$1,459.
- Joshua Grant, a civilian Army employee at Fort Lee, Virginia, fraudulently used a GSA Fleet credit card to purchase fuel for his personal vehicle. On May 10, 2018, Grant pleaded no contest to state embezzlement violations in Prince George County, Virginia. Grant was sentenced to 5 years' incarceration (suspended) and ordered to pay full restitution in the amount of \$3,624.
- Gregory Ciego, Petty Officer, First Class, assigned to the United States Naval Recruiting Station, Wilkes Barre, Pennsylvania, used GSA Fleet credit cards to purchase fuel for his personal vehicles. On August 17, 2018, Ciego pleaded guilty to theft of government property in the Middle District of Pennsylvania.

WPA ART INVESTIGATIONS

As a direct result of the cooperative efforts between the OIG and the GSA Office of the Chief Architect's Fine Arts Program (FAP), a total of nine lost pieces of WPA artwork were recovered during this reporting period. These pieces of American history are not subject to public sale, but their comparative value totals \$60,800. The FAP will be conserving the pieces before placing them on loan to institutions across the country for display. Since cooperative efforts between the OIG and FAP began in 2001, a total of 763 WPA pieces have been recovered, with a comparative value of \$8,559,350.*

- GSA OIG special agents recovered a WPA painting by Julius Ullman after learning the piece was being auctioned on a website.
- GSA OIG special agents facilitated a loan agreement between the GSA Fine Arts Program and the El Monte Historical Museum for six WPA paintings. These paintings were initially discovered missing and located by a GSA OIG agent conducting a proactive investigation into missing WPA art.
- GSA OIG special agents recovered WPA artwork "The Dance," by Harry Sternberg, after learning the piece was being auctioned on a website.

* This number includes all pieces of artwork recovered through the joint publicity/recovery efforts of the OIG and FAP. Not all recoveries require direct intervention by the OIG; some are "turn-ins" as a result of publicity or internet searches that reveal the government's ownership.

OTHER SIGNIFICANT WORK

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 78 referrals for consideration of suspension or debarment to the GSA Office of Acquisition Policy. GSA issued 124 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 43 briefings attended by 1,004 GSA employees, other government employees, and government contractors. 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 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 hotline also allows internet submission of complaints. During the reporting period, we received 751 hotline contacts. Of these, 110 were referred to GSA program officials for review and appropriate action, 28 were referred to other federal agencies, 22 were referred to the OIG Office of Audits, two were referred to the OIG Office of Inspections, and 75 were referred to investigative field offices for investigation or further review.

STATISTICAL SUMMARY OF OIG INVESTIGATIONS

April 1, 2018 – September 30, 2018

OFFICE OF INVESTIGATIONS	
Referrals for criminal prosecution, civil litigation, administrative action, suspension & debarment	276
Indictments and informations on criminal referrals*	56
Subjects accepted for criminal prosecution	61
Subjects accepted for civil action	19
Convictions	26
Civil settlements/judgments	8
Contractors/individuals suspended and debarred	124
Employee actions taken on administrative referrals involving government employees	14
Investigative Reports**	8
Number of subpoenas	29
Civil settlements and court-ordered and investigative recoveries	\$13,983,785

* The total number of criminal indictments and criminal informations include all criminal charging documents resulting from any prior referrals to prosecutive authorities.

** The total number of investigative reports include reports of investigations and letterhead reports, which summarize the results of an official investigation and were referred to GSA officials for a response in consideration of taking administrative action or for information only.

Investigative Workload

The OIG opened 70 investigative cases and closed 75 cases during this period.

Referrals

The OIG makes criminal and civil referrals to the Department of Justice (DOJ) or other authorities for prosecutive and 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.

Actions on OIG Referrals

Based on these and prior referrals, 61 subjects were accepted for criminal prosecution and 19 subjects were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 56 indictments or informations and 26 convictions. OIG civil referrals resulted in 8 subject settlements/judgments. Based on OIG administrative referrals, GSA management debarred 45 contractors or individuals, suspended 79 contractors or individuals, and took 14 personnel actions against government employees.

Table 4. Summary of OIG Referrals

TYPE OF REFERRAL	CASES	SUBJECTS
Civil	14	56
Criminal (DOJ)*	41	92
Criminal (State/Local)**	9	14
Administrative Referrals for Action/Response		36
Suspension	9	29
Debarment	13	49
TOTAL	86	276

* The total number of persons referred to DOJ for criminal prosecution includes both individuals and companies which have been referred to DOJ for criminal prosecutorial consideration.

** The total number of persons referred to state and local authorities includes both individuals and companies which have been referred to authorities, other than DOJ, for criminal prosecution. Referrals to military authority for prosecution under the Uniform Code of Military Justice are also included in this metric.

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. Criminal, civil, and other monetary recoveries arising from our work totaled more than \$13 million.

Table 5. Criminal and Civil Results

	CRIMINAL	CIVIL
Fines and Penalties	\$9,175	
Settlements		\$2,282,761
Recoveries/Forfeitures	\$2,912,756	\$2,101,239
Restitutions	\$3,090,061	
TOTAL	\$6,011,992	\$4,384,000

Table 6. Non-Judicial Recoveries*

Administrative Recoveries	\$3,586,622*
Forfeitures/Restitution	\$1,171
TOTAL	\$3,587,793*

* This total includes the FAR disclosures reported on page 17.



Photo: Detail of recovered WPA painting "Landscape" by Theodore Polos

SIGNIFICANT MULTIDISCIPLINARY REVIEWS

SIGNIFICANT MULTIDISCIPLINARY REVIEWS

Review of GSA’s Revised Plan for the Federal Bureau of Investigation Headquarters Consolidation Project.

On August 27, 2018, our office issued a report titled *Review of GSA’s Revised Plan for the Federal Bureau of Investigation Headquarters Consolidation Project*.

On February 12, 2018, GSA presented to Congress a revised plan for the FBI headquarters which recommended razing the existing headquarters facility in Washington, D.C., and constructing a new one on that site. This was a change from GSA’s previous plan to exchange that site as part of a deal to procure a campus facility outside the city.¹ In subsequent hearings, committee leaders in both chambers of Congress publicly expressed significant, bipartisan concern about the revised plan. On February 28, 2018, the Ranking Member of the House Subcommittee on Government Operations asked us to investigate the matter.

Our objective was to review GSA’s decision-making process for the revised FBI headquarters project plan, including an analysis of whether the revised plan properly accounts for the full costs and security requirements of the project. In the course of the review, we also encountered an issue concerning testimony GSA Administrator Emily Murphy provided on April 17, 2018, to the House Appropriations Subcommittee on Financial Services and General Government (FSGG) in response to questions regarding White House involvement in decision-making regarding the project. We included that issue in our review.

Our review found that GSA did not include all of the costs in its Revised FBI Headquarters Plan, and that the new demolish and rebuild plan would cost more than the canceled exchange plan. We also found that the FBI determined that the security level for the new FBI headquarters is Level V. However, the security level and the countermeasures cannot be definitively determined until the program of requirements is complete and additional risk assessments are completed. Lastly, we found that Administrator Murphy’s testimony before the FSGG Subcommittee was incomplete and may have left the misleading impression that she had no discussions with the President or senior White House officials in the decision-making process about the project.

¹ The OIG has been monitoring GSA’s efforts related to the FBI headquarters consolidation since August 2013. On March 30, 2017, we issued *Audit of PBS’s Planning and Funding for Exchange Projects* (Report Number A160024/P/R/R17004). The FBI headquarters consolidation exchange project was one of the projects that we reviewed in this audit. We reported that PBS had not fully factored risk into its planning for exchange projects and as a result, canceled or chose not to pursue several exchange projects.

As required by Section 5(a)(21)(B) of the Inspectors General Act of 1978, we report that, during our review, the Agency significantly delayed and restricted access to information. Early in the review, the OIG learned that during the course of GSA's decision-making on the Revised FBI Headquarters Plan, Administrator Murphy met with the President on January 24, 2018, to discuss the project. When we sought information about the meeting, however, we initially received inconsistent and unhelpful responses to our inquiries from GSA witnesses.

Some GSA witnesses readily described what they knew of that meeting and other meetings about the project at the White House, while others initially refused to discuss it or even acknowledge that a meeting had occurred. When we asked for the basis for these initial refusals, some witnesses, including Administrator Murphy, told us they could not comment on meetings they had or did not have with senior White House officials. Murphy also stated that she was told not to answer by GSA's then-Acting General Counsel, who she said told her that such answers were subject to executive privilege.

We sought to determine whether GSA took the position that executive privilege precluded sharing information with the OIG, which is part of GSA and within the Executive Branch. Almost two months after we initially asked questions about the meeting with the President, the Acting General Counsel finally told us that, pursuant to direction from the White House Counsel's Office, GSA employees were authorized to disclose the existence of White House meetings, the names of attendees, and any high-level agreements that resulted from the meetings; but not to disclose any statements made by the President. After reviewing a draft of our report, the Agency described its justification for withholding further information about the meetings by stating "the White House exercised its authority to control the dissemination of information about confidential meetings with the President and his senior advisors" and that a "formal assertion of executive privilege, therefore, was not necessary. . . ."

As a result of this guidance, Murphy provided the OIG with the descriptions of the meetings with the President and other White House officials contained in our report. However, Murphy and other GSA witnesses restricted the information we received about the White House meetings and, in response to our request for documents, provided one document that is almost completely redacted.



Photo: Pennsylvania Avenue façade of the Federal Bureau of Investigation headquarters building, Washington, D.C.

GOVERNMENT-WIDE POLICY ACTIVITIES

GOVERNMENT-WIDE POLICY ACTIVITIES

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

Legislation and Regulations

During this reporting period, the OIG reviewed numerous legislative matters and proposed regulations. We also responded to requests from members of Congress as well as congressional committees.

Interagency and Intra-agency Committees and Working Groups

- **Council of the Inspectors General on Integrity and Efficiency (CIGIE).**
The IG is the chair of the Budget Committee and is a member of the Executive Council and Investigations and Legislation Committees. Through CIGIE, we also participate in the following:
 - **Federal Audit Executive Council Information Technology Committee.**
The Office of Audits participates in the Federal Audit Executive Council (FAEC) IT Committee. This committee provides a forum to share information and coordinate audits of significant IT issues with the OIG community and the federal government. The committee also develops and recommends best practices to be used by OIGs in addressing IT issues.
 - **Federal Audit Executive Council Digital Accountability and Transparency Act Working Group.** The Office of Audits participates in the FAEC Digital Accountability and Transparency Act (DATA Act) working group. The working group’s mission is to assist the IG community in understanding and meeting its DATA Act oversight requirements by: (1) serving as a working level liaison with the Department of the Treasury, (2) consulting with the GAO, (3) developing a common review approach and methodology, and (4) coordinating key communications with other stakeholders. The Office of Audits participates to stay abreast of the latest DATA Act developments in order to monitor GSA’s implementation of the DATA Act.
 - **Enterprise Risk Management Working Group.** The Office of Audits also participates in CIGIE’s Enterprise Risk Management (ERM) working group. The working group’s charge is to contribute to the promotion and implementation of ERM principles in accordance with OMB Circular A-123 within OIGs and their respective agencies. The Office of Audits participates in the working group as a part of a collaborative effort with other OIGs to oversee the sharing of processes and best practices used to analyze, prioritize, and address risks identified and relevant to implementing ERM in the federal government.
 - **Disaster Assistance Working Group.** In response to the damage caused by Hurricanes Harvey, Irma, and Maria, CIGIE reactivated the Disaster Assistance Working Group to coordinate the IG community’s oversight of the federal response and recovery efforts as well as the resources appropriated by Congress for disaster recovery programs. The Office of Audits participates in the Disaster Assistance Working Group to identify any overlapping issues and coordinate any related work.
 - **Data Analytics Working Group.** The Office of Investigations participates in the CIGIE Data Analytics Working Group. The working group’s projects include developing training forums in data analytics, updating a repository of databases and other sources of information used by the IG community, and identifying cross-cutting initiatives utilizing data analytics to detect fraud.



Photo: East lobby decorative door, EPA East and West, located on 12th and Constitution Avenue, N.W., Washington, D.C.

APPENDIXES

APPENDIX I

ACRONYMS AND ABBREVIATIONS

AFOSI	U.S. Air Force Office of Special Investigations
Army CID	U.S. Army Criminal Investigation Command
BPA	Blanket Purchase Agreement
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CSP	Commercial Sales Practices
D.C.	District of Columbia
DATA Act	Digital Accountability and Transparency Act of 2014
DBE	Disadvantaged Business Enterprise
DCAA	Defense Contract Audit Agency
DCIS	Defense Criminal Investigative Service
DOC	Department of Commerce
DoD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOT	Department of Transportation
EIS	Enterprise Infrastructure Solution
EMS	Emergency Medical Services
EPA	Environmental Protection Agency
ERM	Enterprise Risk Management
Eton Square	Eton Square Office Centre
FAEC	Federal Audit Executive Council
FAP	Fine Arts Program
FAR	Federal Acquisition Regulation
FAS	Federal Acquisition Service
FBI	Federal Bureau of Investigation
FOIA	Freedom of Information Act
FSGG	Financial Services and General Government
FSSI	Federal Strategic Sourcing Initiative
FY	Fiscal Year
GAO	Government Accountability Office
GSA	General Services Administration
HSI	Homeland Security Investigations
IFF	Industrial Funding Fee
IG	Inspector General
IRS CI	Internal Revenue Service Criminal Investigations
IT	Information Technology
J Squared	J Squared Inc.
NCIS	Naval Criminal Investigative Service
NCR	National Capital Region
OAS	Office of Administrative Services
OCIA	GSA's Office of Congressional and Intergovernmental Affairs
OIG	Office of Inspector General
OMB	Office of Management and Budget
PBS	Public Buildings Service
Recovery Act	American Recovery and Reinvestment Act of 2009
SAM	System for Award Management
SBA	Small Business Administration
Schedule	Multiple Awards Schedule
SDVOSB	Service-Disabled Veteran-Owned Small Business
TDR	Transactional Data Reporting
TIGTA	U.S. Treasury Inspector General for Tax Administration
TOA	Transition Ordering Assistance
TTS	Technology Transformation Service
USACE	U.S. Army Corps of Engineers
U.S.C.	United States Code
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veterans Affairs
WPA	Works Progress Administration
WPEA	Whistleblower Protection Enhancement Act of 2012

APPENDIX II

SIGNIFICANT RECOMMENDATIONS FROM PRIOR REPORTS

The GSA Office of Administrative Services is responsible for tracking the implementation of audit and inspection recommendations after a management decision has been reached, and thus furnished the following status.

Prior Semiannual Reports to the Congress included four reports with recommendations that have not yet been fully implemented. These recommendations are currently being implemented in accordance with established milestones.

AUDIT OF THE COMPLETENESS, TIMELINESS, QUALITY, AND ACCURACY OF GSA'S 2017 DATA ACT SUBMISSION

Period First Reported: October 1, 2017, to March 31, 2018

Our objectives were to assess: (1) the completeness, timeliness, quality, and accuracy of GSA's financial and award data submitted for publication on the USASpending.gov website for the second quarter of Fiscal Year 2017; and (2) GSA's implementation and use of the government-wide financial data standards established by OMB and the Department of the Treasury. We made three recommendations; one has not been implemented.

The remaining recommendation involves consistently applying the DATA Act elements and definitions applicable to GSA throughout agency procurements. The recommendation is scheduled for completion by December 31, 2018.

GSA SHOULD MONITOR AND TRACK FACILITY SECURITY ASSESSMENTS

Period First Reported: October 1, 2017, to March 31, 2018

Our objectives were to determine: (1) whether GSA received facility security assessment reports from the Department of Homeland Security's Federal Protective Service; (2) how GSA monitored and used reports received; and (3) the effect if GSA did not receive the facility security assessment reports. We made two recommendations, which have not been implemented.

The recommendations involve implementing policies and procedures to monitor and track facility security reports; and requiring training for PBS property managers on the use of facility security assessment reports. These recommendations are scheduled for completion by November 30, 2018.

AUDIT OF THE GSA FEDERAL ACQUISITION SERVICE’S USE OF OUTSIDE CONSULTANTS

Period First Reported: October 1, 2017, to March 31, 2018

Our objectives were to determine whether GSA’s FAS officials: (1) awarded and administered consulting contracts in accordance with FAR to ensure that the contracts were necessary, pricing was reasonable, and deliverables were obtained; (2) used the results of consulting contracts to enhance FAS operations; and (3) complied with its policies and procedures pertaining to consulting projects. We made one recommendation, which has not been implemented.

The recommendation involves implementing controls to ensure that all FAS contracting actions for consulting services comply with FAR and FAS policies and procedures. The recommendation is scheduled for completion by March 29, 2019.

REPORTS THAT HAVE BEEN REOPENED AS A RESULT OF OUR IMPLEMENTATION REVIEWS.

GSA’S PROGRAM FOR MANAGING VIRTUAL EMPLOYEES AND TELEWORKERS NEEDS IMPROVEMENT

Period First Reported: October 1, 2014, to March 31, 2015

Our objective was to determine whether GSA has sufficient controls over its program for virtual employees and teleworkers to ensure compliance with laws, regulations, policies, and procedures. We made six recommendations, which were closed.

We completed an implementation review to determine whether GSA fully completed the corrective action steps to resolve the original audit report recommendations. We found that the Office of Human Resources Management did not fully implement corrective actions for four report recommendations. As a result, GSA reopened the recommendations and submitted a revised corrective action plan to remedy these deficiencies.

GSA fully implemented corrective actions for three of these four reopened recommendations. The remaining reopened recommendation involves verifying official duty stations for all virtual employees and correcting any errors, including collection of amounts owed or payment of amounts due. The recommendation is scheduled for completion by March 29, 2019.

APPENDIX III

AUDIT AND INSPECTION REPORT REGISTER

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED 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 BETWEEN 04/01/2018 AND 09/30/2018				
06/06/18	A170091	PBS's Leasing for the Eton Square Office Centre Was Not Effective or Compliant With Policies		
07/27/18	A180078	Implementation Review of Corrective Action Plan: Existing Practices Hinder PBS's Management of Transition Assets, Report Number A130121/P/R/R15002, March 15, 2015		
08/10/18	A160133	GSA's Public Buildings Service Does Not Track and Report All Unused Leased Space as Required		
09/21/18	A150026	Audit of PBS's American Recovery and Reinvestment Act Sustainability Results		
PBS CONTRACT AUDITS BETWEEN 04/01/2018 AND 09/30/2018				
04/03/18	A180018	Examination of a Request for Equitable Adjustment: Brasfield & Gorrie, LLC, Contract Number GS-07-P-15-HH-C-7001		
07/17/18	A180064	Examination of Cost Accounting Standards Board Disclosure Statements: Hensel Phelps Construction Co., Contract Number 47PD02-18-C-0009		
07/20/18	A170084	Examination of Accounting System - Massachusetts Institute of Technology, Exchange Agreement: John A. Volpe National Transportation Systems Center		
08/09/18	A180018	Examination of a Request for Equitable Adjustment: Brasfield & Gorrie, LLC, Contract Number GS-07-P-15-HH-C-7001		
08/30/18	A180081	Examination of Cost Accounting Standards Board Disclosure Statement: Mascaro Construction Company LP, Contract Number GS-03-P-17-AZ-C-0014		
FAS INTERNAL AUDITS BETWEEN 04/01/2018 AND 09/30/2018				
04/19/18	A170040	FAS's Office of Fleet Management in the Pacific Rim Region Did Not Comply with California State Emissions Regulations, Resulting in a \$485,000 Fine		
05/01/18	A180047	Implementation Review of Corrective Action Plan: Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contracts, Report Number A160037/Q/3/P17001, March 21, 2017		
06/14/18	A160063	Audit of FAS's Wireless Federal Strategic Sourcing Initiative		
06/18/18	A180066	Implementation Review of Corrective Action Plan: Audit of Price Evaluations and Negotiations for Schedule 70 Contracts, Report Number A150022/Q/T/P16005, September 28, 2016		
06/29/18	A180074	Implementation Review of Corrective Action Plan: Limited Scope Audit of GSA's Centralized Household Goods Traffic Management Program Tariff and Tender of Service, Report Number A170025/Q/T/P17004, September 28, 2017.		
07/25/18	A140143	Audit of Transactional Data Reporting Pilot Evaluation Plan and Metrics		
FAS CONTRACT AUDITS BETWEEN 04/01/2018 AND 09/30/2018				
04/03/18	A180036	Preaward Examination of Multiple Award Schedule Contract Extension: Caterpillar Inc., Contract Number GS-30F-0018U		
04/09/18	A170117	Preaward Examination of Multiple Award Schedule Contract Extension: Spectrum Security Services, Inc., Contract Number GS-07F-0313N		

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED COSTS
04/18/18	A160102	Preaward Examination of Multiple Award Schedule Contract Extension: HPE Government, LLC, Contract Number GS-35F-0325M		\$53,141
04/20/18	A170046	Preaward Examination of Multiple Award Schedule Contract Extension: Enlightened, Inc., Contract Number GS-35F-0703M		\$261,427
04/26/18	A160139	Preaward Examination of Multiple Award Schedule Contract Extension: Med-Eng, LLC, Contract Number GS-07F-0207M		\$16,531
05/09/18	A170038	Preaward Examination of Multiple Award Schedule Contract Extension: Lexis Nexis, a division of RELX Inc., Contract Number GS-02F-0048M		
05/11/18	A170115	Preaward Examination of Multiple Award Schedule Contract Extension: Cognosante, LLC., Contract Number GS-10F-0579N		
05/15/18	A170098	Preaward Examination of Multiple Award Schedule Contract Extension: Atlas Research LLC, Contract Number GS-10F-203AA		\$15,895
05/22/18	A170112	Preaward Examination of Multiple Award Schedule Contract Extension: Digital Management, LLC, Contract Number GS-35F-0854N		\$18,096
06/07/18	A170086	Preaward Examination of Multiple Award Schedule Contract Extension: VT Aepco, Inc., Contract Number GS-23F-0191N		\$83,236
06/08/18	A180022	Preaward Examination of Multiple Award Schedule Contract Extension: Lexicon Government Services, LLC, Contract Number GS-33F-0019U		\$2,875
06/11/18	A180033	Preaward Examination of Multiple Award Schedule Contract Extension: Sea Box, Inc., Contract Number GS-02F-0024P		\$25,816
06/12/18	A180035	Preaward Examination of Multiple Award Schedule Contract Extension: Millennium Systems Services, Inc., Contract Number GS-10F-0594N		\$54,029
06/18/18	A170107	Preaward Examination of Multiple Award Schedule Contract Extension: Your Recruiting Company, Inc., Contract Number GS-02F-0050N		
06/28/18	A180026	Preaward Examination of Multiple Award Schedule Contract Extension: Conduent Federal Solutions, LLC, Contract Number GS-03F-0015V		\$25,958
07/31/18	A180023	Preaward Examination of Multiple Award Schedule Contract Extension: Tektronix, Inc., Contract Number GS-07F-315AA		
08/14/18	A180041	Preaward Examination of Multiple Award Schedule Contract Extension: Centerra Group, LLC, Contract Number GS-07F-5548P		
09/05/18	A180029	Preaward Examination of Multiple Award Schedule Contract Extension: REI Systems, Inc., Contract Number GS-35F-0623N		\$32,768
09/07/18	A180021	Preaward Examination of Multiple Award Schedule Contract Extension: T-Rex Solutions, LLC, Contract Number GS-35F-022BA		
09/10/18	A180062	Preaward Examination of Multiple Award Schedule Contract Extension: CSI Aviation, Inc., Contract Number GS-33F-0025V		
09/20/18	A180055	Preaward Audit of Multiple Award Schedule Contract Extension: A. T. Kearney, Inc., Contract Number GS-10F-0198P		
09/27/18	A180025	Preaward Examination of Multiple Award Schedule Contract Extension: CSP Enterprises, LLC, Contract Number GS-35F-045BA		
OTHER INTERNAL AUDITS BETWEEN 04/01/2018 AND 09/30/2018				
05/11/18	A170104	GSA Did Not Comply with the Improper Payments Acts in Fiscal Year 2017		
09/25/18	A180031	Audit of GSA's Fiscal Year 2017 Travel Card Program		

APPENDIX IV OIG REPORTS OVER 12 MONTHS OLD, FINAL AGENCY ACTION PENDING

Section 6009 of the Federal Acquisition Streamlining Act of 1994, Public Law 103-355, as amended by Section 810 of 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.

The Office of Administrative Services provided the following list of reports with action items open beyond 12 months:

DATE OF REPORT	REPORT NUMBER	TITLE
CONTRACT AUDITS		
08/03/2011	A100119	Preaward Review of Multiple Award Schedule Contract Extension: Noble Sales Co., Inc., Contract Number GS-06F-0032K
04/14/2014	A130136	Preaward Examination of Multiple Award Schedule Contract: Fisher Scientific Company L.L.C., Solicitation Number 7FCB-C4-070066-B
04/24/2014	A110139	Postaward Examination of Multiple Award Schedule Contract: Alaska Structures, Incorporated, Contract Number GS-07F-0084K
11/10/2014	A140110	Examination of Claims: Suffolk Construction Company, Inc., Contract Number GS-01P-05-BZ-C-3010
01/30/2015	A140116	Examination of a Claim: City Lights Electrical Company, Inc., Subcontractor to Suffolk Construction Company, Inc., Contract Number GS-01P-05-BZ-C-3010
03/27/2015	A140149	Examination of a Request for Equitable Adjustment: Donaldson Interiors, Inc., Subcontractor to Cauldwell Wingate Company, LLC, Contract Number GS-02P-05-DTC-0021
03/31/2015	A140039	Preaward Examination of Multiple Award Schedule Contract Extension: High Performance Technologies Innovations, LLC, Contract Number GS-35F-0333P
06/10/2015	A140074	Preaward Examination of Multiple Award Schedule Contract Extension: TASC, Inc., Contract Number GS-23F-0008K
11/10/2015	A150083	Preaward Examination of Multiple Award Schedule Contract Extension: LCG Systems LLC, Contract Number GS-35F-0047L
11/13/2015	A140118	Examination of a Claim: N.B. Kenney Company, Inc., Subcontractor to Suffolk Construction Company, Inc., Contract Number GS-01P-05-BZ-C-3010
11/20/2015	A150113	Examination of a Claim: Matsuo Engineering Centerre Construction A Joint Venture, Contract Number GS-08P-10-JB-C-0007

DATE OF REPORT	REPORT NUMBER	TITLE
12/21/2015	A140146	Examination of a Claim: Cauldwell Wingate Company, LLC, Contract Number GS-02P-05-DTC-0021
12/28/2015	A140145	Examination of a Claim: Pace Plumbing Corporation, Subcontractor to Cauldwell Wingate Company, LLC, Contract Number GS-02P-05-DTC-0021
01/29/2016	A140148	Examination of a Claim: Five Star Electric Corporation, Subcontractor to Cauldwell Wingate Company, LLC, Contract Number GS-02P-05-DTC-0021
02/23/2016	A150104	Preaward Examination of Multiple Award Schedule Contract Extension: Kipper Tool Company, Contract Number GS-06F-0018L
03/30/2016	A140147	Examination of a Request for Equitable Adjustment: ASM Mechanical Systems, Inc., Subcontractor to Cauldwell Wingate Company, LLC, Contract Number GS-02P-05-DTC-0021(N)
05/12/2016	A160026	Preaward Examination of Multiple Award Schedule Contract Extension: Skyline Unlimited, Inc., Contract Number GS-00F-0001U
06/24/2016	A150085	Preaward Examination of Multiple Award Schedule Contract Extension: Mathematica Policy Research, Inc., Contract Number GS-10F-0050L
07/21/2016	A150087	Preaward Examination of Multiple Award Schedule Contract Extension: LC Industries, Contract Number GS-02F-0026S
07/27/2016	A150080	Preaward Examination of Multiple Award Schedule Contract Extension: Connecticut Container Corporation, Contract Number GS-15F-0003L
08/04/2016	A150107	Preaward Examination of Multiple Award Schedule Contract Extension: Radiance Technologies, Inc., Contract Number GS-23F-0147L
08/05/2016	A160046	Preaward Examination of Multiple Award Schedule Contract Extension: Franconia Real Estate Services, Inc., Contract Number GS-23F-0202L
08/08/2016	A160039	Preaward Examination of Multiple Award Schedule Contract Extension: Carahsoft Technology Corporation, Contract Number GS-35F-0119Y
08/19/2016	A150050	Preaward Examination of Multiple Award Schedule Contract Extension: Trane U.S. Inc., Contract Number GS-07F-0248K
09/08/2016	A160061	Preaward Examination of Multiple Award Schedule Contract Extension: SkillsSoft Corporation, Contract Number GS-02F-0040L
09/08/2016	A160027	Preaward Examination of Multiple Award Schedule Contract Extension: Agilent Technologies, Inc., Contract Number GS-07F-0564X
09/14/2016	A160049	Postaward Examination of Multiple Award Schedule Contract: Parsons Government Services, Inc., Contract Number GS-00F-0005R
09/15/2016	A160068	Preaward Examination of Multiple Award Schedule Contract Extension: Knight Point Systems, LLC, Contract Number GS-35F-0646S
09/19/2016	A160093	Postaward Examination of Multiple Award Schedule Contract: United Liquid Gas Company, Contract Number GS-07F-0523M
09/29/2016	A140053	Preaward Examination of Multiple Award Schedule Contract: EMCOR Government Services, Inc., Contract Number GS-06F-0035R
10/13/2016	A150083	Limited Scope Postaward Examination of Multiple Award Schedule Contract: LCG Systems, LLC, Contract Number GS-35F-0047L
10/17/2016	A150094	Preaward Examination of Multiple Award Schedule Contract Extension: KeyPoint Government Solutions, Inc., Contract Number GS-02F-0054S

DATE OF REPORT	REPORT NUMBER	TITLE
10/27/2016	A140133	Postaward Examination of a Multiple Award Schedule Contract: ARES Corporation, Contract Number GS-23F-0113L
11/29/2016	A150059	Examination of a Claim: PDS MICCO JV2, LLC, Subcontractor to DCK North America, LLC, Contract Number GS-05P-09-GBC-0035
12/29/2016	A120149	Postaward Examination of Multiple Award Schedule Contract: Lockheed Martin Integrated Systems, Incorporated, Contract Number GS-10F-0150N
01/24/2017	A160095	Preaward Examination of Multiple Award Schedule Contract Extension: Ogilvy Public Relations Worldwide, Contract Number GS-23F-0060M
01/25/2017	A150102	Preaward Examination of Multiple Award Schedule Contract Extension: Riverside Research Institute, Contract Number GS-23F-0134L
01/26/2017	A160074	Examination of Requests for Equitable Adjustment: ARRIBA Corporation, Contract Number GS-11P-12-YT-C-0201
02/22/2017	A160104	Examination of a Claim: M. A. Mortenson Company, Contract Number GS-08P-09-JFC-0010
03/03/2017	A160111	Preaward Examination of Multiple Award Schedule Contract Extension: Ambit Group, LLC, Contract Number GS-35F-0242T
03/30/2017	A150001	Preaward Examination of Multiple Award Schedule Contract Extension: Noble Sales Co., Inc., Contract Number GS-06F-0032K
04/05/2017	A160069	Preaward Examination of Multiple Award Schedule Contract Extension: Security Engineered Machinery Company, Inc., Contract Number GS-02F-0111P
04/28/2017	A160082	Preaward Examination of Multiple Award Schedule Contract Extension: Advanced Language Systems International, Inc., Contract Number GS-10F-0097T
05/17/2017	A160088	Preaward Examination of Multiple Award Schedule Contract Extension: CSRA, Inc., Contract Number GS-15F-0018M
05/19/2017	A160092	Preaward Examination of Multiple Award Schedule Contract Extension: Armag Corporation, Contract Number GS-07F-0076M
06/20/2017	A160117	Preaward Examination of Multiple Award Schedule Contract Extension: StrategicHealthSolutions, LLC, Contract Number GS-10F-0231T
09/07/2017	A170067	Preaward Examination of Multiple Award Schedule Contract Extension: Catapult Technology, Ltd., Contract Number GS-35F-0401N
09/13/2017	A160106	Examination of a Claim: RK Mechanical, Inc., Subcontractor to M.A. Mortenson Company, Contract Number GS-08P-09-JFC-0010
09/28/2017	A160056	Preaward Examination of Multiple Award Schedule Contract Extension: Omniplex World Services Corporation, Contract Number GS-15F-0051L
09/28/2017	A170078	Limited Scope Postaward Examination of Multiple Award Schedule Contract: ADTRAV Corporation, Contract Number GS-33F-0003P
09/28/2017	A170065	Preaward Examination of Multiple Award Schedule Contract Extension: National Government Services, Inc., Contract Number GS-35F-0674T
09/28/2017	A160129	Preaward Examination of Multiple Award Schedule Contract Extension: Galls, LLC, Contract Number GS-07F-0157M

DATE OF REPORT	REPORT NUMBER	TITLE	PROJECTED FINAL ACTION DATE
INTERNAL AUDITS			
01/16/2015	A130019	GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement	03/29/2019*
01/20/2017	A130003	Procurement and Internal Control Issues Exist within PBS's Brooklyn/Queens/Long Island Service Center	10/31/2018
05/10/2017	A170016	Audit of Security Controls at a Federal Building	01/31/2019
08/24/2017	A150009	PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	TBD**

*This audit was reopened as a result of an implementation review.

**We are working with GSA officials to resolve this audit.

APPENDIX V

OIG REPORTS WITHOUT MANAGEMENT DECISION

Section 5(a)(10)(A) of the Inspector General Act of 1978, 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. There are three OIG reports that meet this requirement this reporting period.

INTERNAL AUDIT OF AN ENERGY SAVINGS PERFORMANCE CONTRACT

We performed this audit to determine whether PBS National Capital Region (NCR) awarded the White Oak Energy Savings Performance Contract and subsequent modifications in compliance with applicable regulations and guidance. We found that PBS NCR did not comply with applicable laws, regulations, and guidance when awarding and administering the Energy Savings Performance Contract task order. Specifically, PBS NCR violated the Competition in Contracting Act of 1984 and the competition requirements set forth in the FAR by making a cardinal change to the contract that substantially increased the contract's scope of work for operations and maintenance. This action eliminated price competition and denied opportunities for other contractors. In addition, PBS NCR did not award and administer the task order in compliance with contract requirements, acquisition regulations, and internal policy.

We are working with GSA officials to resolve the audit.

PREAWARD EXAMINATION OF A TECHNOLOGY CONTRACTOR

We performed this examination to determine whether the contractor disclosed and submitted accurate, current, and complete information in the Commercial Sales Practices (CSP); maintained sales monitoring and billing systems that ensure proper administration of the price reduction and billing provisions of the GSA contract; and adequately accumulated and reported schedule sales for IFF payment purposes.

We concluded that the contractor's CSP is not accurate, current, or complete; the price reduction provisions of the contract are ineffective because the contractor lacks sales to the basis of award customer; and the contractor does not have adequate controls to properly accumulate and report schedule sales for IFF purposes.

We are working with GSA officials to resolve the examination.

PREAWARD EXAMINATION OF A HEALTH CARE CONTRACTOR

We performed this examination to determine whether the contractor disclosed and submitted accurate, current, and complete information in the CSP; maintained sales monitoring and billing systems that ensure proper administration of the price reduction and billing provisions of the GSA contract; adequately accumulated and reported schedule sales for IFF payment purposes; assigns employees to work on GSA schedule task orders who are qualified for their billable positions; and adequately segregated and accumulated labor hours, material costs, and other direct costs on time-and-material task orders.

We concluded that the contracting officer cannot rely on the contractor's CSP information because the contractor does not have commercial sales or comparable non-GSA sales, the discounts granted on GSA task orders demonstrate that the contractor's current and proposed GSA rates are overstated, and the contract's Price Reductions Clause is ineffective because there are no comparable non-GSA sales and the contractor primarily sells to one customer, a federal agency.

We are working with GSA officials to resolve the examination.

APPENDIX VI MANAGEMENT DECISIONS REVISED OR WITH WHICH THE INSPECTOR GENERAL IS IN DISAGREEMENT

Section 5(a)(11) of the Inspector General Act of 1978, as amended, requires a description and explanation of the reasons for any significant revised management decision made during the reporting period. Section 5(a)(12) of the Act requires information concerning any significant management decision with which the Inspector General is in disagreement.

EVALUATION OF GSA NONDISCLOSURE POLICY

As reported in our previous Semiannual Report to Congress, on March 8, 2018, the Office of Inspections issued report JE18-002 *Evaluation of GSA Nondisclosure Policy*. Our evaluation found that during the period of February 2015 through July 2017, GSA implemented a series of published and unpublished policies governing responses to congressional inquiries. We found that each of these policies operated as a nondisclosure policy, and none contained the whistleblower protection language that the Whistleblower Protection Enhancement Act (WPEA) of 2012 requires be included in federal government nondisclosure policies. To address the findings, we recommended to the Office of Congressional and Intergovernmental Affairs (OCIA) Associate Administrator:

1. GSA's leadership should include the anti-gag provision required by WPEA in GSA's order on congressional and intergovernmental inquiries and relations.
2. GSA's leadership should clarify GSA's policy on communications with Members of Congress in GSA's order on congressional and intergovernmental inquiries and relations.

In May 2018, the OCIA submitted the management decision record that agreed with both report recommendations and provided a corrective action plan to address the recommendations. However, the Office of Inspections determined that the corrective action plan did not provide sufficient clarity regarding GSA's policy on communications with Members of Congress to adequately address the second recommendation.

In May 2018, following OCIA's submission, the Office of Inspections met with officials from OCIA and Office of Administrative Services Audit Management Division to discuss and resolve their disagreements. The Acting Associate Administrator for OCIA informed the Office of Inspections that they would not be implementing the second recommendation, stating that they would not modify the GSA Order 1040.4 Congressional and Intergovernmental Inquiries and Relations.

OCIA officials stated that they would not modify GSA's policy because they did not want to "handcuff" the current, or any future, Administrator. However, during that same meeting, OCIA acknowledged that confusion regarding the policy still exists. The Acting Associate Administrator for OCIA cited two reasons for his unwillingness to clarify the policy: (1) it would drain resources, and (2) it would cause confusion due to so many policy iterations.

Immediately after the meeting, the Office of Inspections received a revised management decision record that changed OCIA's original written statement that they agreed with the recommendations to a partial disagreement. In the revised management decision record, as it relates to the second recommendation, OCIA stated, "GSA OCIA partially disagrees. GSA believes the newly signed policy document, ADM 1040.4 (Congressional and Intergovernmental Affairs, Inquiries and Relations), provides clear guidance at an appropriate detail level."

In June 2018, the Office of Inspections provided a Decision Paper for Resolution Action to the GSA Deputy Administrator, requesting a resolution on the disagreement. In July 2018, the GSA Deputy Administrator responded, "I agree with the conclusion of the Acting Associate Administrator for OCIA."

The Office of the Inspector General disagrees with this management decision and remains concerned that GSA's policy lacks clarity and transparency, and does not address the confusion that the evaluation identified. The current policy does not clarify whether GSA is continuing its prohibition against employees responding to individual Member inquiries deemed to be oversight or investigative in nature, or limiting the response to such inquiries to agency records identified through GSA's Freedom of Information Act (FOIA) process. The OIG finds OCIA's explanation for failing to address the remaining report recommendation to be insufficient.

APPENDIX VII

PEER REVIEW RESULTS

Section 5(a) (14)-(16) of the Inspector General Act of 1978, as amended, 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.

The Office of Investigations received a compliance rating from its last peer review, which was conducted by National Aeronautics and Space Administration OIG in 2016. During this reporting period, the Office of Investigations conducted a peer review of the EPA OIG. The peer review team found EPA OIG's system of internal safeguards and management procedures complied with the standards established for investigations by the Attorney General Guidelines and CIGIE.

In Fiscal Year 2018, the GSA OIG Office of Audits underwent a peer review by the USDA OIG. On September 26, 2018, the Office of Audits received a peer review rating of "pass." The peer review team found that the Office of Audits' system of quality control is suitably designed and complied with to provide it with reasonable assurance of performing and reporting in conformity with the quality standards established by CIGIE in all material aspects. No outstanding recommendations exist from any peer review conducted by another OIG.

In addition, the GSA OIG Office of Audits completed an external peer review of TIGTA. TIGTA has no outstanding recommendations issued by any previous peer review that have not been fully implemented.

The Office of Inspections was formed in 2014 to conduct inspections and evaluations in accordance with the CIGIE *Quality Standards for Inspection and Evaluation*, and has not yet been peer reviewed.

APPENDIX VIII

GOVERNMENT CONTRACTOR SIGNIFICANT AUDIT FINDINGS

The National Defense Authorization Act for FY 2008, Public Law 110-181, section 845, requires each IG appointed under the Inspector General Act of 1978, as amended, 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 reports that met these requirements.

APPENDIX IX

UNIMPLEMENTED RECOMMENDATIONS

UNIMPLEMENTED RECOMMENDATIONS FROM AUDIT REPORTS ISSUED BEFORE THE COMMENCEMENT OF THIS SEMI-ANNUAL REPORTING PERIOD

The GSA OIG currently has 14 unimplemented recommendations that were issued prior to the commencement of this semi-annual reporting period. These unimplemented recommendations do not include any financial recommendations.

The table below identifies the audits that contain unimplemented recommendations, as well as the potential cost savings of those recommendations and the fiscal year in which each audit was issued.

FISCAL YEAR	TITLE	NUMBER OF UNIMPLEMENTED RECOMMENDATIONS	POTENTIAL COST SAVINGS
2015	GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement	2	\$0
2017	Procurement and Internal Control Issues Exist within PBS's Brooklyn/Queens/Long Island Service Center	1	\$0
2017	Audit of Security Controls at a Federal Building	1	\$0
2017	PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	6	\$0
2018	Audit of the Completeness, Timeliness, Quality, and Accuracy of GSA's 2017 DATA Act Submission	1	\$0
2018	GSA Should Monitor and Track Facility Security Assessments	2	\$0
2018	Audit of the GSA Federal Acquisition Service's Use of Outside Consultants	1	\$0
Totals:	7	14	\$0

APPENDIX X

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 required by the National Defense Authorization Act for Fiscal Year 2008 and the Federal Acquisition Streamlining Act of 1994, as amended, are also cross-referenced to the appropriate pages of the report.

REQUIREMENTS INSPECTOR GENERAL ACT OF 1978, AS AMENDED		PAGE
SECTION		
4(a)(2)	Review of Legislation and Regulations	46
5(a)(1)	Significant Problems, Abuses, and Deficiencies	6
5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	8-21
5(a)(3)	Prior Recommendations Not Yet Implemented	51
5(a)(4)	Matters Referred to Prosecutive Authorities	37-38
5(a)(5) and 6(c)(2)	Summary of Instances Where Information Was Refused	43
5(a)(6)	List of OIG Reports	53-54
5(a)(7)	Summary of Each Particularly Significant Report	8-16, 42-43
5(a)(8)	Statistical Tables on Management Decisions on Questioned Costs	21
5(a)(9)	Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	20
5(a)(10) (A)	Summary of OIG Reports Issued Before the Commencement of the Reporting Period Which No Management Decision Has Been Made	59-60
5(a)(10) (B)	Summary of OIG Reports Issued Before the Commencement of the Reporting Period Which No Agency Comment was Returned within 60 Days	none
5(a)(10) (C)	Summary of OIG Reports Issued Before the Commencement of the Reporting Period for Which there are Unimplemented Recommendations	65
5(a)(11)	Description and Explanation for Any Significant Revised Management Decision	61-62
5(a)(12)	Information on Any Significant Management Decisions with Which the Inspector General Disagrees	61-62
5(a)(13)	Compliance with Federal Financial Management Improvement Act	none
5(a)(14)-(16)	Peer Review Results	63
5(a)(17)	Statistical Tables of Investigation Metrics	37-39
5(a)(18)	Description of Investigation Metrics	37-38
5(a)(19)	Investigations of Senior Employees where Misconduct was Substantiated	none
5(a)(20)	Description of any Instance of Whistleblower Retaliation	none
5(a)(21)	Description of any Attempt by the Agency to Interfere with OIG Independence	43
5(a)(22)(A)	Description of each Inspection, Evaluation and Audit Not Publicly Disclosed	53-54
5(a)(22)(B)	Description of each Investigation of a Senior Employee Not Disclosed to the Public	33
OTHERS		
PL 103-355, Sec 6009	Management Decisions and Implementation of Audit Recommendations	55
PL 110-181, Sec. 845	Government Contractor Significant Findings	64



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Photo: Staircase alcove in former General Post Office, Tariff Building; now the Monaco Hotel, Washington, D.C.



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